

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

FORM F-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Gamida Cell Ltd.

(Exact name of registrant as specified in its charter)

State of Israel

2836

Not applicable

*(State or other
jurisdiction of
incorporation or
organization)*

*(Primary Standard
Industrial
Classification Code
Number)*

*(I.R.S. Employer
Identification No.)*

5 Nahum Hafzadi Street, Jerusalem 95484, Israel, +972 2 6595666

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

Gamida Cell Inc.

c/o Corporation Service Company, 2711 Centerville Rd Ste 400, Wilmington, New Castle, DE, 19808, (302) 636-5401

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

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

Title of each class of securities to be registered	Proposed maximum aggregate offering price ⁽¹⁾ (2)	Amount of registration fee ⁽³⁾
Ordinary Shares, nominal value NIS 0.01 per share	\$ _____	\$ _____

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
- (2) Includes Ordinary Shares that the underwriters may purchase pursuant to their 30-day option to purchase additional shares, if any.
- (3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

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 of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

DATED

, 2014

[_____] Shares

Ordinary Shares



This is the initial public offering of ordinary shares of Gamida Cell Ltd., an Israeli company. We are offering _____ ordinary shares. The estimated initial public offering price is between \$_____ and \$_____ per share.

We intend to apply to list our ordinary shares on the NASDAQ Capital Market, under the symbol “CORD”. No public market for our ordinary shares existed before this offering. We are offering all of the ordinary shares offered by this prospectus.

We are an emerging growth company, as defined in the U.S. Jumpstart Our Business Startups Act of 2012 and will be subject to reduced public company reporting requirements.

Investing in our ordinary shares involves a high degree of risk. See “Risk Factors” beginning on page _____.

Neither the United States Securities and Exchange Commission, nor the Israel Securities Authority, nor any other 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.

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds to us (before expenses)	\$ _____	\$ _____

Within 30 days of the date of this prospectus, the underwriters may purchase up to an additional _____ ordinary shares from us at the initial public offering price, less underwriting discounts and commissions. The underwriters will receive compensation in addition to the underwriting discounts and commissions. See “Underwriting” for a description of compensation payable to the underwriters.

The underwriters expect to deliver the ordinary shares to the purchasers in this offering on or about _____, 2014.

Book Running Manager

Aegis Capital Corp

The date of this prospectus is _____.

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For investors outside of the United States: Neither we nor the underwriters have taken any action to permit a public offering of ordinary shares outside the United States or to permit the possession or distribution of this prospectus outside 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 this offering and the distribution of this prospectus.

You should rely only on the information contained in this prospectus or in any free writing prospectus that we file with the Securities and Exchange Commission (the “SEC”). Neither we nor the underwriters have authorized anyone to provide you with information different from the information contained in this prospectus or in any free writing prospectus that we may provide you in connection with this offering. Neither we nor the underwriters take any responsibility for, or provide any assurance as to the reliability of, any information other than the information in this prospectus or in any free writing prospectus that we may provide you in connection with this offering. We are offering to sell, and seeking offers to buy, ordinary shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our ordinary shares.

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our ordinary shares. Before making an investment in our ordinary shares, you should read this summary together with the more detailed information appearing in this prospectus, including the section titled “Risk Factors” and the financial statements and related notes included in this prospectus. Unless the context requires otherwise, the terms “Gamida Cell”, “we”, “us”, “our”, “the Company”, and similar designations refer to Gamida Cell Ltd. The terms “shekel”, “NIS”, “ILS”, and “₪” refer to the Israeli new shekel, the official currency of the State of Israel. The terms “dollar”, “USD”, “US\$”, and “\$” each refer to the United States dollar, the official currency of the United States of America. The terms “euro”, “EUR”, and “€” each refer to the euro, the official currency of the “euro area”. Unless otherwise indicated, U.S. dollar translations of Israeli shekel amounts presented in this prospectus are translated using the rate of ILS _____ to USD 1.00, the exchange rate reported by _____ on _____. Unless otherwise indicated, U.S. dollar translations of euro amounts presented in this prospectus are translated using the rate of EUR _____ to USD 1.00, the exchange rate reported by _____ on _____.

Our Company

Overview

We are a clinical-stage biopharmaceutical company focused on developing and commercializing cell therapeutic products for patients with blood cancer and severe genetic blood diseases. We use our proprietary platform technology to expand, in culture, highly functional cells derived from umbilical cord blood, peripheral blood or bone marrow, which we believe will enhance the therapeutic efficacy of these cells.

We are developing our lead product candidate, NiCord, for potential use as a hematopoietic (blood) stem cell, or HSC, transplantation product in patients with blood cancer, such as leukemia and lymphoma, and serious genetic blood diseases, such as sickle cell disease and thalassemia. HSC transplantation is currently the only potential cure available for these patients. HSC transplantation is primarily performed through bone marrow transplantation, which requires a complete tissue match between the patient and the donor in order to mitigate the risk of certain medical complications. Approximately 40% of the patients who are indicated for an HSC transplantation are unable to receive a transplant. We believe that a substantial portion of those patients who fail to receive a transplant do not receive a transplant because they are not able to identify a suitable bone marrow donor in a timely manner. As a result, there is a significant unmet need for patients who could potentially be cured by HSC transplantation but fail to receive a transplant because they cannot identify a fully matched bone marrow donor in a timely manner. HSC transplantation from umbilical cord blood, or cord blood, is an alternative to HSC transplantation from bone marrow and does not require full tissue matching between the patient and the HSC from the donor's cord blood cells, thereby making HSC transplantation from cord blood available to those patients who cannot identify a fully matched bone marrow donor. However, HSC transplantation from cord blood is limited by the small number of HSC in a unit of cord blood. A sufficient number of HSC is required for a successful transplant. NiCord is a graft derived from a unit of cord blood that has been expanded in culture using our NAM technology. We believe that NiCord has the potential to address this unmet need in HSC transplantation because it has demonstrated the ability to effectively increase HSC in cord blood, which is rapidly available, and does not require full tissue matching between the patient and the donor.

Using our NAM technology, we are developing a suite of product candidates targeting a variety of clinical indications. The following table lists our current product candidates and projects using our NAM technology and their respective stages of development:

	Product	Basic Research	Animal Studies	Phase I / II	Phase II/III
Nicotinamide (NAM) Platform Technology	NiCord®	Hematological Malignancies			
	CordIn™	Sickle Cell Disease, Thalassemia			
	CordIn™	Aplastic Anemia			
	Natural Killer Cells	Cancer			
	Mesenchymal Stem Cells	Regenerative Medicine			

Hematopoietic Stem Cell Transplantation

HSC transplantation from bone marrow is the standard of care treatment for many patients with a variety of serious diseases, including blood cancers, such as leukemia and lymphoma, nonmalignant severe blood diseases, such as sickle cell disease and thalassemia, genetic metabolic disorders, such as Hurler syndrome and Krabbe disease, bone marrow failure syndromes and severe refractory autoimmune diseases. Bone marrow, the soft tissue inside bones, contains blood-making cells known as HSC. These blood-making cells produce the mature blood cells that constitute and renew human blood and the immune system.

When a patient's HSC are causing disease, the patient's clinician may recommend treating the patient with bone marrow transplantation, a procedure intended to replace the disease-causing cells in the patient's bone marrow with healthy HSC from a donor. However, transplantation of a bone marrow graft requires full tissue matching between the patient and the HSC from the bone marrow of the donor in order to mitigate the risk of certain medical complications. A full match is often difficult to find. Approximately 40% of patients in need of a transplant fail to receive a transplant. We believe that a substantial portion of those patients who were unable to receive a transplant did not receive a transplant because they were not able to identify a suitable bone marrow donor in a timely manner.

Because of the difficulty in finding a suitable bone marrow donor, transplanting HSC taken from cord blood has developed as an alternative to HSC transplantation from bone marrow. Cord blood is readily available from many cord blood banks worldwide, and cord blood transplantation does not require full tissue matching between the patient and the cord blood cells of the donor.

The Challenge in Using Cord Blood for HSC Transplantation

Although cord blood units are rich with HSC, a unit of cord blood contains a small volume of blood and therefore also a small number of HSC compared to HSC grafts derived from bone marrow. A sufficient dosage of HSC is required for a successful HSC transplant, with the dosage determined based on the patient's body weight. The dose of HSC provided by a unit of cord blood (calculated per kilogram of the patient's body weight) is sufficient for small children but increases the risk of transplant-related illness and death for adults and older children with a body weight of more than approximately 40 kilograms. For this reason, cord blood remains an underutilized source of HSC for transplantation in the adult patient population.

Several methods have been developed to expand HSC populations in culture. However, clinical studies have shown that these methods do not preserve the potential of the expanded cord blood unit to “engraft”, or replace the patient’s bone marrow cells in a sustained manner. As a result, patients who receive these treatments also receive a second, unmanipulated unit of cord blood. Using two units of cord blood significantly increases costs and usually results in the HSC in the unmanipulated cord blood displacing the HSC in the enriched unit.

Market

According to reports by World Marrow Donor Association (WMDA), or the WMDA Reports, each year approximately 50,000 patients worldwide who were indicated for HSC transplantation performed a formal search for HSC. However, in 2012, only approximately 18,000 of those patients received an HSC transplant. We believe the lack of timely available suitable donors accounts for a significant number of the indicated patients that did not receive HSC transplantation and represents a significant unmet medical need.

Of the patients receiving HSC transplantation in 2012, according to the WMDA Reports, only approximately 3,000 received HSC from cord blood transplants. According to the Center for International Blood and Marrow Transplant Research, or CIBMTR, approximately 40% of pediatric patients and less than 10% of adult patients undergoing HSC transplantations in 2009 and 2010 received cord blood transplants. The CIBMTR reports that the number of HSC transplants from unrelated donors, which includes both cord blood transplants and bone marrow transplants, increased in the past 10 years by approximately 7.7% in the United States, which we believe represents a market opportunity for a product to serve those patients who are unable to receive a transplant from a related donor.

According to information published by H.M. Blommestein et al., Annals of Hematology, 2012, for the years 2007 through 2009, the average cost of HSC transplantation from a bone marrow donor (including selection and retrieving of the graft and one-year follow-up of the patient) was approximately \$235,000 and the average cost of HSC transplantation from cord blood was approximately \$350,000. The average cost of cord blood unit is approximately \$45,000.

We believe that the relatively low number of cord blood transplants and the higher cost of such transplants is primarily a result of the low HSC counts in cord blood, which results in complications, including delayed engraftment, longer hospitalization stays and increased morbidity. We believe that a product that effectively increases the HSC count in cord blood transplantation would significantly reduce the cost of HSC transplantation from cord blood, reduce the complications associated with the lower HSC count in cord blood, increase the demand for cord blood transplants and address the existing unmet medical need and be used as an alternative source for all HSC transplants.

We are developing NiCord as a cord blood transplantation product to address this unmet medical need, and as alternative to HSC transplantation from bone marrow. We believe that NiCord has the potential to increase the number of HSC transplantation procedures by providing an alternative graft for patients with blood cancers with no family related matched donor.

Our Solution

We have developed our NAM technology to expand HSC populations in culture which have been shown in clinical trials to yield a clinically effective therapeutic dose of HSC from a single unit of cord blood. Our technology uses the small molecule nicotinamide, or NAM, a form of vitamin B3, to expand therapeutic cells in culture while preserving their functionality. Using NAM, we developed NiCord as a cord blood HSC transplantation product candidate. We filed an investigational new drug, or IND, application for NiCord in August 2010, and the IND was approved in the fourth quarter of 2010 for the treatment of patients with hematological malignancies.

In February 2013, we completed a Phase I/II study of NiCord transplanted with the support of a second, unmanipulated cord blood unit as a treatment for blood cancers at Duke University Medical Center. In eight of the 11 patients treated with NiCord, HSC from NiCord out-competed the HSC from the unmanipulated cord blood unit and successfully engrafted. The eight patients that engrafted with NiCord also had a significantly shorter hospitalization length (an average of 23.5 days compared to 42.2 days) and shortened times to hematopoietic recovery, or resumption of healthy blood production (an average of 10.5 days compared to 25 days), compared to an historical control group of patients treated with two units of unmanipulated cord blood during the same time and period and using the same conditioning regimen. In light of the results of this study, we are currently testing the clinical effectiveness of transplanting NiCord without the support of an unmanipulated unit of cord blood.

We are also developing NiCord for transplantation in patients with rare nonmalignant diseases for which HSC transplantation is currently the only available potential cure. These diseases include: hemoglobinopathies, such as sickle cell disease and thalassemia; bone marrow failure syndromes, such as severe aplastic anemia; genetic metabolic diseases; and severe autoimmune diseases. We are currently engaged in a Phase I/II clinical trial of NiCord for treatment of pediatric sickle cell disease. In the third quarter of 2014, we plan to submit a new IND application for NiCord under the trademark CordIn for the treatment of patients with non-malignant diseases such as sickle cell disease and thalassemia. The NiCord IND will continue to cover hematological malignancies. CordIn will initially have the same composition as NiCord, but with a different product release process. In the fourth quarter of 2014, we intend to start a clinical trial of CordIn for sickle cell disease and thalassemia. This clinical trial of CordIn will use a cryopreserved (frozen) product, as described below under the heading “Cryopreservation”.

We are also applying our NAM technology to develop a product candidate for cancer immunotherapy, a process that harnesses the body’s immune system to fight cancer cells. This product candidate is based on natural killer cells, or NK cells, taken from the patient or a donor. NK cells are blood cells that can kill cancer cells and have the potential for broad clinical application in treating cancer. Researchers are currently conducting clinical trials to evaluate the safety and efficacy of transplanting donated NK cells in cancer patients.

Our NAM technology also enables the rapid expansion of mesenchymal stem cells, or MSC, in culture while preserving their functionality. MSC are attractive candidates for use in regenerative medicine and treatment of inflammatory conditions. Our MSC product candidate is currently in preclinical development.

All of our product candidates based on our NAM technology are fully owned by Gamida Cell.

Advantages

NiCord is designed to address certain limitations of existing HSC transplants. The main potential advantages of NiCord over existing options are:

- *Limited HSC differentiation during HSC expansion.* Because a sufficient number of HSCs is required in order for the donor’s HSC to successfully engraft, or generate new blood cells, in the patient, clinicians have attempted different approaches to expand the number of HSC in cord blood ex vivo (in culture). However, during expansion in culture, HSC typically go through a process of differentiation and lose their functionality and effectiveness. In contrast to other technologies for expansion of HSC in culture, in which HSC undergoes a process of differentiation and loss of effectiveness, expanding HSC in culture using our NAM technology limits cell differentiation during expansion and preserves the effectiveness of the HSC. Our culture studies have demonstrated that our NAM technology has the ability to limit changes in gene expression in cultured HSC when compared to HSC cultured without NAM.

- *Increased engraftment potential.* Our 2013 Phase I/II trial of NiCord demonstrated the ability of NiCord to effectively engraft and outcompete an unmanipulated cord blood unit. Of the 11 patients treated with NiCord and a second unmanipulated unit of cord blood, eight of the patients engrafted with NiCord. We believe that NiCord is the first HSC cord blood product candidate that has demonstrated an ability to successfully engraft in patients. Our trial demonstrated that NiCord can shorten the time to hematopoietic recovery (resumption of healthy blood production), improve the one-year and two-year overall survival and progression-free survival rates for patients and reduce the average hospitalization length for patients.
- *Potential treatment savings from using a single unit of cord blood.* The 11 patients treated with NiCord in our 2013 Phase I/II study were treated with a second unmanipulated unit of cord blood so that they would not remain myeloablated, or depleted of active bone marrow cells, in the event that the NiCord failed to engraft. We believe that the rapid and sustained engraftment of NiCord in this study suggests that transplantation of a second, unmanipulated unit of cord blood might not be necessary for the treatment of myeloablated patients. In September 2013, we commenced a 20-patient Phase I/II study of NiCord in which NiCord is being transplanted without the support of a second unmanipulated unit of cord blood. A unit of cord blood costs approximately \$45,000. If this trial and other studies demonstrate that transplantation with NiCord is a safe and effective treatment without a second unit of cord blood, we believe NiCord could offer substantial cost saving benefits to healthcare providers.
- *Potential treatment savings from shortening hospital stays.* Clinical data from our 2013 Phase I/II study of NiCord demonstrated that the eight patients that engrafted with NiCord were discharged from the hospital significantly earlier than an historical control group (an average of 23.5 days compared to 42.2 days). If additional studies demonstrate a similar outcome, we believe that NiCord could offer a substantial cost savings benefit to healthcare providers.
- *Safety Profile.* We have designed NiCord to be a safe alternative to traditional HSC transplants. In our 2013 Phase I/II study of NiCord, all safety endpoints were met and the study did not raise any safety concerns surrounding the use of NiCord. We believe that NiCord may be an alternative to traditional HSC transplantation for treatment of blood cancers

Cryopreservation

To date, our product candidates have consisted of fresh blood products that needed to be transplanted within 18 hours after their release from the manufacturing site. This limitation substantially restricts the location of manufacturing sites and increases the cost of shipping and logistical support required during the process of manufacturing and delivery. In 2013, we developed a process to effectively freeze (cryopreserve) NiCord to lengthen its shelf life to approximately 18 weeks. Based on our discussions with the U.S. Food and Drug Administration (FDA), we plan to begin supplying NiCord in the cryopreserved formulation in all our ongoing clinical trials by the third quarter of 2014, using our own manufacturing facilities.

We believe that cryopreservation will enable us to centralize our manufacturing facilities and optimize our delivery systems, yielding significant savings.

Our Strategy

Our goal is to develop, obtain marketing approval for, and commercialize NiCord and CordIn for the treatment of blood cancer and other non-malignant severe genetic diseases for which bone marrow transplantation is currently the only available cure. We plan to seek orphan drug designation for NiCord and CordIn, a special status granted to products by the FDA and the European Medicines Agency (EMA) which, if granted, may confer several years of market exclusivity and certain tax benefits. In addition, we intend to explore additional applications of our current product candidates. We also plan to continue to develop our NK cell product candidate and our MSC project and, in the future, to explore the development of new products using our NAM technology.

To achieve this objective, we intend to:

- complete necessary clinical trials for our current product candidates;
- obtain marketing approval from the FDA, the EMA, and additional non-U.S. regulatory bodies to market our product candidates;
- build and maintain robust sales, manufacturing, distribution and marketing capabilities, either on our own or in collaboration with strategic partners;
- continue to refine our manufacturing processes;
- maintain and expand our relationships with transplant physicians and hospitals; and
- continue researching potential additional applications of our NAM platform technology.

Our Risks

Our business is subject to many risks, as more fully described in the section of this prospectus titled “Risk Factors” immediately following this prospectus summary. You should read and carefully consider these risks before you invest in our ordinary shares. In particular, our risks include, but are not limited to, the following:

- We have a limited relevant operating history and we have incurred significant operating losses since our inception, and we anticipate that we will incur continued losses for the foreseeable future.
- Our business will depend on sales of our current product candidates if they receive regulatory approval. If we fail to commercialize any approved product candidate, our business would be materially harmed and the value of our securities would likely decline significantly.
- We have not yet completed all required pre-market clinical trials for any of our current product candidates and have not yet obtained regulatory approvals to market and sell any of our product candidates in any jurisdiction.
- If our product candidates do not demonstrate safety and efficacy sufficient to obtain regulatory approval, they will not receive regulatory approval and we will be unable to market them.
- Regulatory authorities may not approve our product candidates even if they demonstrate safety and efficacy in clinical trials.

- If serious or unexpected adverse side effects are identified during the development of our product candidates, we may need to abandon or limit our development of some or all of our product candidates.
- Our product candidates are based on a novel technology, which may raise development issues that we may not be able to resolve, regulatory issues that could delay or prevent approval or personnel issues that may keep us from being able to develop our product candidates.
- We have never manufactured our product candidates or their components at commercial scale and there can be no assurance that they can be manufactured in compliance with regulations at a cost or in quantities necessary to make them commercially viable.
- We have never marketed or sold any products and there can be no assurance that our products, if approved, can be marketed or sold in quantities necessary to make them commercially viable.
- Our competitors may develop and market products that are less expensive, more effective, safer or reach the market sooner than our product candidates, which may diminish or eliminate the commercial success of any products that we may commercialize.
- We will need to obtain additional financing to complete the development of and commercialize our product candidates.
- We are subject to various governmental regulations, including those restricting our ability to market our product candidates, and we may incur significant expenses to comply with, experience delays in our product commercialization as a result of, and be subject to material sanctions if we violate, these regulations.
- We may face delays in the clinical development of our product candidates and may fail to commence, resume, or complete any of our planned development activities.
- We currently rely on third parties to manufacture our product candidates and provide the equipment necessary to manufacture our product candidates and to manage various aspects of our clinical trials.
- We may face difficulties in protecting and maintaining our intellectual property rights, including intellectual property rights that are licensed to us.
- We currently do not have the infrastructure to commercialize any of our product candidates if such products receive regulatory approval.
- We expect to face significant uncertainty over pricing and reimbursement of any of our product candidates that are approved for commercialization.

Emerging Growth Company and Foreign Private Issuer Status

We qualify as an “emerging growth company” under Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from reporting requirements that generally apply to public companies, including the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, delayed application of newly adopted or revised accounting standards, exemption from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

We are also a foreign private issuer and we are exempt from certain rules and regulations under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we are 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. Notably, most of the requirements relating to our emerging growth company status described above relate to disclosures that we would only be required to make if we cease to be a foreign private issuer in the future. Nevertheless, as a foreign private issuer that is an emerging growth company, we will not be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for up to five fiscal years after the date of this offering.

With respect to home country corporate governance practices under the Listing Rules of the NASDAQ Stock Market, we intend to follow home country practice in Israel with regard to, among other things, director nomination procedures and approval of compensation for 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.

In relation to the Exchange Act, as a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic U.S. issuers whose securities are registered under the Exchange Act.

We may choose to take advantage of any, some, or all of the exemptions available to us as an emerging growth company and/or as a foreign private issuer. We have taken advantage of reduced reporting requirements in this prospectus.

Accordingly, the information contained in this prospectus may be different from the information you receive from other public companies in which you hold stock. Please see the section of this prospectus titled “Risk Factors—Risks Related to an Investment in Our Ordinary Shares” for a description of exemptions that apply to emerging growth companies and foreign private issuers.

Corporate Information

We were incorporated under the laws of the State of Israel in 1998. Our principal executive office is located at 5 Nahum Hafzadi Street, Jerusalem 95484, Israel, and our telephone number is +972 2 6595666. Our website address is www.gamida-cell.com. We have included our website address in this prospectus solely as an inactive textual reference. We do not incorporate the information on or accessible through our website into this prospectus, and you should not consider any information on or accessible through our website a part of this prospectus.

We own various trademark registrations, trademark applications, unregistered trademarks, and trade names, including the following: Gamida Cell, our corporate logo, NiCord®, StemEx®, and CordIn™. All other trademarks or trade names referred to in this prospectus are the property of their respective owners. Solely for convenience, trademarks and trade names in this prospectus may be referred to without the symbols ® and ™, but such references should not be construed as any indication that their respective owners will not assert, to the fullest extent under applicable law, their rights to those trademarks or trade names.

The Offering

Ordinary shares offered by us	_____ shares
Ordinary shares to be outstanding immediately after this offering	_____ shares
Overallotment option	The underwriters have an option for 30 days to purchase up to _____ additional ordinary shares.
Use of proceeds	We intend to use the proceeds from this offering to continue the development of our product candidates and for working capital and general corporate purposes. See the section of this prospectus titled “Use of Proceeds”.
Risk factors	You should read the “Risk Factors” section starting on page _____ of this prospectus for a discussion of factors to consider carefully before deciding to invest in ordinary shares.
Proposed NASDAQ Capital Market symbol	“CORD”

The number of our ordinary shares to be outstanding immediately after this offering is based on 689,898 ordinary shares outstanding as of March 31, 2014 and 7,881,374 ordinary shares issuable upon the conversion of all of our preferred shares outstanding as of March 31, 2014. This number excludes (i) 560,520 ordinary shares issuable upon the exercise of share options under our equity incentive plans, (ii) 714,461 ordinary shares issuable upon the conversion of preferred shares issuable upon the exercise of warrants outstanding as of March 31, 2014, and (iii) 676,043 ordinary shares reserved for issuance under our equity incentive plans as of March 31, 2014.

Unless otherwise indicated, all information in this prospectus reflects or assumes the following:

- the adoption of our amended and restated articles of association, which will occur immediately prior to the completion of this offering;
- the conversion of all of our outstanding convertible preferred shares as of March 31, 2014 into 7,881,374 ordinary shares upon the completion of this offering; and
- no exercise by the underwriters of their option to purchase up to an additional _____ ordinary shares in this offering.

Summary Financial Data

The following summary financial information should be read together with our audited financial statements and accompanying notes and our unaudited financial statements and related notes, as well as the information under the section of this prospectus titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Our historical results are not necessarily indicative of results that may be expected in the future.

We have derived the following summary statements of operations data for the three months ended March 31, 2014 and March 31, 2013 and as of March 31, 2014 from our unaudited financial statements included elsewhere in this prospectus, and for the years ended December 31, 2013 and December 31, 2012 from our audited financial statements included elsewhere in this prospectus.

(in thousands of U.S. dollars, except share and per share amounts)

	Three months ended March 31,		Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
	2014 (unaudited)	2013 (unaudited)		
Statements of Comprehensive Income: ⁽¹⁾				
Operating Expenses				
Research and development expenses, net	1,309	805	2,602	2,292
General and administrative expenses	183	121	557	495
Operating Loss	1,492	926	3,159	2,787
Finance Expenses	71	430	127	891
Finance Income	(14)	(41)	(775)	(246)
Share of loss (profit) of joint venture	256	762	(2,573)	1,377
Net Loss (Income)	1,805	2,077	(62)	4,809
Basic and diluted loss per share for the year	--	--	11.5	17.3
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	--	--	689,898	689,898

(1) See the Notes to our financial statements for the three months ended March 31, 2014 and March 31, 2013 and for the years ended December 31, 2013 and 2012 for details regarding these statements of comprehensive income.

(in thousands of U.S. dollars)

	Actual, as of Mar. 31, 2014 (unaudited)	As adjusted, as of Mar. 31, 2014 (unaudited) ⁽¹⁾
Statements of Financial Position:		
Current assets (including cash and cash equivalents)	\$ 3,603	
Non-current assets	1,994	
Total assets	5,597	
Current liabilities	1,233	
Non-current liabilities	1,567	
Accumulated deficit	(51,359)	
Total shareholders' equity	2,797	
Total liabilities and shareholders' equity	5,597	
(1) The unaudited as-adjusted column above gives effect to the conversion of outstanding preferred shares into ordinary shares and to the sale of _____ ordinary shares in this offering at an assumed public offering price of \$_____ per share, the midpoint of the range printed on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, as if the sale had occurred on March 31, 2014.		

RISK FACTORS

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks we describe below, along with all of the other information set forth in this prospectus, including the section entitled “Cautionary Note Regarding Forward-Looking Statements” and our financial statements and the related notes beginning on page _____, before deciding to purchase our ordinary shares. If any of the adverse events described in the following risk factors actually occurs, our business, results of operations, and financial condition may suffer significantly. As a result, the trading price of our ordinary shares could decline, and you could lose all or part of your investment.

Risks Related to Clinical Trials, Regulatory Approval, and Commercialization

We depend on the success of our product candidates, and we may not obtain regulatory approval for them, or we may be unable to successfully commercialize them.

We are focused on the development of our product candidates, including NiCord and CordIn. Accordingly, our business depends on our ability to complete the development of, obtain regulatory approval for, and successfully commercialize, one or more of these product candidates.

The research, testing, manufacturing, labeling, approval, sale, marketing, and distribution of therapeutic products are subject to extensive regulation by the FDA in the United States and comparable regulatory agencies in other countries. These regulations differ from country to country. We are not permitted to market any product candidate in the United States until we receive approval of a Biologic License Application (BLA) from the FDA, or in any other countries until we receive the requisite approval from regulatory agencies in such countries.

The process to complete clinical trials of, obtain regulatory approval for, and commercialize these products is long, complex, and costly, and the outcome is uncertain. Delay or failure can occur at any stage of the process, for one or more of the reasons described in this prospectus.

A delay or failure in completing clinical trials, obtaining regulatory approvals, or commercializing any of our products could harm our business, financial condition, and future prospects. If we do not complete clinical trials successfully, obtain regulatory approvals, and commercialize our products successfully, we may never become profitable.

We are a clinical-stage company with a limited operating history and no approved products, which makes it difficult to assess our future viability.

We are a clinical-stage biopharmaceutical company with a limited operating history. We have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, specifically in the biopharmaceutical industry. For example, to execute our business plan, we will need to successfully:

- execute product candidate development activities;
- obtain required regulatory approvals for the development and commercialization of our product candidates in the U.S. and other countries that we target for commercialization within a predictable timeframe;
- maintain, leverage and expand our intellectual property portfolio;
- build and maintain robust sales, manufacturing, distribution and marketing capabilities, either on our own or in collaboration with strategic partners;
- gain market acceptance for our products;

- develop and maintain any strategic relationships we elect to enter into; and
- manage our spending as costs and expenses increase due to research, pre-clinical development, clinical trials, regulatory approvals and commercialization.

If we are unsuccessful in accomplishing these objectives, we may not be able to develop product candidates, raise capital, expand our business or continue our operations.

The commencement and completion of clinical trials can be delayed or prevented for a number of reasons, which could prevent us from obtaining marketing approvals for our products.

We may not be able to commence or complete the clinical trials necessary to apply for or obtain regulatory approvals for our product candidates. Biological product development is a long, expensive, and uncertain process, and delay or failure can occur at any stage of any of our clinical trials. Clinical trials can fail or be delayed, prevented, or terminated, for a variety of reasons, including:

- difficulties obtaining regulatory approval to commence a clinical trial or complying with conditions imposed by a regulatory authority regarding the scope, protocol, or term of a clinical trial;
- delays in reaching, or failing to reach, agreement on acceptable terms with prospective contract research organizations, or CROs, contract manufacturing organizations, or CMOs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- failure of our third-party contractors, such as CROs and CMOs, or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner;
- insufficient or inadequate supply or quality of a product candidate or other materials necessary to conduct our clinical trials, or delays or failures of delivery of any of those materials;
- difficulties obtaining institutional review board, or IRB, approval to conduct a clinical trial at a prospective site;
- the FDA or another regulatory body requiring alterations to any of our study designs, our pre-clinical strategy, or our manufacturing plans;
- challenges in recruiting and enrolling subjects to participate in clinical trials for a variety of reasons, including the size and nature of the subject population, the proximity of subjects to clinical sites, eligibility criteria for the trial, the nature of the trial protocol, the availability of approved effective products for the relevant disease, and competition from other clinical trial programs for similar indications;
- difficulties in maintaining contact with subjects after product, which may result in incomplete data;
- governmental or regulatory delays and changes in regulatory requirements, policy, or guidelines;
- varying interpretations of data by the FDA and other regulatory agencies; and
- ambiguous or negative results.

In addition, a clinical trial may be suspended or terminated by us, the FDA, an IRB at a trial site, a data safety monitoring board overseeing the clinical trial at issue, or another regulatory authority, for a variety of reasons, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols;
- inspection of the clinical trial operations or trial sites by the FDA or other regulatory authorities;
- unforeseen safety issues, including serious adverse events associated with a product candidate, or lack of effectiveness; and
- lack of adequate funding to continue the clinical trial.

We have not yet completed all required pre-market clinical trials for our product candidates. If we do not successfully complete all required pre-market clinical trials, we may not be able to obtain marketing approvals for our product candidates, and our business, financial condition, and future prospects could be harmed.

We may not be able to commercialize any of our product candidates if our clinical trials do not demonstrate safety or efficacy, or if we are required to conduct additional clinical trials.

Before obtaining regulatory approval for the sale of any of our product candidates, we must provide the FDA and similar non-U.S. regulatory authorities with clinical data that demonstrate safety and effectiveness. Clinical trials must comply with regulation by numerous federal, state and local government authorities in the United States, principally the FDA, and by similar agencies in other countries. We may decide, or be required by regulators to conduct additional clinical trials or testing for any of our products.

If we decide, or are required by regulators, to conduct additional clinical trials or other testing of our products beyond those that we have completed and currently contemplate, if we are unable to successfully complete our clinical trials or other testing or if the results of these trials or tests are not positive, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not be able to obtain marketing approval; or
- obtain approval for indications that are not as broad as intended.

Our product development costs will also increase if we experience delays in testing or approvals. Such delays also could allow our competitors to bring products to market before we do and impair our ability to commercialize our product candidates. If any of these events occur, our business will be materially harmed.

Moreover, if the FDA provides marketing approval for any of our product candidates, the approval may not be for indications that are as broad as we intend, and the label could prescribe safety limits or warnings that reduce the market for the product. We may be required, or we may elect, to conduct additional clinical trials for such narrow indications or for other indications. In addition, we may seek marketing approval from regulatory authorities in jurisdictions outside the United States, such as the EMA, and they may require us to submit data from supplemental clinical trials in addition to data from the clinical trials that supported our United States filings with the FDA. Any requirements to conduct supplemental trials would add to the cost of developing our products and we may not be able to complete such supplemental trials. Additional trials could also produce findings that are inconsistent with the trial results we have previously submitted to the FDA, in which case we would be obligated to report those findings to the FDA. This could result in additional restrictions on a marketing approval or could force us to stop selling the product altogether. Inconsistent trial results could also lead to delays in obtaining marketing approval in the United States for other indications for our product candidates, which could cause regulators to impose restrictive conditions on marketing approvals and could even make it impossible for us to obtain marketing approval. Any of these results could materially impair our ability to generate revenues and to achieve or maintain profitability.

Positive results in previous pre-clinical and clinical trials of our product candidates may not be replicated in future clinical trials of our product candidates, which could result in development delays or a failure to obtain marketing approval.

Positive results in previous pre-clinical and clinical studies of our product candidates may not be predictive of similar results in future clinical trials. Also, interim results during a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biopharmaceutical industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in early-stage development. Accordingly, the results from the completed pre-clinical studies and clinical trials for our product candidates may not be predictive of the results we may obtain in later stage trials. Our clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials.

Obtaining marketing approval, even after clinical trials that are believed to be successful, is an uncertain process.

Even if we complete our planned clinical trials and believe the results to be successful, all of which are uncertain, obtaining FDA approval of a Biologic License Application (BLA) in the United States is an extensive, lengthy, expensive and uncertain process, and the FDA (and other regulatory agencies) may delay, limit or deny approval of our product candidates for many reasons, including:

- we may not be able to demonstrate to the satisfaction of the FDA that our product candidates are safe and effective for any indication;
- the results of clinical trials may not meet the level of statistical significance or clinical significance required by the FDA for approval;
- the FDA may disagree with the number, design, size, conduct or implementation of our clinical trials;
- the FDA may not find the data from pre-clinical studies and clinical trials sufficient to demonstrate that our product candidates' clinical and other benefits outweigh their safety risks;
- the FDA may disagree with our interpretation of data from pre-clinical studies or clinical trials;
- the FDA may not accept data generated at our clinical trial sites;
- the data collected from pre-clinical studies and clinical trials of our product candidates may not be sufficient to support the submission of a BLA;
- the FDA may have difficulties scheduling an advisory committee meeting in a timely manner, or the advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional pre-clinical studies or clinical trials, limitations on approved labeling, or distribution and use restrictions;

- the FDA may require development of a Risk Evaluation and Mitigation Strategy, or REMS, as a condition of approval;
- the FDA may identify deficiencies in the manufacturing processes or facilities of third party manufacturers with which we enter into agreements for clinical and commercial supplies;
- the FDA may change its approval policies or adopt new regulations; and
- the FDA may require simultaneous approval for both adults and for children and adolescents delaying needed approvals, or we may have successful clinical trial results for adults but not children and adolescents, or vice versa.

In general, before we can submit a BLA to the FDA, we must conduct clinical testing that typically involves a three phase process, which phases may overlap or be combined: Phase I clinical trials are conducted in a limited number of volunteers or patients to assess the early tolerability and safety profile, and the pattern of drug absorption, distribution and metabolism; Phase II clinical trials are conducted in a limited patient population afflicted with a specific disease in order to assess appropriate dosages and dose regimens, expand evidence of the safety profile and evaluate preliminary efficacy; and Phase III larger scale, multicenter, well-controlled clinical trials are conducted on patients with a specific disease to generate enough data to statistically evaluate the efficacy and safety of the product for approval, as required by the FDA, to establish the overall benefit risk relationship of the drug and to provide adequate information for the labeling of the drug. In addition, we will also need to agree on a protocol with the FDA for the clinical trials before commencing those trials. Phase III clinical trials frequently produce unsatisfactory results even though prior clinical trials were successful. Therefore, the results of the additional trials that we conduct may not be successful. The FDA may suspend all clinical trials or require that we conduct additional clinical, nonclinical, manufacturing validation or drug product quality studies and submit those data before it will consider or reconsider the BLA. Depending on the extent of these issues or the requirements for any other studies, approval of any applications that we submit may be delayed by several years, or may require us to expend more resources than we may have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA to approve the BLA. If any of these outcomes occur, we would not receive approval for our product candidates and may be forced to cease operations.

Even if we obtain FDA approval for our product candidates, the approval might contain significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications, or may be subject to significant post-marketing studies or risk mitigation requirements. If we are unable to successfully commercialize our product candidates, we may be forced to cease operations.

Before we market our products in any country outside the United States, we must first obtain all necessary regulatory approvals and make all necessary registrations in that country. Approval procedures vary among countries and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries might differ from that required to obtain FDA approval. The marketing approval process in other countries may include all of the risks detailed above regarding FDA approval in the United States as well as other risks. In particular, in many countries outside the United States, a product must receive pricing and reimbursement approval before the product can be commercialized. This can result in substantial delays in such countries. In other countries, product approval depends on showing superiority to an approved alternative therapy. This can result in significant expense for conducting complex clinical trials.

We do not have any products approved for sale in any jurisdiction, and we have limited experience in the regulatory process of countries outside the United States. If we fail to comply with regulatory requirements in non-U.S. markets or to obtain and maintain required approvals, or if regulatory approvals in non-U.S. markets are delayed, our target market will be reduced, and our ability to realize the full market potential of our products will be harmed.

Marketing approval in one country does not ensure marketing approval in another, but a failure or delay in obtaining marketing approval in one country may have a negative effect on the regulatory process in others. This would reduce our target markets and limit the full commercial potential of our products.

We have not yet obtained any marketing approval for our products. We cannot guarantee that we will receive all desired marketing approvals, or any marketing approval, for all or any of our products. If we cannot obtain the necessary regulatory approvals, we will not be able to market or sell our products.

Our product candidates are based on a novel technology, which may raise development issues that we may not be able to resolve, regulatory issues that could delay or prevent approval or personnel issues that may keep us from being able to develop our products.

Regulatory approval of product candidates that utilize novel technology such as ours can be more expensive and take longer than for other products that are based on more well-known or more extensively studied technology, due to our and the regulatory agencies' lack of experience with them. This may lengthen the regulatory review process, require us to perform additional studies, including clinical trials, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these product candidates or lead to significant post-approval limitations or restrictions. For example, NiCord is a complex biologic product that is manufactured from donated umbilical cord blood that must be appropriately assayed so that its identity, strength, quality, purity and potency may be characterized prior to release for treatment. No product based on NAM technology has been approved for marketing by the FDA or any other regulatory agency. The tests that we use to make identity, strength, quality, purity and potency determinations on these products may not be sufficient to satisfy the FDA's expectations regarding the criteria required for release of products for patient use and the FDA may require us to employ additional testing measures for this purpose, which could require us to undertake additional testing and/or additional clinical trials.

The novel nature of our product candidates also means that fewer people are trained in or experienced with products of this type, which may make it difficult to recruit, hire and retain capable personnel for the research, development and manufacturing positions that will be required to continue development and commercialization of our product candidates.

Even if our product candidates receive marketing approval, there could be adverse effects not discovered during development.

Even if our product candidates receive marketing approval, we or others may later identify undesirable side effects caused by the products or problems with our manufacturing processes, and in either event a number of potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw their approval of the product;
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications or distribution and use restrictions;
- regulatory authorities may require us to issue specific communications to healthcare professionals, such as "Dear Doctor" letters;
- regulatory authorities may issue negative publicity regarding the affected product, including safety communications;

- we may be required to change the way the product is administered, conduct additional pre-clinical studies or clinical trials or restrict the distribution or use of the product;
- we could be sued and held liable for harm caused to patients;
- our reputation may suffer; and
- regulatory authorities may require a REMS program which, depending on its components, might inhibit our ability to market our products or reduce the size of the potential patient population.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidate and could substantially increase commercialization costs or even force us to cease operations.

We have only limited pre-clinical or clinical data that support the applicability of our product candidates to other clinical indications, and ultimate regulatory approval for any additional applications is highly uncertain.

We plan to investigate the use of our product candidates to treat a variety of diseases and conditions other than the current clinical indications for which our product candidates are being considered. To date, we have obtained very little data regarding such uses. The regulatory approval process for additional indications may be as complex, time consuming and expensive as that for our product candidates in their current indications. As a result, ultimate regulatory approval for one or more of such indications is highly uncertain.

Obtaining regulatory approval for clinical trials of our product candidates in children will be more difficult than obtaining such approvals for adult clinical trials because the requirements for regulatory approval to conduct pediatric clinical trials are more stringent.

In connection with pediatric drug development, regulators may require that we undertake additional non-clinical work (such as animal studies in juvenile animals and additional reproductive toxicity work), as well as staged clinical work in determining safe dosing and monitoring. These additional tasks involve investment of significant additional resources beyond those needed for approval of the drug for adults. Approval of our product candidates for children may be significantly delayed due to these additional requirements.

We may not be able to obtain orphan designation for our product candidates. In addition, we might be prevented from commercializing our product candidates if, for instance, another company receives orphan drug marketing exclusivity for the treatment of diseases targeted by our product candidates.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate products for relatively small patient populations as “orphan” drugs. Under the U.S. Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA or the EMA from approving another marketing application for the same drug for that time period. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

Even if we obtain orphan drug exclusivity for one or more of our product candidates, that exclusivity may not effectively protect the subject products from competition. First, different products can be approved for the same condition. Second, even after an orphan drug is approved, the FDA can subsequently approve the same drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. If any of the above happens, our ability to commercialize and generate revenue from our product candidates will be limited.

Our business may be harmed if we do not adequately predict the market size or customer demand for our products as a result of labeling requirements.

The market size, and the timing and amount of customer demand, for each product that we develop will be difficult to predict. Ultimately, if we are able to bring a particular product to market, the size of the market and demand for the product will be based on the final approved label language, which may be different than what we expected it to be and on which market estimates are based. If the FDA or another regulatory authority provides marketing approval for a product, but with labeling that is materially different than the labeling we propose, the market for such product could be significantly smaller than we expect. As a result, our future revenues would be lower than we expect and our business could be materially harmed.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we have focused on research programs and product candidates for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products.

We are currently focusing research and development efforts on product candidates using our NAM technology. Notwithstanding our large investment to date and anticipated future expenditures on these product candidates, we have not yet developed, and may never successfully develop, any marketed products using this approach. As a result of pursuing the development of product candidates based on our NAM technology, we may fail to develop product candidates or address indications based on other scientific approaches that may offer greater commercial potential or for which there is a greater likelihood of success.

Our long-term business plan is to develop our NAM technology for the treatment of blood cancers and other serious blood diseases. We may not be successful in our efforts to identify or discover additional product candidates that may be manufactured using our NAM technology platform. Research programs to identify new product candidates require substantial technical, financial and human resources. These research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development.

If we do not accurately evaluate the commercial potential or target market for a particular product, we may relinquish valuable rights to that product through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates or any other product candidate that we develop and affect the prices we may obtain.

In the United States and some non-U.S. jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for our current product candidates or any other product candidate that we develop, restrict or regulate post-approval activities and affect our ability to profitably sell our current product candidates or any other product candidate for which we obtain marketing approval.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

If we in-license molecules or new technologies, this may delay or otherwise adversely affect the development of our existing product candidates, which may negatively impact our business, results of operations and financial condition.

In addition to our own internally developed product candidates, we may seek opportunities to in-license and advance other technologies that have value-creating potential, to take advantage of our development know-how and experience in this market. If we in-license any additional technology, our capital requirements may increase significantly. In addition, in-licensing additional technologies may place a strain on the time of our existing personnel, which may delay or otherwise adversely affect the development of our existing product candidates or cause us to re-prioritize our product pipeline. If we do not have the necessary capital, managerial and other resources to develop all of our product candidates, this could adversely impact our business, results of operations and financial condition.

We have not yet marketed or sold our products, and we do not know the degree to which the market will accept our products. If the market does not accept our products to a sufficient degree or at all, our business may not become or remain profitable.

Sales of our products will depend on the degree to which physicians, patients, healthcare payers, and other decision makers in the medical community choose to purchase our products. We have not yet marketed or sold any products, and we cannot guarantee the degree to which this market will accept any product that we develop, or that the market will accept our products at all.

Market acceptance of our products will depend on many factors, including:

- the actual or perceived safety, efficacy, convenience, ease of administration, price, and cost-effectiveness of our products;
- the actual or perceived advantages or disadvantages of our products compared to other products and products;
- the prevalence, incidence, and severity of any adverse side effects associated with our products;
- limitations or warnings contained in the approved labeling for our products;
- distribution and use restrictions imposed by the FDA or other regulatory bodies, or agreed to by us as part of a mandatory or voluntary risk management plan;

- receipt by a competitor of marketing approval for a product targeting an indication that our product targets, such that our product candidate is not “first to market”;
- our success in finding and collaborating with one or more partners for marketing and selling our products;
- our success in developing our sales and marketing operations and the effectiveness of those operations; and
- our ability to obtain regulatory clearance to market our products for additional product indications in the United States and other jurisdictions that we target for commercialization.

If our products do not achieve an adequate level of market acceptance, we may not generate sufficient revenues from our products to become or remain profitable.

It will be difficult for us to profitably sell our product candidates if reimbursement for the product is limited.

Market acceptance and sales of our product candidates will depend on reimbursement policies and may be affected by healthcare reform measures. Government authorities and third-party payers, such as private health insurers, pharmacy benefit managers and health maintenance organizations, decide which products they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular treatments. We cannot be sure that reimbursement will be available for our product candidates and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product for which we obtain marketing approval. In addition, third-party payers are likely to impose strict requirements for reimbursement in order to limit off label use of a higher priced drug. Reimbursement by a third-party payer may depend upon a number of factors including the third-party payer’s determination that use of a product candidate is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product candidate from a government or other third-party payer is a time-consuming and costly process that could require us to provide supporting scientific, clinical, and cost effectiveness data for the use of our product candidates to the payer. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our product candidates. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize all or certain of our product candidates profitably, or at all, even if approved.

We have limited experience with sales and marketing, and any failure to build and manage effectively our sales and marketing operations could have a material adverse effect on our business.

In order to meet our anticipated sales objectives, we intend to collaborate with a strategic partner, or grow our sales and marketing organization significantly over the next several years. There are significant risks involved in building and managing our sales and marketing organization, including risks related to our ability to:

- hire qualified individuals as needed;
- generate sufficient leads within our target customer group for our sales force;
- provide adequate training for the effective sale and marketing of our technologies;
- retain and motivate our direct sales and marketing professionals; and
- effectively oversee geographically dispersed sales and marketing teams.

Our failure to adequately address these risks could have a material adverse effect on our ability to market our product candidates, which would cause our revenues to be lower than expected and harm the results of our operations.

To successfully market and sell our products in markets outside the United States, we must address many issues with which we have limited experience.

If we are able to obtain marketing approvals in those jurisdictions that we target for commercialization, we believe that a significant percentage of our business will come from sales in markets outside the United States, such as Europe, Japan, China, India, Hong Kong, Singapore, and Israel. Any such sales will be subject to a number of risks, including:

- difficulties in staffing and managing international operations;
- increased competition as a result of more products and procedures receiving regulatory approval or otherwise being freely marketable in non-U.S. markets;
- potentially adverse tax consequences, including the complexities of foreign value-added tax systems, tax inefficiencies related to our corporate structure, and restrictions on the repatriation of earnings;
- reduced or varied protection for intellectual property rights in some countries;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- export and import restrictions, trade regulations, tariffs, trade barriers, and non-U.S. tax laws;
- fluctuations in currency exchange rates;
- non-U.S. certification and regulatory clearance or approval requirements;
- difficulties in developing effective marketing campaigns in unfamiliar non-U.S. countries;
- customs clearance and shipping delays;

- political, social, and economic instability abroad, terrorist attacks, natural disasters, and security concerns in general;
- potential liability resulting from development work conducted by distributors abroad;
- preference for locally produced products;
- production shortages resulting from any events affecting raw material supplies or manufacturing capabilities abroad;
- the burdens of complying with a wide variety of non-U.S. laws and different legal standards;
- workforce uncertainties in countries with an elevated risk of labor unrest;
- different reimbursement systems; and
- increased financial accounting and reporting burdens and complexities.

If one or more of these risks were realized, our revenues from non-U.S. sales could be lower than expected and our costs could be significantly increased.

Our inability to effectively compete with our competitors may prevent us from achieving significant market penetration or improving our operating results.

The medical technology and cell therapy product markets are competitive and dynamic, and are characterized by rapid and substantial technological development and product innovations. Demand for our technologies could be limited by the products and technologies offered by our competitors. Due to less stringent regulatory requirements, there are many more cell therapy products and procedures available for use in certain non-U.S. markets, such as China, than are approved for use in the United States. There are also fewer limitations on the claims our competitors in those international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we face even greater competition in these markets than in the United States.

We will also generally compete against medical technology companies, including those offering products and technologies unrelated to cell therapy such as new medications to treat hematological malignancies. Some of our potential competitors have a broad range of product offerings, large direct sales forces, and long-term customer relationships with our target physicians, which could inhibit our market penetration efforts.

Many of our potential competitors are large, experienced companies that have substantially greater financial, technical, and human resources; significantly greater experience in the discovery and development of drug candidates, obtaining FDA and other regulatory approvals of products and the commercialization of those products; and significantly greater brand recognition than we do. Accordingly, our competitors may be more successful than we may be in obtaining FDA and other marketing approvals for products, securing advantageous reimbursement status, and achieving widespread market acceptance. Our competitors' products may be more effective, or more effectively marketed and sold, than any product we may commercialize and may render our current product candidates or any other product candidate that we develop obsolete or non-competitive before we can recover the expenses of developing and commercializing the product. We anticipate that we will face intense and increasing competition as new products enter the market and advanced technologies become available. Finally, the development of new treatment methods for the diseases we are targeting could render our current product candidates or any other product candidate that we develop non-competitive or obsolete. Competition in the biopharmaceuticals market could result in price-cutting, reduced profit margins, and limited market share. Any of these risk factors could harm our business, financial condition, and results of operations.

We have limited experience in producing our product candidates, and if we are unable to manufacture our products in high-quality commercial quantities successfully and consistently to meet demand, our growth will be limited.

We have some experience in manufacturing our StemEx product candidate in our own manufacturing facility, which is located at our headquarters in Israel. This facility is now being adjusted to manufacture NiCord through the end of phase II clinical studies. To date, NiCord has been manufactured by a third party. See “Risks Related to Our Reliance on Third Parties—We rely on a third party to manufacture NiCord”. Our manufacturing capabilities will need to be further improved to meet the standard requirements for Phase III clinical studies and for the commercial phase. To manufacture our products in the quantities that we believe will be required to meet anticipated market demand, we will need to increase manufacturing capacity, which will involve significant challenges. In addition, the development of commercial-scale, regulation-compliant manufacturing capabilities will require us to invest substantial additional funds and hire and retain the technical personnel who have the necessary manufacturing experience. We may not successfully complete any required increase to existing manufacturing processes in a timely manner, or at all.

If there is a disruption to our manufacturing operations, we will have no other means of producing our products until we restore the affected facilities or develop alternative manufacturing facilities, which would delay our clinical trials or cause us to be unable to meet commercial demand for our products. In such case, we may need to arrange for third-party manufacturing of our products, which would be expensive and time-consuming, assuming we can identify an appropriate third party manufacturer. Additionally, any damage to or destruction of our facilities or equipment may significantly impair our ability to manufacture our products on a timely basis.

If we are unable to produce our products in sufficient quantities to meet anticipated customer demand, our revenues, business, and financial prospects would be harmed. The lack of experience we have in producing commercial quantities of our products may also result in quality issues, and result in product recalls. Any recall could be expensive and generate negative publicity, which could impair our ability to market our products and further affect our results of operations. Manufacturing delays related to quality control could negatively impact our ability to bring our technologies to market, harm our reputation, and decrease our revenues.

We will forecast sales to determine requirements for components and materials used in our products, and if our forecasts are incorrect, we may experience delays in shipments or increased inventory costs.

Our lack of commercial history means that we may not be able to consistently and accurately predict future demand for our products. If our business expands and our demand for components and materials increases beyond our estimates, we may be unable to meet the demand, which would negatively affect our financial performance and the level of satisfaction our customers have with our business.

We intend to increase the size of our company significantly, and difficulties managing our growth could adversely affect our business, operating results, and financial condition.

We plan to hire a substantial number of additional employees as we undertake commercialization activities for our product candidates. This growth may place a strain on our management and our administrative, operational, and financial infrastructure. Our ability to manage our operations and growth requires the continued improvement of our operational, financial and management controls, reporting systems, and procedures, particularly to meet the reporting requirements of the Exchange Act. If we are unable to manage our growth effectively or if we are unable to attract and successfully integrate additional highly qualified personnel, our business, operating results, and financial condition may be harmed.

We depend on skilled and experienced personnel to operate our business effectively. If we are unable to recruit, hire, and retain these employees, our ability to manage and expand our business will be harmed, which would impair our future revenue and profitability.

Our success largely depends on the skills, experience, and efforts of our executive officers and other key employees. We do not have employment contracts with any of our executive officers or other key employees that require these officers to stay with us for any period of time. Any of our executive officers and other key employees may terminate their employment with us at any time. In addition, although we are party to non-compete agreements with our executive officers and key employees, such agreements provide for restrictions that are limited in duration and may be found by courts to not be enforceable. The loss of any of our executive officers or other key employees could weaken our management expertise and harm our business operations. Our key employees include the Company's officers: Dr. Yael Margolin, Tony Peled, Dorit Harati, Naftali Brikashvili, and Dr. David Snyder. We only maintain key man insurance for such officers.

In addition, our ability to retain our skilled employees and our success in attracting, hiring, retaining, managing, and motivating new skilled employees will be a critical factor in determining whether we will be successful in the future. Competition for employees in the biopharmaceutical industry is intense. We may not be able to meet our future hiring needs or retain our existing employees. We will face significant challenges and risks in hiring, training, managing, and retaining sales and marketing, product development, financial reporting, and regulatory compliance employees. Failure to attract and retain personnel, particularly our sales and marketing, product development, financial reporting, and regulatory compliance personnel, would materially harm our ability to compete effectively and grow our business.

Some of our product candidates require manufacturing biologics that are specific to each patient. The physical properties of biologics are variable, which may adversely impact the quality of products we manufacture or prevent us from fulfilling orders as expected.

Due to the nature of human blood, there will be variations in the biological properties of the umbilical cord blood units that we receive from blood banks for the purpose of expanding HSC populations for transplantation in particular patients. In addition, deviations or errors in the delivery and manufacturing process could lead to defects in our products or require us to discard units that are delivered or manufactured. These variations in the biological properties, handling, and processing of umbilical cord blood units and HSC may adversely affect the quality of particular products we manufacture, and may prevent us from fulfilling orders on time, or at all. For example, in the event that cord blood units were not handled properly prior to freezing, the cells may not survive the thawing and their viability may be very low. If these variations harm the quality, production speed, or successful delivery of our products, market acceptance of our products could decline and our reputation could be harmed.

Risks Related to Our Financial Condition

We have a limited operating history and we have incurred significant operating losses since our inception, and we anticipate that we will incur continued losses for the foreseeable future.

We are a development stage biotechnology company with a limited operating history. To date, we have not generated any revenues from product sales and have incurred significant expenses in developing our current product candidates. We have funded our operations to date primarily through proceeds from government grants and sales of equity shares in our company. As of March 31, 2014, we had an accumulated deficit of approximately \$51 million. We have only a limited relevant operating history upon which you can evaluate our business and prospects. In addition, we have limited experience and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields. We do not possess the required regulatory approvals to market any of our product candidates in any jurisdiction. We have incurred operating losses in each year since our founding in 1998. Substantially all of our operating losses resulted from costs incurred in connection with our development program and from general and administrative costs associated with our operations. Our operating losses for the three months ended March 31, 2014 and March 31, 2013 were \$1,492,000 and \$926,000, respectively. Our operating losses for the years ended December 31, 2013 and December 31, 2012 were \$3,159,000 and \$2,787,000, respectively. We expect proceeds from this offering to meet our capital requirements for approximately two years.

We expect our research and development expenses to increase in connection with our planned expanded clinical trials. In addition, if we obtain marketing approval for our product candidates, we will likely incur significant sales, marketing and manufacturing expenses, as well as continued research and development expenses. Furthermore, following the initial public offering of our ordinary shares, we expect to incur additional costs associated with operating as a public company, which we estimate will be at least several hundred thousand dollars annually. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Because of the numerous risks and uncertainties associated with developing biologic products, we are unable to predict the extent of any future losses or when we will become profitable, if at all.

We may not be able to continue as a going concern.

Our audited financial statements for the year ended December 31, 2013 and our unaudited financial statements for the three months ended March 31, 2014 were prepared assuming that we will continue to operate as a going concern. However, the report issued by our independent registered public accounting firm, which is included elsewhere in this prospectus, includes an explanatory paragraph with respect to our recurring losses from operations and our net accumulated deficit, which raise substantial doubt about our ability to continue as a going concern, meaning that our ability to continue to operate is dependent on our receiving additional financial support, and there are no assurances that we will be successful in obtaining an adequate level of financing needed for the long-term development of our products. Our financial statements included in this prospectus do not include any adjustments to the Company's assets and liabilities that may result from the outcome of this uncertainty. Uncertainty about our ability to continue as a going concern could materially limit our ability to raise additional funds, and in any case, there is a risk that we will not be able to obtain necessary financing to continue our operations on terms acceptable to us, or at all. A perception that we may not be able to continue as a going concern could also make it more difficult to operate our business due to concerns about our ability to meet our contractual obligations. If we cannot continue to operate as a going concern, our shareholders may lose their entire investment in our ordinary shares.

We will require substantial additional capital in order to complete necessary pre-market clinical trials of our product candidates, to apply for regulatory approval, and to manufacture and market our products.

We will require substantial additional capital in order to complete pre-market clinical trials, obtain regulatory approvals, and market our product candidates. If we cannot obtain sufficient funding to complete clinical trials, obtain marketing approvals, and commercialize our product candidates, our business, financial condition, and future prospects will be materially harmed, and we may never become profitable.

We have no committed external sources of funds. Additional financing may not be available when we need it or may not be available on terms that are favorable to us. If adequate funds are not available to us on a timely basis, or at all, we may be required to:

- delay, limit, reduce, or terminate clinical trials or other development activities for our product candidates; or
- delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates, if we obtain marketing approval.

Raising additional capital may cause dilution to our existing shareholders, and may restrict operations or require us to relinquish rights.

If we raise additional funds through the issuance of equity or convertible securities, the percentage ownership of holders of our ordinary shares could be significantly diluted and these newly issued securities may have rights, preferences, or privileges senior to those of holders of our ordinary shares. If we obtain debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations. If we raise additional funds through collaborations and licensing arrangements, we could be required to relinquish significant rights to our technologies and products or grant licenses on terms that are not favorable to us.

We may not be able to correctly estimate or control our future operating expenses, which could lead to cash shortfalls.

Our operating expenses may fluctuate significantly in the future for various reasons, many of which are outside of our control. These reasons may include:

- the time, resources, and expenses required to conduct clinical trials of, seek regulatory approvals for, manufacture, market, and sell our current product candidates and/or any additional product candidates we may develop;
- the time, resources, and expenses required to research and develop, conduct clinical trials of, and seek regulatory approvals for additional product indications of our current product candidates;
- the costs of preparing, filing, prosecuting, defending, and enforcing patent claims and other patent related costs, including litigation costs, or the results of such litigation;
- any product liability or other lawsuits related to our products and the costs associated with defending them or the results of such lawsuits;
- the costs to attract and retain personnel with the skills required for effective operations; and
- the costs associated with being a public company.

We have not generated any revenue from our current product candidates or any other product candidate and may never be profitable.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue from our development stage product candidates, and we do not know when, or if, we will generate any revenue. We do not expect to generate significant revenue unless or until we obtain marketing approval and commercialize our product candidates. Our ability to generate revenue depends on a number of factors, including our ability to:

- obtain favorable results from and progress the clinical development of our product candidates;
- develop and obtain regulatory approval for clinical studies protocols for our product candidates;

- apply for and obtain marketing approval in the United States and those other jurisdiction that we target for commercialization;
- manufacture commercial quantities of our product candidates at acceptable cost levels if marketing approval is received; and
- establish sales and marketing capabilities, both internal and external, to effectively market and sell our product candidates in the United States and other countries that we target for commercialization.

Even if our product candidates are approved for commercial sale, they may not gain market acceptance or achieve commercial success. In addition, we anticipate incurring significant costs associated with commercializing our products. We may not achieve profitability soon after generating product revenue, if ever. If we are unable to generate product revenue, we will not become profitable and would be unable to continue operations without continued funding.

It is difficult to forecast our future performance, which may cause our financial results to fluctuate unpredictably.

Because we do not yet have a commercial operating history, and because medical technology markets may rapidly evolve, it is hard for us to predict our future performance. A number of factors, many of which are outside of our control, may contribute to fluctuations in our financial results assuming that we receive marketing authorizations and begin selling our products. These factors may include variations in:

- market demand for, and acceptance of, our products;
- our sales and marketing operations, or the effectiveness of these operations;
- performance of our third-party contractors;
- media coverage of our technologies, the procedures or products of our competitors, or our industry;
- our ability to obtain or maintain regulatory approvals;
- the availability of procedures or products that compete with our products; and
- general economic and political conditions, including changes in general consumer confidence.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, our shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ordinary shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the U.S. Sarbanes-Oxley Act of 2002, or “Sarbanes-Oxley Act,” may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our ordinary shares.

We are required to disclose changes made in our internal controls and procedures on a quarterly basis and our management is required to assess the effectiveness of these controls annually. However, for as long as we are an “emerging growth company” under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

Risks Related to Our Reliance on Third Parties

We currently depend on third parties to conduct our clinical trials, and if they fail to perform as expected, our ability to obtain regulatory approvals and commence product sales could be harmed.

We rely on third parties, such as CROs, CMOs, medical institutions, academic institutions and clinical investigators, to conduct preclinical studies and clinical trials. We are responsible for confirming that our preclinical studies are conducted in accordance with applicable regulations and that each of our clinical trials is conducted in accordance with its general investigational plan and protocol. Regulatory agencies require us to comply with current Good Laboratory Practices, or cGLP, for conducting and recording the results of our preclinical studies and current Good Clinical Practices, or cGCP, for conducting, monitoring, recording and reporting the results of clinical trials, to assure that data and reported results are accurate and that the clinical trial participants are adequately protected. Our reliance on third parties does not relieve us of these responsibilities. If the third parties conducting our clinical trials do not perform their contractual obligations or duties, do not meet expected deadlines, fail to comply with cGLP or cGCP, do not adhere to our clinical trial protocols or otherwise fail to generate reliable clinical data, our clinical trials may be more costly than expected or budgeted, extended, delayed or terminated or may need to be repeated and we may not be able to obtain regulatory approval for or commercialize the product being tested in the clinical trials.

If we fail to enter into any needed collaboration agreements for our products, we may be unable to commercialize them effectively or at all.

To successfully develop and commercialize our product candidates, we will need substantial financial resources as well as expertise and physical resources and systems. We may elect to develop some or all of these physical resources and systems and expertise ourselves or we may seek to collaborate with another company that can provide some or all of such physical resources and systems as well as financial resources and expertise. If we are not able to enter into a collaboration for one or more of our product candidates on acceptable terms, we might elect to delay or scale back the development and commercialization of the product candidate in order to preserve our financial resources or to allow us adequate time to develop the required physical resources and systems and expertise ourselves.

The risks in a collaboration agreement include the following:

- the collaborator may not apply the expected financial resources, efforts or required expertise in developing the physical resources and systems necessary to successfully develop and commercialize a product candidate;
- the collaborator may not invest in the development of a sales and marketing force and the related infrastructure at levels that ensure that sales of the product reach their full potential;

- we may be required to undertake the expenditure of substantial operational, financial and management resources;
- we may be required to issue equity securities that would dilute our existing shareholders' percentage ownership;
- we may be required to assume substantial actual or contingent liabilities;
- strategic partners could decide to move forward with a competing product developed either independently or in collaboration with others, including our competitors;
- disputes may arise between us and a collaborator that delay the development or commercialization or adversely affect the sales or profitability of the product candidate; or
- the collaborator may independently develop, or develop with third parties, products that could compete with our product candidates.

In addition, a collaborator for one or more of our product candidates may have the right to terminate the collaboration at its discretion. Any termination may require us to seek a new collaborator, which we may not be able to do on a timely basis, if at all, or require us to delay or scale back our development and commercialization efforts. The occurrence of any of these events could adversely affect the development and commercialization of our product candidates and materially harm our business and stock price by delaying the development of our product candidates, and the sale of any products that may be approved by the FDA or other regulatory agencies, by slowing the growth of such sales, by reducing the profitability of the product and/or by adversely affecting the reputation of the product.

We rely on a third party to manufacture NiCord.

We have an agreement with Lonza Walkersville Inc., or Lonza, for manufacturing NiCord. If Lonza fails to comply with the terms of this agreement or if this agreement is terminated prior to the time when we are able to commence manufacturing NiCord at our own manufacturing facility, there may be a significant delay in our ability to manufacture NiCord. Such a delay could prevent us from completing clinical trials as expected and could significantly delay the launch of NiCord, which could materially harm our business, financial condition, and future prospects.

We rely on purchased third-party equipment that enables us to separate HSC from umbilical cord blood.

We purchase equipment and materials from Miltenyi Biotec GmbH, or Miltenyi, that enables us to separate HSC from umbilical cord blood. We are dependent on Miltenyi for supplying this equipment and materials. We do not have an agreement with Miltenyi for the provision of this equipment or materials. In the event that we are unable to obtain the necessary equipment and materials from Miltenyi, we would be required to find a substitute supplier, make adjustments in the process of separating the cells using other equipment, and obtain new approvals from the FDA and the EMA, all of which could require us to incur substantial additional costs and lead to delays in the development of our product candidates.

We rely on third-party suppliers for provision of growth factors that are necessary for our cell proliferation technologies and the manufacture of our product candidates. If our suppliers cease providing these materials and we are unable to find substitute suppliers on short notice, our ability to manufacture our products, complete clinical trials, obtain regulatory approvals, and market our products could be significantly delayed.

We purchase the growth factors that are necessary for HSC proliferation (cytokines) from third party suppliers. If our suppliers cease providing us with the supplies we need, and we are unable to find substitute suppliers on a timely basis, our ability to manufacture our products could be significantly delayed, which could delay completion of our clinical trials or the commercialization of our product candidates. We may also incur additional costs in locating suitable substitute suppliers or be forced to pay increased amounts to such substitute suppliers for the growth factors and supplies we need. Any disruption in supply could cause a delay in our completion of clinical trials or commercialization of our product candidates, and if there is a significant delay in our completion of clinical trials or commercialization of our product candidates, our business, financial condition and future prospects could be significantly harmed.

Risks Related to Regulation

We are subject to various governmental regulations, including those restricting our ability to market our product candidates, and we may incur significant expenses to comply with, experience delays in the development and commercialization of our product candidates as a result of, and be subject to material sanctions if we violate these regulations.

Before we can market any of our product candidates in any jurisdiction, we must obtain the necessary marketing approvals in that jurisdiction. Even if marketing approval is obtained, a regulatory authority may still impose significant restrictions on a product's indications, conditions for use, distribution or marketing or impose ongoing requirements for potentially costly post-market surveillance, post-approval studies or clinical trials. For example, any labeling ultimately approved by the FDA for our product candidates, if they are approved for marketing, may include significant restrictions on use. The FDA may impose further requirements or restrictions on the distribution or use of our product candidates as part of a mandatory plan, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry. Our product candidates will also be subject to ongoing FDA requirements governing the labeling, packaging, storage, advertising, manufacturing, distribution, promotion, recordkeeping and submission of safety and other post-market information. The FDA has significant post-market authority, including, for example, the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate serious safety risks related to the use of a drug. These risks include adverse drug—drug interactions and concomitant therapy with other medications. In addition, manufacturers of drug products and their facilities and clinical trial sites are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with Current Good Manufacturing Practice regulations (cGMPs), GCPs, GLPs and other regulations.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or in other jurisdictions. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

Our manufacturing processes and facilities are required to comply with FDA regulations and other relevant guidelines, which cover the procedures and documentation of the design, production, control, testing, quality assurance, packaging, labeling, storage, and shipping of our products. The FDA checks compliance with these regulations and guidelines by conducting inspections of manufacturing facilities. We anticipate in the future being subject to inspections by the FDA and other regulatory agencies.

Failure to comply with applicable regulatory requirements in the United States, Israel, and every other country in which we conduct operations or market our products, or later discovery of previously unknown problems with our products, clinical trials or manufacturing processes, including our failure or the failure of one of our third-party manufacturers to take satisfactory corrective action in response to an adverse inspection, can result in, among other things:

- administrative or judicially-imposed sanctions;
- injunctions or the imposition of civil penalties or fines;
- recall or seizure of our products;
- total or partial suspension of production or distribution;
- refusal by regulators to grant pending future clearance or pre-market approval for our products;
- withdrawal or suspension of marketing clearances or approvals;
- clinical holds or suspension of clinical trials;
- warning letters or untitled letters;
- refusal to allow us to enter into supply contracts;
- refusal to permit the import or export of our products; and
- criminal prosecution of us or our employees.

Any of these actions, in combination or alone, could prevent us from marketing, distributing, or selling our products and would likely harm our business. In addition, a product defect or regulatory violation could lead to a government-mandated or voluntary recall by us. We believe that the FDA would request that we initiate a voluntary recall or impose a mandatory recall if a product was defective or presented a risk of injury or gross deception. Regulatory agencies in other countries have similar authority. Any recall would divert management attention and financial resources, could cause the price of our ordinary shares to decline and expose us to product liability or other claims, including contractual claims from parties to whom we sold products and harm our reputation with customers. A recall involving our products would be particularly harmful to our business and financial results and, even if we remedied a particular problem, would have a lasting negative effect on our reputation and demand for our products.

Any government notice or investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenues from our product candidates. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

We will be subject to significant liability if we are found to have improperly promoted our product candidates for off-label uses.

The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about cleared products. In particular, a product may not generally be promoted for uses that are not approved by the FDA or another regulatory agency as reflected in the product's approved labeling. If we receive marketing approval for our product candidates, physicians may nevertheless prescribe our product candidates to their patients in a manner that is inconsistent with the approved label. If we are found to have inappropriately marketed for such off-label uses, we may become subject to significant liability. The U.S. government has levied large civil and criminal fines against companies for alleged improper promotion and entered into agreements with several companies that require cumbersome reporting and oversight of sales and marketing practices. In some cases, companies have been excluded from doing business with the U.S. government. The FDA has also required companies to enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed.

Our products may cause or contribute to adverse medical events, and we are required to report any such adverse medical events to the FDA and other regulatory authorities. If we fail to do so, we could be subject to sanctions that would materially harm our business.

FDA regulations require that we report certain information about adverse medical events if our products may have caused or contributed to those adverse events. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA could take action including criminal prosecution, the imposition of civil monetary penalties, revocation of our product approvals, seizure of our products, or delay in approval or clearance of future products. We will have similar reporting obligations and be subject to similar risks in other countries in which we operate or market our products.

Legislative or regulatory healthcare reforms may make it more difficult and costly for us to obtain regulatory clearance or approval of our products and to produce, market, and distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in the U.S. Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, or marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products, including changes in the process for obtaining clearance for our current product candidates. For example, in the future, the FDA may require more burdensome premarket approval of our procedures rather than the clearance process we have used to date and anticipate primarily using in the future. Our products will also be subject to state regulations and regulations in jurisdictions outside the United States which are, in many instances, in flux. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our products. We cannot determine what effect changes in regulations, statutes, legal interpretation, or policies, when and if promulgated, enacted, or adopted, may have on our business in the future. Such changes could, among other things, require:

- changes to manufacturing methods;
- completion of additional clinical trials;
- recall, replacement, or discontinuance of certain products; and
- additional record keeping.

Each of these would likely entail substantial time and cost and could materially harm our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for our products would harm our business, financial condition, and results of operations.

Our relationships with customers and third-party payers in the United States and elsewhere will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Our commercial, research, and other financial relationships with healthcare providers and institutions may be subject to various U.S. federal and state laws and non-U.S. laws intended to prevent health care fraud and abuse. Healthcare providers, physicians and third-party payers in the United States and elsewhere play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third-party payers and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable U.S. federal and state healthcare laws and non-U.S. healthcare laws and regulations include, among others, the following:

- the U.S. Medicare-Medicaid Anti-Fraud and Abuse Act, as amended (the “Anti-Kickback Statute”), prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;
- the U.S. federal False Claims Act imposes criminal and civil penalties, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government and also includes provisions allowing for private, civil whistleblower or “qui tam” actions;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the U.S. Health Information Technology for Economic and Clinical Health Act, or HITECH, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program. HIPAA and HITECH also regulate the use and disclosure of identifiable health information by health care providers, health plans and health care clearinghouses, and impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of identifiable health information as well as requiring notification of regulatory breaches. HIPAA and HITECH violations may prompt civil and criminal enforcement actions as well as enforcement by state attorneys general;
- the U.S. federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with delivery of or payment for healthcare benefits, items or services;
- the U.S. federal transparency requirements under the Health Care Reform Law requires manufacturers of drugs, devices, biologics and medical supplies to report to the U.S. Department of Health and Human Services information related to physician payments and other transfers of value and physician ownership and investment interests;

- analogous U.S. state laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payers, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures or prohibit certain expenditures;
- the U.S. Foreign Corrupt Practices Act prohibits companies and their intermediaries from making improper payments or providing anything of value to improperly influence non-U.S. government officials for the purpose of obtaining or retaining business, or obtaining an unfair advantage; and
- analogous anti-kickback, fraud and abuse and healthcare laws and regulations in countries outside the United States may also apply.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil, or administrative sanctions, including exclusions from government funded healthcare programs.

If our employees commit fraud or other misconduct, including noncompliance with regulatory standards and requirements and insider trading, our business may experience serious adverse consequences.

We are exposed to the risk of employee fraud or other misconduct by our employees and the employees of third party contractors. Misconduct by employees could include intentional failures to comply with FDA regulations and the regulations of comparable regulatory authorities outside the United States, to provide accurate information to the FDA and comparable regulatory authorities outside the United States, to comply with manufacturing standards we have established, to comply with U.S. federal and state and non-U.S. healthcare fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the inaccurate reporting or improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted, effective upon consummation of this offering, a Code of Business Conduct and Ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

In addition, during the course of our operations, our directors, executives and employees may have access to material, nonpublic information regarding our business, our results of operations or potential transactions we are considering. We plan to adopt an Insider Trading Policy, but we may not be able to prevent a director, executive or employee from trading in our ordinary shares on the basis of, or while having access to, material nonpublic information. If a director, executive or employee was to be investigated, or an action was to be brought against a director, executive or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money, and divert attention of our management team from other tasks important to the success of our business.

We are subject to numerous environmental, health, and safety laws and regulations, and must maintain licenses or permits, and non-compliance with these laws, regulations, licenses, or permits may expose us to significant costs or liabilities.

We are subject to numerous foreign, national, and local environmental, health, and safety laws and regulations relating to, among other matters, safe working conditions and environmental protection, including laws and regulations governing the generation, storage, handling, use, transportation, and disposal of hazardous or potentially hazardous materials. Some of these laws and regulations require us to obtain licenses or permits to conduct our operations. Environmental laws and regulations are complex, change frequently, and have tended to become more stringent over time. If we violate or fail to comply with these laws, regulations, licenses, or permits, we could be fined or otherwise sanctioned by regulators. We cannot predict the impact on our business of new or amended laws or regulations or any changes in the way existing and future laws and regulations are interpreted or enforced, nor can we ensure we will be able to obtain or maintain any required licenses or permits.

Risks Related to Manufacturing

We are preparing to move all production and manufacturing operations to our Jerusalem headquarters. If our own manufacturing facility is not completed on schedule, or if our facility runs into a problem that prevents or delays manufacturing, there may be a significant delay in our ability to manufacture our product candidates.

We are currently preparing to move all production and manufacturing operations to our Jerusalem headquarters, which is expected to eliminate our dependency on Lonza for manufacturing NiCord in our clinical trials. We expect to complete this process by the third quarter of 2014. Our manufacturing facility may not be completed on schedule due to factors that we may not be able to control. Such a delay could prevent us from completing clinical trials as expected and could significantly delay the launch of NiCord, which could materially harm our business, financial condition, and future prospects.

Following the contemplated improvements to our manufacturing facility, we intend to perform all manufacturing processes internally for our clinical trials. We have limited manufacturing experience. In the event of a disruption of our operations at our manufacturing facility, we would experience costly delays in reestablishing manufacturing capacity due to a lack of redundancy in manufacturing capability. Certain events, such as natural disasters, fire, political disturbances, sabotage or business accidents, which could impact our current or future facilities, could have a significant negative impact on our operations by disrupting our product development efforts until such time as we are able to repair our facility or put in place third party contract manufacturers to assume this role. In addition, we intend to use a single manufacturing site to manufacture our product candidates. Thus, any disruption in the operations of our manufacturing facility would have a significant negative impact on our ability to manufacture the product candidates for clinical testing and would result in delays and increased costs and losses.

We currently carry business personal property insurance in the amount of up to \$5,000,000 in the aggregate. We may not have adequate insurance to cover our losses resulting from natural disasters, political disturbances, sabotage, business accidents or other similar significant business interruptions, and we do not plan to purchase additional insurance to cover such losses due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and financial condition.

We have never manufactured our products at commercial scale and there can be no assurance that they can be manufactured in compliance with regulations at a cost or in quantities necessary to make them commercially viable.

We have no experience in commercial-scale manufacturing, the management of large-scale information technology systems or the management of a large-scale distribution system. Despite the improvements we are currently making to our manufacturing facility, our manufacturing facility will not be able to support commercial activities. We may develop our manufacturing capacity in part by further expanding or replacing our existing manufacturing facility. These activities would require substantial additional funds and we would need to hire and train significant numbers of qualified employees to staff these facilities. We may not be able to develop commercial-scale facilities that are sufficient to produce the product candidates for Phase III clinical trials and/or commercial use.

Furthermore, we must supply all necessary documentation, including product characterization and process validation, to regulatory authorities in support of our BLA on a timely basis and must adhere to cGMP regulations and current Good Tissue Practices, or cGTP, enforced by the regulatory authority through its facilities inspection program. We have not validated our manufacturing process. We intend to complete this validation between completion of a Phase III clinical study and the submission of a marketing application for a BLA from the FDA. If the FDA determines that the product candidates used in our clinical trials were not sufficiently characterized, we may be required to repeat all or a portion of those trials. If our facilities cannot pass a pre-approval plant inspection, the regulatory approval of the product candidates will not be granted.

We are subject to significant regulation with respect to manufacturing of our products.

All entities involved in the preparation of a therapeutic biological for clinical trials or commercial sale are subject to extensive regulation. The various components of a product candidate that is used in late-stage clinical trials, or approved for commercial sale must be manufactured in accordance with cGMP and cGTP. These regulations govern manufacturing processes and procedures and the implementation and operation of quality systems to control and assure the quality of investigational product candidates and products, including product component characterization and process validation, approved for sale. Our facilities and quality systems and the facilities and quality systems of some or all of our third party suppliers must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of any product candidate. If any inspection or audit of our manufacturing facilities identifies a failure to comply with applicable regulations, or if a violation of applicable regulations occurs independent of an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales of the temporary or permanent closure of a facility. Any such remedial measures imposed on us or third parties with whom we contract could materially harm our business.

Lack of coordination internally among our employees and externally with physicians, hospitals and third-party suppliers and carriers, could cause manufacturing difficulties, disruptions or delays and cause us to not have sufficient supply of product to meet our expected clinical trial requirements or potential commercial requirements.

Manufacturing our product candidates requires coordination internally among our employees and externally with physicians, hospitals and third-party suppliers and carriers. For example, a patient's physician or clinical site will need to provide us with the planned date of transplantation, and we will need to coordinate with them for the shipping of our product to them. In addition, we will need to coordinate with cord blood banks to obtain the cord blood required to manufacture our product candidates, and confirm that the cord blood used matches the requirements for our manufacturing process and that it is the cord blood unit selected by the physician. Such coordination involves a number of risks that may lead to failures or delays in manufacturing our product candidates, including:

- failure to obtain a sufficient supply of key raw materials of suitable quality;
- difficulties in manufacturing our product candidates for multiple patients simultaneously;
- difficulties in obtaining adequate patient-specific material, such cord blood units, from cord blood banks;
- difficulties in completing the development and validation of the specialized assays required to ensure the consistency of our product candidates;
- failure to ensure adequate quality control and assurances in the manufacturing process as we increase production quantities;
- difficulties in the timely shipping of patient-specific materials to us or in the shipping of the product candidates to the treating physicians due to errors by third-party carriers, transportation restrictions or other reasons;
- loss or destruction of, or damage to, patient-specific materials or our product candidates during the shipping process due to improper handling by third-party carriers, hospitals, blood banks, physicians or us;
- loss or destruction of, or damage to, patient-specific materials or our product candidates during storage at our facilities or at the clinical site; and
- loss or destruction of, or damage to, our product candidates stored at clinical and future commercial sites due to improper handling or holding by clinicians, hospitals or physicians.

If we are unable to coordinate appropriately, we may encounter delays or additional costs in achieving our clinical and commercialization objectives, including in obtaining regulatory approvals of our product candidates and supplying products, which could materially damage our business and financial position.

If we fail to comply with manufacturing regulations, our financial results and financial condition will be adversely affected.

Before we can begin commercial manufacture of our product candidates, we must obtain regulatory approval of the manufacturing facilities we use and the processes and quality systems we employ. In addition, biopharmaceutical manufacturing facilities are continuously subject to inspection by the FDA and non-U.S. regulatory authorities before and after product approval. Due to the complexity of the processes used to manufacture biopharmaceutical products and product candidates, we may be unable to continue to pass or initially pass U.S. federal and state or non-U.S. regulatory inspections or pass them in a cost effective manner.

If we are unable to comply with manufacturing regulations, we may be subject to fines, unanticipated compliance expenses, recall or seizure of our products, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution. These possible sanctions would adversely affect our business, financial results and financial condition.

Risks Related to Our Intellectual Property

If we are unable to obtain, maintain, and enforce intellectual property protection covering our technologies and products we develop, others may be able to make, use, or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.

Our commercial success is dependent in part on obtaining, maintaining, and enforcing our intellectual property rights, including our patents. If we are unable to obtain, maintain, and enforce intellectual property protection covering our technologies and any products we develop, others may be able to make, use, or sell products that are substantially the same as ours without incurring the sizable development and licensing costs that we have incurred, which would adversely affect our ability to compete in the market.

We seek to obtain and maintain patents and other intellectual property rights to restrict the ability of others to market products that compete with our products. As of March 9, 2014, our patent portfolio was comprised of 12 issued U.S. patents (of which 7 patents related to StemEx are owned jointly by us and Hadasit Medical Research Services and Development Ltd., and exclusively licensed to us by Hadasit), 27 issued non-U.S. patents (of which 11 patents related to StemEx are owned jointly by us and Hadasit, and exclusively licensed to us by Hadasit), 7 pending U.S. patent applications, 19 pending non-U.S. patent applications, and 2 pending patent applications under the Patent Cooperation Treaty. All patents and patent applications related to our NAM platform technology and to product candidates which are based on this technology, including NiCord, CordIn, our NK cell product candidate and our MSC product candidate, are fully owned by Gamida Cell only.

Our NAM platform technology patent portfolio is comprised of eighteen issued U.S. and non-U.S. patents. We have two issued patents in each of the United States, South Africa, Japan, and Israel; three issued patents in Europe (two of which are validated in Belgium, Switzerland, Germany, Spain, France, UK, Ireland and Italy, and the other is validated in Germany, Spain, France, UK and Italy); four issued patents in Australia; and one issued patent in each of Canada, Hong Kong, and Singapore. Our issued patents in the United States include use and process claims, and our issued patents in all other countries included composition of matter, use and process claims. Our issued NAM platform technology patents will expire between 2023 and 2026. In addition, we have eighteen pending U.S. and non-U.S. applications on our NAM platform technology, which include applications in the United States, China, Japan, Israel, Canada, Europe, and Australia, and international applications under the Patent Cooperation Treaty.

Patents may not be issued on any pending patent applications or future patent applications we file and, moreover, issued patents owned or licensed to us now or in the future may be found by a court to be invalid or otherwise unenforceable. Also, even if our patents are determined by a court to be valid and enforceable, they may not be drafted or interpreted sufficiently broadly to prevent others from marketing products and services similar to ours or designing around our patents. We may not have freedom to produce and market our products unimpeded by the patent rights of others.

We have a number of patents and applications in jurisdictions outside the United States, and expect to continue to pursue patent protection in the jurisdictions in which we do or intend to do business. However, the laws of some jurisdictions, such as China, do not protect intellectual property rights to the same extent as laws in the United States, and many companies have encountered significant difficulties in obtaining, protecting, and defending such rights in such jurisdictions. If we encounter such difficulties or we are otherwise precluded from effectively protecting our intellectual property rights in certain jurisdictions, our business prospects could be substantially harmed.

The patent positions of medical technology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in patents in these fields has emerged to date in the United States or in many other jurisdictions. Both the U.S. Supreme Court and the Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how the patent laws of the United States are interpreted, including narrowing the scope of subject matter that is eligible for patenting. In addition, the U.S. Congress is currently considering legislation that would change provisions of the patent law (Innovation Act, H.R. 3309). We cannot predict future changes in the interpretation of patent laws or changes to patent laws which might be enacted into law. Those changes may materially affect our patents, our ability to obtain patents or the patents and applications of our collaborators and licensors. The patent legal framework in the medical technology fields outside the United States is even more uncertain.

Future protection for our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage, which could adversely affect our financial condition and results of operations. For example:

- others may be able to make systems or products that are similar to ours but that are not covered by the claims of our patents;
- others may assert that our licensors or we were not the first to make the inventions covered by our issued patents or pending patent applications;
- our pending patent applications may not result in issued patents;
- our issued patents may not provide us with any competitive advantages or may be held invalid or unenforceable as a result of legal challenges by third parties;
- the claims of our issued patents or patent applications when issued may not cover our technologies or the products we develop;
- there may be dominating patents relevant to our technologies of which we are not aware;
- there may be prior public disclosures that could invalidate our inventions or parts of our inventions of which we are not aware;
- additional proprietary technologies that we develop may not be patentable;
- a court could determine that a competitor's technology or product does not infringe our issued patents or future patents, if issued;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- our issued patents and future patents, if issued, could irretrievably lapse due to failure to pay fees or otherwise comply with regulations, or could be subject to compulsory licensing; and
- if we encounter delays in our development or clinical trials, the period of time during which we could market our products under patent protection would be reduced.

From time to time, we analyze our competitors' products and services, and may in the future seek to enforce our patents or other rights to counter perceived infringement. However, prosecuting intellectual property infringement claims can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that the patent we seek to enforce is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the patent in question does not cover the technology in question. An adverse result in any litigation could put one or more of our patents at risk of being invalidated or interpreted narrowly. Similarly, some of our competitors may be able to devote significantly more resources to intellectual property litigation, and may have significantly broader patent portfolios to assert against us if we assert our rights against them. Finally, because of the substantial discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be disclosed or otherwise compromised during this type of litigation.

We may not be able to enforce our intellectual property rights throughout the world.

The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to life sciences. This could make it difficult for us to stop the infringement of any in-licensed patents we may acquire or the misappropriation of our other intellectual property rights. For example, many countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

Proceedings to enforce our patent rights in certain jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the United States and other countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

We rely on trade-secret protection to protect our interests in our proprietary information, know-how and processes for which patents are difficult or impossible to obtain or enforce. We may not be able to protect our trade secrets adequately. We have limited control over the protection of trade secrets used by our third-party contractors. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, and outside scientific advisors may unintentionally or willfully disclose our information to competitors. Enforcing a claim that a third-party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. We rely, in part, on non-disclosure and confidentiality agreements with our employees, consultants and other parties to protect our trade secrets and other proprietary information. These agreements may be breached and we may not have adequate remedies for any breach. Moreover, others may independently develop equivalent proprietary information, and third parties may otherwise gain access to our trade secrets and proprietary knowledge. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. Any disclosure of confidential information into the public domain or to third parties could allow our competitors to learn our trade secrets and use the information in competition against us, which could adversely affect our competitive advantage.

Our technologies and any future products or services we develop could be alleged to infringe patent rights of others, which may require costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products.

Our commercial success depends on our ability to develop, manufacture, and market our products and use our proprietary technologies without infringing the patents and other proprietary rights of third parties. As the medical technology industry expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our products and technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Our products may infringe or may be alleged to infringe such patents.

In addition, because patent applications in the United States and many other jurisdictions are typically not published until eighteen months or more after filing (or, in some cases, are not published until they issue as patents) and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our issued patents or our pending applications. Another party may have filed, and may in the future file, patent applications covering our products or technology similar to ours. Because patents can take many years to issue, there may be currently pending applications of which we are unaware that may later result in issued patents that our products infringe. For example, pending applications that were filed before our patent applications may exist that provide support for a claim that if issued in a patent would be infringed by our product. We may be required to obtain rights to any such applications or issued patents in order to carry out our business as planned. If another party has filed a U.S. patent application on inventions similar to ours, we may have to participate in an interference proceeding declared by the Patent and Trademark Office to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful if the other party had independently arrived at the same or similar invention prior to our own invention, resulting in a loss of our U.S. patent position with respect to such inventions.

Moreover, our patents and patent applications, or those of our licensors, could face other challenges, such as interference proceedings, opposition proceedings, and re-examination proceedings. Any of these challenges, if successful, could result in the invalidation of, or in a narrowing of the scope of, any of our patents and patent applications subject to challenge.

There is substantial litigation involving patent and other intellectual property rights in the medical technology industry generally. If a third party claims that we or any collaborator infringes its intellectual property rights, we may face a number of issues, including, but not limited to:

- infringement and other intellectual property claims which, regardless of merit, may be expensive and time-consuming to litigate and may divert our management's attention from our core business;
- substantial damages for infringement, which we may have to pay if a court decides that the product at issue infringes on or violates the third party's rights, and if the court finds that the infringement was willful, we could be ordered to pay treble damages and the patent owner's attorneys' fees;
- a court prohibiting us from selling or licensing our products unless the third party licenses its product rights to us, which it is not required to do at a commercially reasonable price or at all;
- if a license is available from a third party, we may have to pay substantial royalties, pay upfront fees, or grant cross-licenses to intellectual property rights for our products;
- even if we or any future strategic partners were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property; and
- redesigning our products or processes so they do not infringe, which may not be possible at all or may require substantial financial expenditures and time, during which our products may not be available for sale.

Some of our potential competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ordinary shares. Finally, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

Our ability to develop, manufacture, and commercialize StemEx, if we proceed with commercialization of StemEx, depends in part on patent licenses we received from another biopharmaceutical company. If the licensor terminates those patent licenses, we may not be able to develop, manufacture, and commercialize StemEx.

On July 11, 2008, we contracted with a multinational biopharmaceutical company for a license to use several patents that belong to that company in the area of growth factors, which we used to produce StemEx. The company provided us with a nonexclusive license to use several of these growth factors for production of StemEx only, which we sublicense to our joint venture with Teva Pharmaceutical Industries Ltd., or Teva, which we refer to as our Joint Venture. Among other terms, the agreement stipulated that if we did not commercialize StemEx within five years from the date of the agreement in one of several countries listed in the agreement, then the licensor can cancel the license. Since we have not begun commercialization of StemEx within five years of that date, the licensor could cancel our license at any time.

As of the date of this prospectus, the licensor has not indicated that it intends to cancel our license. Termination of the license would prevent us from continuing the development of and marketing StemEx.

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. In addition, employees may be entitled to seek compensation for their inventions irrespective of their agreements with us.

We generally enter into non-competition agreements with our employees and certain key consultants. These agreements prohibit our employees and certain key consultants, if they cease working for us, from competing directly with us or working for our competitors or clients for a limited period of time. 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. In addition, although the employment agreements of our employees include a waiver of royalties related to intellectual property generated by the employee during his employment. In view of recent Israeli case law, these waivers may be deemed insufficient and our employees could be able to assert claims for compensation with respect to our future revenue. As a result, we may receive less revenue from future products if such claims are successful which in turn could impact our future profitability.

Risks Related to Product Liability

We face potential product liability exposure, and, if claims are brought against us, we may incur substantial liability which our insurance may inadequate to cover.

The use of our product candidates exposes us to the risk of product liability claims. Product liability claims might be brought against us by patients, healthcare providers, or others coming into contact with our product candidates. If we cannot successfully defend ourselves against product liability claims, we could incur substantial liabilities. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- decreased demand for any product candidate for which we obtain marketing approval;
- impairment of our business reputation and exposure to adverse publicity;
- increased warnings on product labels;
- withdrawal of clinical trial participants;
- costs of related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- loss of revenue; and
- the inability to successfully commercialize NiCord, CordIn, our NK cell product candidate, or any other product candidate.

We have obtained clinical trial insurance coverage for our clinical trials with an annual aggregate coverage limit of \$5,000,000, and we expect that we will obtain additional insurance as we conduct additional clinical trials. However, our insurance coverage may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for our current product candidates or any other product candidate, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain this product liability insurance on commercially reasonable terms. Large judgments have been awarded in mass tort or class action lawsuits based on therapeutic products that had unanticipated side effects. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial. A successful product liability claim or series of claims brought against us could cause our share price to decline and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

The product liability insurance we will need to obtain in connection with the commercial sales of our product candidates if and when they receive regulatory approval may be unavailable in meaningful amounts or at a reasonable cost. If we are the subject of a successful product liability claim that exceeds the limits of any insurance coverage we obtain, we would incur substantial charges that would adversely affect our earnings and require the commitment of capital resources that might otherwise be available for our operations.

Risks Related to an Investment in Our Ordinary Shares

Concentration of ownership among our existing shareholders may prevent new investors from influencing significant corporate decisions.

After this offering, our four major shareholders will, in the aggregate, beneficially own approximately ____% of our ordinary shares. As a result, these shareholders, if they acted together, could significantly influence or even unilaterally approve matters requiring approval by our shareholders, including the election of directors and the approval of mergers or other business combination transactions. In addition, these shareholders, acting together, have significant influence over our management and affairs. The interests of these shareholders may not always coincide with our interests or the interests of other shareholders. This concentration of ownership might harm the market price of our ordinary shares.

Future sales of our ordinary shares could reduce the market prices of our ordinary shares.

If we or our shareholders sell substantial amounts of our ordinary shares, or if there is a public perception that these sales may occur in the future, the market prices of our ordinary shares may decline. We and the beneficial owners of ____% of our outstanding ordinary shares (such shares representing holdings immediately prior to the consummation of this offering) have agreed with the underwriters of this offering not to sell any ordinary shares, other than the shares offered through this prospectus, for a period of at least 180 days following the date of this prospectus. The ordinary shares we are offering for sale in this offering will be freely tradable immediately following this offering.

Consequently, upon expiration of the lock-up agreements, an additional approximately ____ of our ordinary shares will be eligible for sale in the public market of which approximately ____ will be subject to restrictions on volume and manner of sale pursuant to Rule 144 under the Securities Act. In addition, shares issued upon exercise of options and warrants may be eligible for sale at that time. Sales of shares by these shareholders could have a material adverse effect on the trading price of our ordinary shares.

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

The initial public offering price of our ordinary shares in this offering is considerably greater than the pro forma net tangible book value per share of our outstanding ordinary shares. Investors purchasing ordinary shares in this offering will incur immediate dilution of \$ ____ per share, based on an assumed initial public offering price of \$ ____ per share, the mid-point of the range shown on the cover page of this prospectus. In addition, as of ____, there were outstanding and exercisable options to purchase ____ of our ordinary shares, at a weighted average exercise price equal to approximately \$ _____. To the extent these outstanding options are exercised at a price below net tangible book value per share, there will be additional dilution to our then-shareholders.

For more information, please refer to the section of this prospectus entitled “Dilution”.

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 of the net proceeds that we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described under the section of this prospectus titled “Use of Proceeds”. Our shareholders may not agree with the manner in which our management chooses to allocate and spend 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 operations. Pending the use of such proceeds, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Active, liquid, and orderly trading markets for our ordinary shares may not develop, the prices of our ordinary shares may be volatile, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price of our securities in this offering will be determined through negotiation with the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell our ordinary shares following this offering. Even if our ordinary shares are approved for listing on the NASDAQ Capital Market, an active trading market for our ordinary shares may never develop or may not be sustained following this offering. If an active market for our ordinary shares does not develop, it may be difficult to sell your ordinary shares. The market price of our ordinary shares after the closing of this offering is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control.

The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our ordinary shares:

- success or failure of research and development projects;
- the general volatility of market prices for shares of biopharmaceutical companies;
- changes in the financial projections we may provide to the public or failure to meet these projections;
- inability to obtain the approvals necessary to commence further clinical trials;
- unsatisfactory results of clinical trials;
- announcements of regulatory approval or the failure to obtain it, or specific label indications or patient populations for its use, or changes or delays in the regulatory review process;
- changes in earnings estimates or recommendations by securities analysts, if our ordinary shares are covered by analysts;
- announcements of technological innovations or new products or applications of products by us or others;
- adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;
- changes or developments in laws or regulations applicable to our product candidates;
- any adverse changes to our relationship with manufacturers or suppliers;
- any intellectual property infringement actions threatened or filed against us or in which we may otherwise become involved;
- announcements concerning our competitors or the pharmaceutical industry in general;
- achievement of expected product sales and profitability or our failure to meet expectations;
- lawsuits threatened or filed against us;

- public concern as to the safety of products that we or others develop;
- fluctuations in currency exchange rates;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

In addition, the stock market in general, and The NASDAQ Stock Market in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of small companies. Broad market and industry factors may negatively affect the market price of our ordinary shares, regardless of our actual operating performance, and could result in substantial losses for our investors. These fluctuations may be even more pronounced in the trading market for our ordinary shares shortly following this offering. Further, a systemic decline in the financial markets and related factors beyond our control may cause our share price to decline rapidly and unexpectedly.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our share price and trading volume could decline.

The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our product candidates or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our shares, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

We may be subject to securities litigation, which is expensive and could divert management attention.

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could seriously hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our ordinary shares in the foreseeable future. Consequently, investors may need to rely on sales of their ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our ordinary shares. Please see the section of this prospectus titled "Dividend Policy".

We will incur significant costs as a result of registering our ordinary shares with the SEC, under the Securities Exchange Act of 1934, as amended, upon consummation of this offering, and our management will be required to devote substantial time to new compliance initiatives.

As a publicly traded company, we will incur additional significant accounting, legal, and other expenses that we did not incur before this offering. We also anticipate that we will incur costs associated with the corporate governance requirements of Israeli law, the SEC, and the Listing Rules of the NASDAQ Stock Market applicable to us after the consummation of this offering, as well as the requirements under the Israeli Companies Law, the Israeli Securities Law, and Section 404 and other provisions of the Sarbanes-Oxley Act. We expect these rules and regulations to increase our legal and financial compliance costs, introduce new costs, such as investor relations, stock exchange listing fees and shareholder reporting, and to make some activities more time consuming and costly. These requirements may require us to hire outside consultants and incur other significant costs. Although we will likely be exempt from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act due to our status as an emerging growth company under the Securities Act of 1933, as amended, we will still be subject to the annual requirements related to management's assessment of internal control over financial reporting, which are costly. Changes in the laws and regulations affecting public companies, including Section 404 and other provisions of the Sarbanes-Oxley Act, the rules and regulations adopted by the SEC, and the Listing Rules of the NASDAQ Stock Market, will result in increased legal, accounting, and administrative costs to us as we respond to such requirements. These laws, rules, 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.

Any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our independent auditors.

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 are 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, director nomination procedures 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 NASDAQ may provide less protection to you than what is accorded to investors under the Listing Rules of the NASDAQ Stock Market applicable to domestic U.S. issuers.

In addition, as a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic U.S. issuers whose securities are registered under the Exchange Act. Furthermore, we are not subject to SEC Regulation FD (Fair Disclosure), which generally prohibits selective disclosure of material nonpublic information. These exemptions and leniencies will reduce the frequency and scope of information and protections to which you are entitled as an investor.

The recently enacted JOBS Act will allow us to postpone the date by which we must comply with some of the laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC, which could undermine investor confidence in our company and adversely affect the market price of our ordinary shares.

For so long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various requirements that are applicable to public companies that are not “emerging growth companies”.

Most of such requirements relate to disclosures that we would only be required to make if we cease to be a foreign private issuer in the future. Nevertheless, as an emerging growth company, we will not be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for up to five fiscal years after the date of this offering.

We intend to take advantage of these exemptions until we are no longer an “emerging growth company.” We could remain an emerging growth company until the earliest of: (a) the last day of the first fiscal year in which we have total annual gross revenues of at least \$1,000,000,000 (as indexed for inflation as provided in the Securities Act of 1933); (b) the last day of our fiscal year following the fifth anniversary of our initial public offering date; (c) the date on which we have, during the previous three-year period, issued more than \$1,000,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer”, as defined in rules promulgated by the SEC.

Exemptions that apply to emerging growth companies include the following, among others:

- We are not required to comply with the shareholder approval requirements of Section 14A(a) and Section 14A(b) of the Securities Exchange Act of 1934, regarding shareholder approval of executive compensation.
- We are not required to provide information that shows the relationship between executive compensation actually paid and our financial performance when we disclose a description of compensation in a proxy or consent solicitation material for an annual meeting of our shareholders.
- We are not required to present more than two years of audited financial statements in order for our registration statement with respect to this initial public offering to be declared effective.
- We are not required to comply with the auditor attestation requirements of section 404(b) of the Sarbanes-Oxley Act, regarding management’s assessment of the effectiveness of internal controls over financial reporting.
- We are not required to comply with any new or revised financial accounting standard until companies that are not issuers (as defined under section 2(a) of the Sarbanes-Oxley Act are required to comply with such new or revised accounting standard.

Specifically, we have elected not to opt out of the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. We have elected to take advantage of these benefits until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our ordinary shares.

We cannot predict if investors will find our ordinary shares less attractive because we may rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares, and our share price may be more volatile and may decline.

Risks Related to Our Operations in Israel

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

Our executive offices are located in Jerusalem, Israel. Also, it is expected that all of our manufacturing operations will be located at our Israel headquarters by the third quarter of 2014. In addition, the majority of our 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 November 2012, Israel was engaged in an armed conflict with a militia group and political party that 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 in which our employees and some of our consultants 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 in the past covered the reinstatement value of certain damages that were 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.

Further, in the past, the State of Israel and Israeli companies have been subjected to an economic boycott. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business.

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

Our employees and consultants in Israel, including members of our senior management, may be obligated to perform one month, and in some cases longer periods, of annual military reserve duty. In the event of a military conflict, our key personnel or consultants may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. 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 officers, directors, employees and consultants. Such disruption could materially and adversely affect our business and operations.

Because we incur a portion of our expenses in currencies other than the U.S. dollar, our financial condition and results of operations may be harmed by currency fluctuations and inflation.

While our reporting and functional currency is the U.S. dollar, we pay a meaningful portion of our expenses in NIS and other currencies. All of the salaries of our employees, our general and administrative expenses (including rent for our real property facility in Israel), and the fees that we pay to certain of our partners, are denominated in NIS. As a result, we are exposed to the currency fluctuation risks relating to the denomination of our future expenses in U.S. dollars. More specifically, if the U.S. dollar devaluates against the NIS, our NIS denominated expenses will be greater than anticipated when reported in U.S. dollars. Inflation in Israel compounds the adverse impact of such devaluation by further increasing the amount of our Israeli expenses. Israeli inflation may also (in the future) outweigh the positive effect of any appreciation of the U.S. dollar relative to the NIS, if, and to the extent that, it outpaces such appreciation or precedes such appreciation. The Israeli rate of inflation has not had a material adverse effect on our financial condition during 2011 or 2012. Given our general lack of currency hedging arrangements to protect us from fluctuations in the exchange rates of the NIS and other foreign currencies in relation to the U.S. dollar (and/or from inflation of such foreign currencies), we may be exposed to material adverse effects from such movements. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the NIS against the U.S. dollar.

We received Israeli government grants for certain of our research and development activities. The terms of those grants may require us, in addition to payment of royalties, to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. If we transfer certain technology or know-how or manufacturing out of Israel, we may be required to pay penalties in addition to repayment of the grants.

Our research and development efforts, during the period between 2003 and 2014, were financed in part through royalty-bearing grants that we and the Joint Venture received from Israel's Office of the Chief Scientist (OCS) of the Ministry of Industry, Trade and Labor (now the Ministry of Economy) in the total amount of approximately \$30.3 million, for the development of our NAM technology and related products and projects, and of StemEx.

With respect to such grants, we are committed to pay royalties to the OCS at a rate of 3% to 5% on sales proceeds from our product candidates. According to the OCS approvals, we are required to pay royalties from any income generated in connection with our product candidates up to the total amount of grants received, linked to the dollar and bearing interest at an annual rate of LIBOR applicable to dollar deposits. As of March 31, 2014, we had a contingent obligation to the OCS in the amount of \$11,500,000 and the Joint Venture had a similar contingent obligation to the OCS in the amount of \$23,122,000.

We also are required to comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 5744-1984, and related regulations (the “Research Law”). 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, our technologies that were developed with OCS funding will require the discretionary approval of an OCS committee for any transfer to third parties outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies, and may result in payment of increased royalties (both increased royalty rates and increased royalties ceilings) and/or payment of additional amounts to the OCS. 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 (including for the purpose of manufacturing). Currently, under the Research Law, there is no mechanism for the approval of licensing transactions of OCS-supported technologies, however, licensing OCS supported technologies may under certain circumstances be considered a transfer of know-how and therefore requires approval as aforementioned.

The transfer of OCS-supported technology or know-how outside of Israel may involve the payment of additional 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 up to a maximum of six times the amount of grants received. 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 (particularly since currently there is no mechanism for the approval of licensing transactions of OCS supported technologies). 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.

Our obligations and limitations pursuant to the Research Law are not limited in time and may not be terminated by us at will. As of the date of this prospectus, we have not been required to pay any royalties with respect to the OCS grants.

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.

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. See “Taxation—Israeli Tax Considerations and Government Programs” for additional information.

Our amended and restated articles of association will also contain provisions that could delay or prevent changes in control or changes in our management without the consent of our Board of Directors. These provisions include the following:

- no cumulative voting in the election of directors, as well as an ex-officio appointment of the Chief Executive Officer as a director of the Company, all of which limits the ability of minority shareholders to elect director candidates; and
- the right of our Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director, which may prevent shareholders from being able to fill vacancies on our Board of Directors.

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 were incorporated in Israel. The vast majority of our executive officers and directors reside outside of the United States, and all 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 necessarily 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 non-U.S. 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 liabilities and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the U.S. law that governs the liabilities and responsibilities of shareholders of U.S. companies.

The liabilities and responsibilities of the holders of our ordinary shares are governed by our amended and restated articles of association and by Israeli law. These liabilities and responsibilities differ in some material respects from the liabilities and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has certain duties to act in good faith and fairness towards the company and other shareholders, and to refrain from abusing its power in the Company. See “Corporate Governance Practices—Approval of Related Party Transactions under Israeli Law—Shareholder Duties” for additional information. There is limited case law available regarding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

Risks Related to Taxation

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

In 2000, our production facilities in Israel were granted “approved enterprise” status under the Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”). The main benefit arising from such status is a tax exemption for 10 years on income derived from the approved enterprise. The period of tax benefits is subject to a limitation of 12 years from commencement of production, or 14 years from the approval date, whichever is earlier. Such limitation does not apply to the exemption period. If the retained tax-exempt income is distributed (or deemed as distributed), it would be taxed at the corporate tax rate applicable to such profits as if the Company had not elected the alternative tax benefits. These benefits are conditional upon our fulfillment of the conditions stipulated by the Investment Law and regulations promulgated under it. These conditions include: (1) at least 30% of the investments in fixed assets will be funded by equity (ordinary shares); (2) the manufacturing of the Company’s products will be in Jerusalem, Israel; and (3) the Company will manufacture the products as stated in its application to the Investment Center of the Israeli Ministry of Economy, which referred to a platform technology to expand, in culture, highly functional stem cells derived from umbilical cord blood. If we fail to comply with these conditions, our benefits may be canceled and we may be required to refund the amount of the benefits, in whole or in part, including interest. Because the Company has not yet received benefits under the Investment Law, the Company would not currently be required to refund any amounts.

U.S. holders of our ordinary shares may suffer adverse tax consequences if we were characterized as a passive foreign investment company, or PFIC.

We may be classified as passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets are held for the production of, or produce, passive income, we would be characterized as a PFIC for United States federal income tax purposes. Our status as a passive foreign investment company may also depend on how quickly we utilize the cash proceeds from this offering in our business. Because PFIC status is determined annually and is based on our income, assets and activities for the entire taxable year, there can be no assurance that we will not be considered a PFIC for any taxable year. If we were to be characterized as a PFIC in any taxable year during which a U.S. holder owns ordinary shares, such U.S. holder could be liable for additional taxes and interest charges upon certain distributions by us and any gain recognized on a sale, exchange or other disposition, including a pledge, of the ordinary shares, whether or not we continue to be a PFIC. If we are characterized as a PFIC, certain elections may be available that would alleviate some of the adverse consequences of PFIC status and result in an alternative treatment of our ordinary shares. We are not obligated, however, and do not currently intend to provide the information necessary for U.S. holders to make qualified electing fund (QEF) elections if we are classified as a PFIC.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled “Summary”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and “Business”, contains forward-looking statements that are based on our management’s belief and assumptions and on information currently available to our management.

All statements contained in this prospectus, other than statements of historical fact, including statements of estimated and projected revenue, margins, costs, expenditures, cash flows, growth rates, financial results, and prospects, are forward-looking statements. You can generally identify forward-looking statements by terminology such as “may,” “could,” “should,” “expects,” “plans,” “projects,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “pursue,” “target,” or “continue,” or the negative of these terms or other similar expressions that concern our strategy, plans, or intentions, although not all forward-looking statements contain these words. We have based these forward-looking statements largely on our historical performance, our current expectations, and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties, and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy, and liquidity. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results, levels of activity, performance, or achievements may be materially and possibly adversely different from any future results, levels of activity, performance, or achievements that are expressed, anticipated, or implied by these forward-looking statements. Accordingly, we cannot guarantee future results, levels of activity, performance, or achievements.

We discuss many of these risks in this prospectus in greater detail under the heading “Risk Factors” and elsewhere in this prospectus.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. Except as required by law, we undertake no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this prospectus.

Forward-looking statements in this prospectus include, but are not limited to, statements about:

- the projected timing, duration, cost, and other aspects of our clinical trials for our product candidates, including whether such clinical trials will be conducted or completed at all;
- our ability to obtain consent from applicable regulatory agencies and IRBs to our clinical trial protocols;
- our plans to continue or to commence clinical or preclinical trials of our product candidates;
- completion and receiving favorable results of clinical trials;
- the timing of our submission to the FDA or other regulatory agencies of, and any review or comments on, product data that we will need to generate for our products;
- our ability to satisfy regulatory requirements with respect to our product candidates;

- FDA approval of, or other regulatory action in the United States or elsewhere with respect to, our product candidates;
- the potential for our product candidates to receive orphan drug designation and the implications if they do not receive such designation;
- the development and approval of the use of our current product candidates for additional indications other than the current indications for which they have been approved for clinical trials;
- our ability to update our manufacturing facility and consistently manufacture our product candidates under the proper conditions;
- the performance of third-party contractors upon whom we rely to conduct our clinical trials and to manufacture certain components of our product candidates and platform technologies;
- our ability to discover, develop, and commercialize innovative therapeutics using our proprietary platform technologies;
- our ability to develop sales and marketing capabilities or to enter into strategic partnerships to develop and commercialize our product candidates;
- the timing, cost, success, and other aspects of the commercialization of our product candidates;
- our ability to achieve favorable pricing for our product candidates;
- the degree of market acceptance of HSC transplant therapies in general and our product candidates in particular;
- the size and growth of the potential markets for our product candidates and our ability to serve those markets;
- regulatory developments in the United States and other countries;
- our ability to obtain, maintain, defend, and enforce intellectual property rights protecting our product candidates;
- issuance of patents to us by the U.S. Patent and Trademark Office, or USPTO, and other governmental patent agencies;
- third-party payer reimbursement for our products;
- our estimates regarding anticipated expenses and capital requirements; and
- our use of proceeds from this offering.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of _____ shares of our ordinary shares in this offering will be approximately \$_____, 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, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares in this offering is exercised in full, we estimate that the net proceeds from this offering will be approximately \$_____, based on an assumed offering price of \$_____ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We currently expect to use the net proceeds from this offering for:

- continuing the development of our product candidates, estimated at approximately \$33,350,000, which we expect will be sufficient to complete a Phase I/II study of NiCord as a treatment for blood cancers, complete a reduced-intensity regimen study of NiCord as a treatment for blood cancers, recruit patients for a Phase II/III study of NiCord as a treatment for blood cancers, complete two Phase I/II studies of CordIn as a treatment for nonmalignant diseases, and commence a Phase I/II study of our NK cell product candidate as a cancer treatment;
- completing construction and preparation of self-owned manufacturing facilities at our headquarters in Jerusalem, estimated at approximately \$9,400,000;
- the remainder for working capital and general corporate purposes, including funding the costs of operating as a public company.

These expected uses of net proceeds from this offering represent our intentions based upon our current plans and business conditions which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures may vary significantly and will depend upon numerous factors, including the progress of our development and commercialization efforts, the status of and results from our clinical trials and preclinical studies, whether or not we enter into strategic collaborations or partnerships, the amount of cash available from other sources, and our operating costs and expenditures. Accordingly, our management will have significant flexibility and broad discretion in applying the net proceeds of this offering.

We expect proceeds from this offering to meet our capital requirements for approximately two years. We will need to obtain additional financing to complete the development of and commercialize our product candidates.

Pending these uses, we intend to invest the net proceeds in high quality, investment-grade instruments, certificates of deposit, or direct or guaranteed obligations of the United States government or other governments, or hold as cash.

We have no current commitments or binding agreements with respect to any material acquisition of or investment in any technologies, products, or companies.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, for use in the operation of our business and to fund future growth. Payment of cash dividends, if any, in the future will depend on our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our Board of Directors may deem relevant.

The Israeli Companies Law imposes further restrictions on our ability to declare and pay dividends. See “Description of Share Capital—Dividend and Liquidation Rights” for additional information.

Payment of dividends may be subject to Israeli withholding taxes. See “Taxation—Israeli Tax Considerations” for additional information.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2014:

- on an actual basis;
- on a pro forma basis to reflect:
 - o the issuance of an aggregate of _____ ordinary shares upon the conversion of all outstanding shares of our convertible preferred shares immediately prior to the completion of this offering; and
 - o the effectiveness of our amended and restated articles of association; and
- on a pro forma, as adjusted basis, to reflect:
 - o the issuance and sale of _____ ordinary shares in this offering at an assumed initial public offering price of \$_____ per share (the midpoint of the price range indicated on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information below is illustrative only. Our cash and cash equivalents and capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at the pricing of this offering. You should read the following table in conjunction with the sections titled “Selected Financial Data”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and “Description of Share Capital” and our financial statements and related notes included elsewhere in this prospectus.

<i>(U.S. dollars in thousands)</i>	Actual (unaudited)	Pro forma (unaudited)	Pro forma, as adjusted (unaudited)
Share capital			
Common shares of NIS 0.01 par value – 13,643,763 shares authorized, 689,898 shares issued and outstanding, actual; _____ shares authorized, _____ shares issued and outstanding, pro forma; _____ shares authorized, _____ shares issued and outstanding, pro forma as adjusted	2		
Preferred shares of NIS 0.01 par value – 10,718,837 shares authorized; 7,881,374 shares issued and outstanding	19	–	–
Share premium	51,614		
Capital reserve due to actuarial gains (losses)	12		
Accumulated deficit	(49,555)		
Total shareholders' equity	2,092		
Total liabilities and shareholders' equity	4,707		

The number of our ordinary shares to be outstanding immediately after this offering is based on 689,898 ordinary shares outstanding as of March 31, 2014 and 7,881,374 ordinary shares issuable upon the conversion of all of our preferred shares outstanding as of March 31, 2014. This number excludes:

- 560,520 ordinary shares issuable upon the exercise of share options outstanding as of March 31, 2014 under our equity incentive plans;
- 714,461 ordinary shares issuable upon the conversion of preferred shares underlying warrants outstanding as of March 31, 2014; and
- 676,043 ordinary shares reserved for issuance under our equity incentive plans as of March 31, 2014.

DILUTION

If you invest in our ordinary shares, you will experience immediate and substantial dilution to the extent of the difference between the initial public offering price of our ordinary shares and the pro forma as adjusted net tangible book value (deficit) per share of our ordinary shares immediately after the offering.

Our historical net tangible book value (deficit) per share is determined by dividing our total tangible assets, less total liabilities, by the actual number of outstanding ordinary shares. The historical net tangible book value (deficit) of our ordinary shares as of March 31, 2014 was \$____, or \$____ per share.

The pro forma increase in net tangible book value per share attributable to conversion of preferred shares reflects the conversion of ____ of our preferred shares into an aggregate of ____ ordinary shares, as if such conversion had occurred on March 31, 2014.

The pro forma net tangible book value also gives effect to the exercise of our outstanding warrants to purchase 556,165 preferred shares and the conversion of such preferred shares into an aggregate of ____ ordinary shares, as if such conversion had occurred on March 31, 2014.

The pro forma as adjusted net tangible book value of our ordinary shares as of ____ was \$____, or \$____ per share. The pro forma as adjusted net tangible book value gives effect to the sale of ordinary shares in this offering at 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 payable by us. The difference between the initial public offering price per share and the pro forma as adjusted net tangible book value (deficit) per share represents an immediate dilution of \$____ per share to new investors purchasing ordinary shares in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed public offering price per share	\$____
Historical Net tangible book value per share before this offering, as of March 31, 2014	\$____
Pro forma increase in net tangible book value per share attributable to conversion of preferred shares	\$____
Pro forma as adjusted net tangible book value as of March 31, 2014	\$____
Increase in net tangible book value per share attributable to new investors in this offering	\$____
Pro forma net tangible book value per share after offering	\$____
Dilution in pro forma tangible book value per share to new investors	\$____

If the underwriters' over-allotment option to purchase additional shares from us is exercised in full, and based on an assumed initial public offering price of \$____ per share, the pro forma as adjusted net tangible book value per share after this offering would be approximately \$____ per share, the increase in the pro forma net tangible book value per share attributable to new investors would be approximately \$____ per share, and the dilution to new investors purchasing shares in this offering would be approximately \$____ per share.

The table below summarizes as of March 31, 2014, on the pro forma as adjusted basis described above, the number of ordinary shares we issued and sold, the total consideration we received and the average price per share (1) paid by our existing shareholders and (2) to be paid by new investors purchasing our ordinary shares in this offering at the initial public offering price of \$____ per share, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shared Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing shareholders	_____	_____ %	\$ _____	_____ %	\$ _____
New investors	_____	_____ %	\$ _____	_____ %	\$ _____
Total	_____	100.0%	\$ _____	100.0%	\$ _____

If the underwriters' over-allotment option is exercised in full, the percentage of ordinary shares held by existing shareholders will be reduced to _____ % of the total number of shares of our ordinary shares outstanding after this offering, and the number of shares held by new investors will increase to _____ shares, or _____ % of the total number of ordinary shares outstanding after this offering.

The number of our ordinary shares to be outstanding immediately after this offering is based on 689,898 ordinary shares outstanding as of March 31, 2014 and 7,881,374 ordinary shares issuable upon the conversion of all of our preferred shares outstanding as of March 31, 2014. This number reflects the conversion of all of our outstanding preferred shares into ordinary shares, but excludes:

- 560,520 ordinary shares issuable upon the exercise of share options outstanding as of March 31, 2014 under our 2003 Options Plan;
- 714,461 ordinary shares issuable upon the conversion of preferred shares underlying warrants outstanding as of March 31, 2014; and
- 676,043 ordinary shares reserved for issuance under our equity incentive plans as of March 31, 2014.

To the extent that new options are granted under our employee options plans, there will be further dilution to investors purchasing ordinary shares in this offering.

SELECTED FINANCIAL DATA

We have derived the following selected statements of operations data for the three months ended March 31, 2014 and March 31, 2013 and as of March 31, 2014 from our unaudited financial statements included elsewhere in this prospectus, and for the years ended December 31, 2013 and December 31, 2012 and as of December 31, 2013 from our audited financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of results that may be expected in the future. The selected financial data should be read together with our financial statements and related notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, appearing elsewhere in this prospectus.

The financial statements in this prospectus have been prepared in accordance with the international financial reporting standards (“IFRS”) issued by the International Accounting Standards Board of the International Financial Reporting Standards Foundation. None of the financial information in this prospectus has been prepared in accordance with accounting principles generally accepted in the United States. Our functional currency and reporting currency is the United States dollar.

*(in thousands of U.S. dollars, except
share and per share amounts)*

	Three months ended March 31,		Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
	2014 (unaudited)	2013 (unaudited)		
Statements of Comprehensive Income: ⁽¹⁾				
Operating Expenses				
Research and development expenses, net	1,309	805	2,602	2,292
General and administrative expenses	183	121	557	495
Operating Loss	1,492	926	3,159	2,787
Finance Expenses	71	430	127	891
Finance Income	(14)	(41)	(775)	(246)
Share of loss (profit) of joint venture	256	762	(2,573)	1,377
Net Loss (Income)	1,805	2,077	(62)	4,809
Basic and diluted loss per share for the year	5.7	5.8	11.5	17.3
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	689,898	689,898	689,898	689,898

- (1) See the Notes to our financial statements for the three months ended March 31, 2014 and March 31, 2013 and for the years ended December 31, 2013 and 2012 for details regarding these statements of comprehensive income.

<i>(in thousands of U.S. dollars)</i>	As of Mar. 31, 2014 (unaudited)	As of Dec. 31, 2013 (audited)
Statements of Financial Position:		
Current assets (including cash and cash equivalents)	\$ 3,603	\$ 2,650
Non-current assets	1,994	2,057
Total assets	5,597	4,707
Current Liabilities	1,233	1,478
Non-current liabilities	1,567	1,137
Accumulated deficit	(51,359)	(49,555)
Total shareholders' equity	2,797	2,092
Total liabilities and shareholders' equity	5,597	4,707

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

The following discussion and analysis should be read in conjunction with our financial statements and related notes included elsewhere in this prospectus. This discussion and other parts of the prospectus contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Introduction

We are a clinical-stage biopharmaceutical company primarily focused on developing and commercializing cell therapeutic products for patients with blood cancer and severe genetic blood diseases. Using our proprietary platform technology for expanding populations of highly functional stem cells derived from umbilical cord blood, we are developing a suite of product candidates targeting a variety of clinical indications, including our lead product candidate NiCord for blood cancer.

We are currently conducting or preparing to conduct clinical trials of our current product candidates, at various phases of the clinical study process. Our product candidates have not yet received marketing approval from the FDA or other regulatory agencies.

To date, we have not generated revenue from the sale of any product, and we do not expect to generate significant revenue unless and until we obtain marketing approval of, and commercialize, our cell product candidates. As of March 31, 2014, we had an accumulated deficit of approximately \$51,359. Our financing activities are described below under "Liquidity and Capital Resources".

Financial Overview

Our current expenses consist of four components: research and development expenses, general and administrative expenses, finance expenses, and our share of loss of our Joint Venture.

Research and Development Expenses

Our research and development expenses consist primarily of salaries and related personnel expenses, cost of subcontractors, materials, rent and maintenance for our premises in Jerusalem, travel and trade shows, depreciation, and other expenses. During the periods of three months ended March 31, 2014 and March 31, 2013, we received grants from the Office of the Chief Scientist amounting to \$30 and \$(49), respectively, which were deducted from our research and development expenses. During the years ended December 31, 2012 and December 31, 2013, we received grants from the Office of the Chief Scientist amounting to \$1,352 and \$1,265, respectively, which were deducted from our research and development expenses.

The following table discloses the breakdown of research and development expenses:

<i>(U.S. dollars in thousands)</i>	Three months ended Mar. 31, 2014	Three months ended Mar. 31, 2013	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Salaries and social benefits	545	338	\$ 1,303	\$ 944
Subcontractors	472	242	1,530	1,712
Materials	182	99	648	680
Rent and maintenance	32	31	126	124
Travel and trade shows	41	33	171	86
Depreciation	66	13	58	45
Other expenses	(8)	0	31	53
OCS grant	21	(49)	1,265	1,352
Total	1,309	805	2,602	2,292

The following table sets forth the costs incurred for our significant research and development projects:

<i>(U.S. dollars in thousands)⁽¹⁾</i>	Three months ended Mar. 31, 2014	Three months ended Mar. 31, 2013	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012	Inception through Mar. 31, 2014
Copper chelator technology: StemEx product	\$ 207	\$ 889	\$ (7,210) ⁽²⁾	\$ (566) ⁽²⁾	\$ 61,000
Copper chelator technology: non-StemEx	—	—	—	—	\$ 1,785
NAM technology (mainly NiCord product)	\$ 1,309	\$ 805	\$ 2,602	\$ 2,292	\$ 15,215

(1) These numbers reflect net expenses after OCS grants of \$30.3 million (\$20.1 million for StemEx and \$10.2 million for NAM).

(2) Due to reversal of OCS liability.

We expect that our research and development expenses will materially increase in the near future as we undertake and complete clinical trials for NiCord, CordIn, and our natural killer cell product candidate, and as we complete our planned transition to using exclusively our self-owned manufacturing facility for manufacturing our product candidates.

General and Administrative Expenses

Our general and administrative expenses consist primarily of salaries and related personnel expenses, professional service expenses, rent and maintenance for our premises in Jerusalem, depreciation, travel and car expenses, and other expenses.

We expect that our general and administrative expenses, such as salaries, accounting, and legal fees, will increase in the near future as we transition to becoming a publicly traded company and due to the anticipated growth of our company.

Finance Expenses

Our finance expenses consist primarily of bank charges and expenses arising from foreign currency translation adjustments. Finance income includes interest income, revaluation of financial derivatives, and foreign currency translation adjustments.

Share of Loss of Joint Venture

Our share of loss of our Joint Venture is based on our ownership of 50% of the voting rights of our Joint Venture. For additional information see Note 9 to our financial statements for the year ended December 31, 2013.

Critical Accounting Policies

We describe our accounting policies in Note 2 to our financial statements for the years ended December 31, 2013 and 2012. We believe that the accounting policies below are critical in order to fully understand and evaluate our financial condition and results of operations.

We prepare our financial statements in accordance with IFRS issued by the International Accounting Standards Board of the International Financial Reporting Standards Foundation. The Company's financial statements have been prepared on a cost basis, except for financial liabilities, which are measured at fair value through profit and loss, and the joint venture accounted for using the equity method. The Company has elected to present profit or loss items using the function of expense method.

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions, as well as judgment in the process of adopting significant accounting policies. Our management believes that the estimates, judgments, and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. The matters which required the exercise of significant judgment and the use of estimates, which have a material effect on amounts recognized in the financial statements, are specified in Note 3 to our financial statements as of December 31, 2013.

We periodically evaluate our estimates, which are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's subjective or complex judgments, resulting in the need for management to make estimates about the effect of matters that are inherently uncertain. If actual performance should differ from historical experience or if the underlying assumptions were to change, our financial condition and results of operations may be materially impacted.

While our accounting policies are more fully described in Note 2 to our financial statements appearing elsewhere in this prospectus, we believe that the following accounting policies are the most critical for fully understanding and evaluating our financial condition and results of operations.

Warrants

Some of our outstanding warrants are deemed to be derivative instruments that require liability classification and mark-to-market accounting.

The fair value of warrants presented as a financial liability classified as Level 3 in the fair value disclosure hierarchy as per IFRS 7 is determined using an acceptable option pricing model. The assumptions used in the model include the share price, exercise price, expected volatility, expected life, expected dividend and risk-free interest rate.

Impairment of Non-Financial Assets

We evaluate the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, will not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

We did not recognize any impairment of non-financial assets for any of the periods presented.

Government Grants from the Office of the Chief Scientist

Research and development grants received from the OCS are recognized upon receipt as a liability if future economic benefits are expected from the project that will result in royalty-bearing sales. The amount of the liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest that reflects the appropriate degree of risks inherent in our business. We used a discount rate of 16%-21% based in part on our cost of capital determined by an independent valuation analysis conducted at the time of our initial recognition of OCS grants as a liability on our balance sheets. The difference between the amount of the grant received and the fair value of the liability is accounted for as a government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets."

At the end of each reporting period, we evaluate whether there is reasonable assurance that the liability recognized will be repaid based on our best estimate of future sales and, if not, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses.

JOBS Act

On April 5, 2012, the United States government enacted the JOBS Act. We qualify as an "emerging growth company" under Section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)) as amended by the JOBS Act. Our status as an emerging growth company affects the accounting standards and reporting requirements that apply to us.

Specifically, we have elected not to opt out of the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. We have elected to take advantage of these benefits until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our ordinary shares.

Please see the section of this prospectus titled "Risk Factors—Risks Related to an Investment in Our Ordinary Shares" for a description of certain accounting standards and reporting requirements that may not apply to our company.

Results of Operations

The following table summarizes our results of operations for the three month periods ended March 31, 2014 and March 31, 2013, and for the years ended December 31, 2013 and December 31, 2012:

(in thousands of U.S. dollars, except share and per share amounts)

	Three months ended March 31,		Year ended Dec. 31,	Year ended
	2014 (unaudited)	2013 (unaudited)	2013	Dec. 31, 2012
Statements of Comprehensive Income: ⁽¹⁾				
Operating Expenses				
Research and development expenses, net	1,309	805	2,602	2,292
General and administrative expenses	183	121	557	495
Operating Loss	1,492	926	3,159	2,787
Finance Expenses	71	430	127	891
Finance Income	(14)	(41)	(775)	(246)
Share of loss (profit) of joint venture	256	762	(2,573)	1,377
Net Loss (Income)	1,805	2,077	(62)	4,809
Basic and diluted loss per share for the year	--	--	11.5	17.3
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	--	--	689,898	689,898

(1) See the Notes to our financial statements for the three months ended March 31, 2014 and March 31, 2013 and for the years ended December 31, 2013 and 2012 for details regarding these statements of comprehensive income.

Comparison of the three months ended March 31, 2014 to the three months ended March 31, 2013

Research and development expenses, net

Our research and development expenses for the three months ended March 31, 2014 amounted to \$1,309, representing an increase of \$504 or 62.6%, compared to \$805 for the three months ended March 31, 2013. The increase was primarily attributable to an increase in salaries and social benefits, due to the termination of the participation of the joint venture salaries and social benefits costs and an increase in payments to subcontractors and materials.

General and administrative expenses

Our general and administrative expenses totaled \$183 for the three months ended March 31, 2014, an increase of \$62, or 51.2%, compared to \$121 for the three months ended March 31, 2013. The increase resulted primarily from an increase in salaries and social benefits, due to the termination of the participation of the joint venture salaries and social benefits costs and an increase in payments for professional services.

Operating loss

As a result of the foregoing, our operating loss for the three months ended March 31, 2014 was \$1,492, as compared to an operating loss of \$926 for the three months ended March 31, 2013, an increase of \$566, or 61.1%.

Financial expenses

For the three months ended March 31, 2014, we recognized financial expenses of \$71 representing a decrease of 359 or 83.5%, compared to financial expenses of \$430 for the three months ended March 31, 2013. The decrease resulted mainly from The decrease resulted mainly from the conversion in 2012 of the convertible bridge loan extended to the Company in 2011, and its impact on the related accrued interest and amortization of embedded discount.

Finance Income

Finance income for the three months ended March 31, 2014 was \$14, as compared to finance income of \$41 for the three months ended March 31, 2013, a decrease of \$27, or 66%. The increase in finance income was in the ordinary course of business.

Share of Loss (Profit) of Joint Venture

Share of loss for the three months ended March 31, 2014 was \$256, as compared to share of loss for the three months ended March 31, 2013, which was \$762. The decrease resulted mainly from the decrease in most of the activities of the Joint Venture.

Loss / Income

Our net loss (income) for the three months ended March 31, 2014 was \$1,804 as compared to \$2,077 for the three months ended March 31, 2013, a decrease of \$273, or 13.1%.

Comparison of the year ended December 31, 2013 to the year ended December 31, 2012 (in thousands)

Research and development expenses, net

Our research and development expenses for the year ended December 31, 2013 amounted to \$2,602, representing an increase of \$310, or 13.53%, compared to \$2,292 for the year ended December 31, 2012. The increase was primarily attributable to an increase in salaries and social benefits, due to the termination of the participation of the joint venture salaries and social benefits costs, a decrease in grants from the Office of the Chief Scientist, and a reduction in payments to subcontractors.

General and administrative expenses

Our general and administrative expenses totaled \$557 for the year ended December 31, 2013, an increase of \$62, or 12.53%, compared to \$495 for the year ended December 31, 2012. The increase resulted primarily from a one-time property insurance reimbursement in 2012.

Operating loss

Operating loss for the year ended December 31, 2013 was \$3,159, as compared to an operating loss of \$2,787 for the year ended December 31, 2012, an increase of \$372, or 13.35%.

Financial expenses

For the year ended December 31, 2013, we recognized financial expenses of \$127 representing a decrease of \$764, or 85.75%, compared to financial expenses of \$891 for the year ended December 31, 2012. The decrease resulted mainly from the conversion in 2012 of the convertible bridge loan extended to the Company in 2011, and its impact on the related accrued interest and amortization of embedded discount.

Finance Income

Finance income for the year ended December 31, 2013 was \$775, as compared to finance income of \$246 for the year ended December 31, 2012, an increase of \$529, or 215%. The increase in finance income resulted mainly from the revaluation of the warrants to purchase Preferred E-2 Shares that were granted to the investors in May 2012.

Share of Loss (Profit) of Joint Venture

Share of profit for the year ended December 31, 2013 was \$2,573, as compared to share of loss for the year ended December 31, 2012, which was \$1,377. The increase derives from the liability related to the Office of the Chief Scientist, which was reversed and carried to profit in 2013.

Loss / Income

Our net loss (income) for the year ended December 31, 2013 was (\$62) as compared to \$4,809 for the year ended December 31, 2012, a decrease of \$4,871, or 101.3%.

Liquidity and Capital Resources

Overview

Since our inception in 1998 through March 31, 2014, we have funded our operations principally with:

1. research and development grants from Israel's Office of the Chief Scientist;
2. issuances of equity stock in the Company; and
3. convertible debt, which has since been converted.

As of March 31, 2014, we had \$3,047 thousands in cash and cash equivalents and other current assets totaling \$109 thousands, and \$447 thousands in receivables from related party transactions.

<i>(U.S. dollars in thousands)</i>	Three months ended Mar. 31, 2014	Three months ended Mar. 31, 2013	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Operating activities	\$ (1,211)	\$ (100)	\$ (4,864)	\$ (3,720)
Investing activities	\$ (9)	\$ (1,238)	\$ 679	\$ (2,216)
Financing activities	\$ 2,882	--	--	\$ 5,905
Exchange difference on balances of cash and cash equivalents	\$ 4	\$ 10	\$ 15	\$ (4)
Net increase (decrease) in cash and cash equivalents	\$ 1,666	\$ (1,328)	\$ (4,170)	\$ (35)

Operating Activities

Net cash used in operating activities during the three months ended March 31, 2014 was comprised mainly of a net loss of \$1,804, a decrease of \$290 in accrued expenses, \$256 representing our share in the profit of the Joint Venture, and \$340 that was due to a decrease in the current balance of intercompany transactions with the Joint Venture.

Net cash used in operating activities during the three months ended March 31, 2013 was comprised mainly of a net loss of \$2,077, a decrease of \$415 in trade payables, \$762 representing our share in the profit of the Joint Venture, \$372 from revaluation of financial derivatives, and \$1,319 that was due to a decrease in the current balance of intercompany transactions with the joint venture.

Net cash used in operating activities during the year ended December 31, 2013 was comprised mainly of \$2,573 representing our share in the profit of the joint venture and of \$1,293 that was due to a decrease in the current balance of intercompany transactions with the joint venture.

Net cash used in operating activities during the year ended December 31, 2012 was comprised primarily from a net loss of \$4,809, out of which \$1,377 representing our share in the loss of the joint venture, and a \$1,531 decrease in the current balance of transactions with the joint venture.

Investing Activities

Net cash used in investing activities of \$9 during the three months ended March 31, 2014 reflected primarily purchases of equipment.

Net cash used in investing activities of \$1,238 during the three months ended March 31, 2013 reflected primarily investment in the Joint Venture.

Net cash provided by investing activities of \$679 during the year ended December 31, 2013 reflected primarily proceeds from withdrawal of short-term bank deposits in the amount of \$2,000 less cash used in investment in the joint venture in the total amount of \$1,230.

Net cash used in investing activities of \$2,216 during the year ended December 31, 2012 reflected primarily our use of cash in investment in the joint venture in the total amount of \$2,363.

Financing Activities

Net cash provided by financing activities of \$2,882 in the three months ended March 31, 2014 related to the issuance of series E preferred shares and warrants. We had no net cash provided by financing activities in the three months ended March 31, 2013.

We had no net cash provided by financing activities in the year ended December 31, 2013. Net cash provided by financing activities of \$5,905 in the year ended December 31, 2012 related to net proceeds from issuances of Series E-2 preferred shares and warrants to purchase Series E-2 preferred shares of the Company, net of issuance costs.

Current Outlook

We have financed our operations to date primarily through research and development grants, issuances of equity stock in our company, and convertible debt. We have incurred losses and generated negative cash flows from operations since inception. To date, we have not generated any revenue from the sale of products and we do not expect to generate revenues from sale of our products in the near future. Even if we are able to raise funds in the offering contemplated herein, we believe that we will need to raise additional funds before we have any cash flow from operations.

As of March 31, 2014, our cash, cash equivalents, short term deposits, and other current assets totaled approximately \$3,603. Our current investment policy is to invest available cash in bank deposits with banks that have a credit rating of at least A-minus.

We believe that our existing cash resources and the net proceeds from this offering will be sufficient to fund our projected cash requirements through the end of 2016. We will require significant additional financing in the future to fund our operations if and when we obtain regulatory approval for and commercialize our product candidates.

We currently anticipate that, assuming consummation of the current offering, we will utilize approximately \$33,350 for research and development and clinical trial activities through the end of 2016. We also anticipate utilizing \$9,400 for capital expenditures over that period, which consists primarily of expenditures for upgrading and constructing our manufacturing facilities. Our future capital requirements will depend on many factors, including:

- the number, scope, progress, and costs of our pre-clinical studies and clinical trials;
- the scope, progress, and costs of our other research and development activities;
- the costs of completing and operating self-owned manufacturing facilities;
- the costs and timing of obtaining regulatory approvals for our product candidates;
- the costs of filing, prosecuting, enforcing, and defending patent claims and other intellectual property rights;
- the costs of, and timing for, manufacturing of sufficient clinical and commercial quantities of our product candidates;
- the potential costs of contracting with third parties to provide marketing and distribution services for us or for building such capacities internally;
- the costs of acquiring or undertaking the development and commercialization efforts for additional, future therapeutic applications of our product candidates; the magnitude of our general and administrative expenses; and payments to the OCS.

Until we can generate significant recurring revenues, we expect to satisfy our future cash needs through our existing cash, cash equivalents and short term deposits, the net proceeds from this offering, debt or equity financings, and/or by out-licensing applications of our proprietary platform technologies and/or our product candidates.

On January 14, 2014, we issued additional series E-2 preferred shares on the same terms that applied under the May 2012 Series E Preferred Share Purchase Agreement, for a total investment amount of \$2,900,000.

We cannot be certain that additional funding will be available to us on acceptable terms, if at all. If funds are not available, we may be required to delay, reduce the scope of, or eliminate research and development and commercialization of one or more of our product candidates.

Contractual Obligations

The following table summarizes our significant contractual obligations at December 31, 2013:

<i>(U.S. dollars in thousands)</i>	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Operating Lease Obligations ⁽¹⁾	\$ 391		\$ 391		
Purchase Obligations ⁽²⁾		\$ 483			
Employee benefit liabilities, net ⁽³⁾					\$ 53

(1) Future contractual obligations for leases represent future minimum payments under operating leases primarily for office space and motor vehicles

(2) Purchase obligations consist primarily of outstanding purchase orders for materials and services from our vendors.

(3) Reflects the balance due on account of employee benefit liabilities in the amount of \$1,529, over the already accrued amount of \$1,476.

The above table does not include royalties that we may be required to pay to the OCS. For more information, see “Business— Grants from the Office of the Israeli Chief Scientist”. The above table also does not include contingent contractual obligations or commitments that may arise in the future, such as contractual undertakings to pay royalties subject to certain conditions occurring.

Off-Balance-Sheet Arrangements

We currently do not have any off-balance-sheet arrangements.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our current investment policy is to invest available cash in bank deposits with banks that have a credit rating of at least A-minus. Accordingly, a substantial majority of our cash and cash equivalents is held in deposits that bear interest and have a low risk. Given the current low rates of interest we receive, we will not be adversely affected if such rates are reduced. Our market risk exposure is primarily a result of foreign currency exchange rates, which is discussed in detail below.

Foreign Currency Exchange Risk

Our results of operations and cash flow are subject to fluctuations due to changes in foreign currency exchange rates. Most of our assets are held in USD, but some of our assets and expenses are denominated in NIS. For instance, in 2013, approximately 21% of our current assets and 40% of our expenses were denominated in NIS. Changes of 5% and 10% in the USD/NIS exchange rate would have increased or decreased those assets by 1.05% and 2.1% respectively, and would have increased or decreased those expenses by 2% and 4% respectively. However, these historical figures may not be indicative of future exposure. We expect that the percentage of our NIS denominated assets and expenses will materially decrease in the near future, therefore reducing our exposure to exchange rate fluctuations.

We do not hedge our foreign currency exchange risk. In the future, we may enter into formal currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

BUSINESS

Overview

We are a clinical-stage biopharmaceutical company focused on developing and commercializing cell therapeutic products for patients with blood cancer and severe genetic blood diseases. We use our proprietary platform technology to expand, in culture, highly functional stem cells derived from umbilical cord blood, which we believe will enhance the therapeutic efficacy of umbilical cord blood transplantation products.

We are developing our lead product candidate, NiCord, for potential use as a hematopoietic (blood) stem cell transplantation, or HSC transplantation, product in patients with blood cancer, such as leukemia and lymphoma, and serious genetic blood diseases, such as sickle cell disease and thalassemia. HSC transplantation is currently the only potential cure available for these patients. HSC transplantation is primarily performed through bone marrow transplantation, which requires a complete tissue match between the patient and the donor in order to mitigate the risk of certain medical complications. Approximately 40% of the patients who are indicated for an HSC transplant are unable to receive a transplant. We believe that a substantial portion of those patients who were unable to receive a transplant did not receive a transplant because they are unable to identify a suitable bone marrow donor in a timely manner. As a result, there is a significant unmet need for patients who could potentially be cured by HSC transplantation but fail to receive a transplant because they cannot identify a fully matched bone marrow donor in a timely manner. HSC transplantation from cord blood is an alternative to HSC transplantation from bone marrow and does not require full tissue matching between the patient and the HSC from the donor's cord blood cells, thereby making HSC transplantation from cord blood available to those patients who cannot identify a fully matched bone marrow donor. However, HSC transplantation from cord blood is limited by the small number of HSC in a unit of cord blood. A sufficient number of HSC is required for a successful transplant. NiCord is a graft derived from a unit of umbilical cord blood that has been expanded in culture using our NAM technology. We believe that NiCord has the potential to address this unmet need in HSC transplantation because it has demonstrated the ability to effectively increase HSC in cord blood, which is rapidly available, and does not require full tissue matching between the patient and the donor.

Using our NAM technology, we are developing a suite of product candidates targeting a variety of clinical indications. The following table lists our current product candidates and projects using our NAM technology and their respective stages of development:

	Product	Basic Research	Animal Studies	Phase I / II	Phase II/III
Nicotinamide (NAM) Platform Technology	NiCord®	Hematological Malignancies			
	CordIn™	Sickle Cell Disease, Thalassemia			
	CordIn™	Aplastic Anemia			
	Natural Killer Cells	Cancer			
	Mesenchymal Stem Cells	Regenerative Medicine			

Background

Leukemia and lymphoma are cancers of the blood. Bone marrow is the soft tissue inside bones that produces blood cells. Bone marrow contains immature HSC. These HSC produce the mature blood cells that constitute and renew human blood and the immune system. Blood cancers occur when immature blood cells, primarily white blood cells, become damaged. These damaged cells proliferate at a faster rate than normal blood cells to the point where there are not enough normal blood cells left to perform their critical functions in the body.

HSC Transplantation

The current standard of care treatment for many patients with blood cancers, such as leukemia and lymphoma, is transplantation of HSC from the bone marrow of an adult donor, in which the patient's bone marrow cells are replaced with HSC taken from the bone marrow or peripheral blood of a donor. Patients undergoing HSC transplantation are given a high dose of chemotherapy or radiation therapy to kill all of his or her bone marrow cells, including the cancer cells in the bone marrow. After this therapy, the patient is highly vulnerable to infections and bleeding, as the patient has no effective immune system, which is a state referred to as myeloablated. To avoid the potential for deadly infections, the patient is hospitalized in isolation. The treatment regimen to destroy the patient's bone marrow cells generally takes one to two weeks, following which donor cells are transplanted. The donor HSC travel through the blood, or migrate, and arrive at the patient's bone marrow, a process called homing. If the treatment is successful, the transplanted HSC begin to generate new blood cells in approximately two to four weeks, a process called engraftment. Until the transplanted HSC generate sufficient numbers of new mature blood cells, the patient continues to be at significant risk of infection. A sufficient number of HSC is required for successful engraftment. The dosage of HSC is determined based on the patient's body weight.

Shortcomings of HSC Transplantation

HSC transplantation can result in significant treatment-related adverse effects, including increased risks of infection and bleeding. Between 10% and 30% of all patients undergoing HSC transplantation from unrelated donors, including bone marrow transplantations and cord blood transplantations, die within the first 100 days after treatment. In addition, in some cases, the transplanted HSC attack the patient's organs, a complication called graft-versus-host disease, or GvHD.

Because of the risk of these complications, bone marrow HSC transplantation is generally only performed when there is full tissue matching between the patient and the HSC from the bone marrow of the donor, which reduces the risk of graft rejection and GvHD. Full tissue matching requires certain important proteins on the surface of the donor's cells to match the corresponding proteins on the patient's cells. Finding a donor match can be difficult. Of the approximately 50,000 patients each year who are indicated for HSC transplantation and search for HSC donor, approximately 40% of such patients are unable to receive a transplant. We believe that a substantial portion of those patients who were unable to receive a transplant did not receive a transplant because they were unable to identify a suitable bone marrow donor in a timely manner.

HSC from Umbilical Cord Blood

Due to the difficulty in finding suitable donors, transplantation of HSC from cord blood has been developed as an alternative to transplantation of HSC from bone marrow.

Cord blood also contains HSC, and HSC transplantation from cord blood does not require full tissue matching between the patient and the donor. We believe that the reduced requirement for tissue matching is related to the fact that umbilical cord blood is a young tissue whose immune system is still naïve and therefore less likely to conflict with the patient's native immune system. Accordingly, transplantation of HSC from cord blood carries a lower risk of GvHD than transplantation of HSC from bone marrow, notwithstanding the partial tissue matching. Also, cord blood is readily and rapidly available from cord blood banks around the world, and patients who cannot find a fully matched bone marrow donor are almost always able to find at least one unit of cord blood with the necessary partial match.

However, a unit of cord blood contains only approximately 5-10% of the HSC available in a bone marrow graft. If not enriched, the lower HSC dose could result in increased incidence of transplant-related illness and death due to delayed engraftment, rejection of the transplanted cells and other factors. As a result, HSC transplantation from cord blood is currently used less frequently than HSC transplantation from bone marrow and is used primarily in pediatric patients who have lower body weights. According to CIBMTR, more than 40% of HSC transplantations in pediatric patients are accomplished via cord blood as opposed to less than 10% in adult patients. Overall, according to the WMDA Reports, approximately 3,000 procedures of HSC transplantation from cord blood were performed in 2012, as compared to approximately 15,000 HSC transplantations from a bone marrow donor who is not a relative of the patient.

In an effort to increase the HSC count in cord blood, adult patients undergoing HSC transplantation are frequently given two units of cord blood. However, because each unit of cord blood is unique, two units cannot co-exist in the body of the patient for an extended period of time. Therefore, within a few weeks following transplantation, one set of HSC "out-competes" the other set.

Clinicians have attempted to enrich the HSC count in a cord blood unit in culture using several technologies. In these studies, patients were transplanted with a unit of cord blood enriched with HSC along with a second, unmanipulated unit of cord blood. However, in many of these studies, the cells from the unmanipulated cord blood out-competed the cells from the enriched cord blood unit, which negated the intended benefits of the enrichment process. In addition, patients in these studies experienced delayed engraftment compared to HSC transplantation from bone marrow.

Market

According to the WMDA Reports, each year, approximately 50,000 patients worldwide who were indicated for HSC transplantation performed a formal search for HSC. However, in 2012, only approximately 18,000 of those patients received an HSC transplant. We believe the lack of suitable donors accounts for a significant number of the indicated patients that did not receive HSC transplantation and represents a significant unmet medical need.

Of the patients receiving HSC transplantation in 2012, according to the WMDA Reports, only approximately 3,000 received HSC from cord blood transplants. According to the Center for International Blood and Marrow Transplant Research, or CIBMTR, approximately 40% of pediatric patients and less than 10% of adult patients undergoing HSC transplantations in 2009 and 2010 received cord blood transplants. The CIBMTR reports that the number of HSC transplants from unrelated donors, which includes both cord blood transplants and bone marrow transplants, increased in the past 10 years by approximately 7.7% in the United States, which we believe represents a market opportunity for a product to serve those patients who are unable to receive a transplant from a related donor.

According to information published by H.M. Blommestein et al. Annals of Hematology, 2012, for the years 2007 through 2009, the average cost of HSC transplantation from a bone marrow donor (including selection and retrieving of the graft and one-year follow-up of the patient) was approximately \$235,000 and the average cost of HSC transplantation from cord blood was approximately \$350,000. The average cost of cord blood unit is approximately \$45,000.

We believe that the relatively low number of cord blood transplants and the higher cost of such transplants is primarily a result of the low HSC counts in cord blood and the inability of clinicians to effectively increase that count, which results in complications, including delayed engraftment, longer hospitalization stays and increased morbidity. We believe that a product that effectively increases the HSC count in cord blood transplantation would significantly reduce the cost of HSC transplantation from cord blood, reduce the complications associated with the lower HSC count in cord blood, increase the demand for cord blood transplants, address the existing unmet medical need for those patients who cannot identify a suitable donor for a bone marrow HSC transplantation and be used as an alternative source for all HSC transplants.

We are developing NiCord as a cord blood transplantation product to address this unmet medical need, and as alternative to HSC transplantation from bone marrow. We believe that NiCord has the potential to effectively expand HSC derived from cord blood and make HSC transplantation from cord blood a more effective treatment for patients with blood cancer.

Our NiCord Solution

Overview

NiCord is our lead product candidate developed using our NAM platform technology. NiCord is a graft which consists of HSCs derived from a single unit of cord blood. Utilizing our NAM technology, we introduce nicotinamide, or NAM, a form of vitamin B3, to expand, in culture, highly functional HSC and other cells with therapeutic potential. NiCord is intended as a transplantation product for patients with blood cancers, such as leukemia and lymphoma. In the first quarter of 2013, we successfully completed a first Phase I/II study of NiCord in patients with high-risk blood cancers, and additional Phase I/II studies are now ongoing to test NiCord in patients with blood cancers and with sickle cell disease.

We are also developing NiCord for transplantation in patients with rare nonmalignant diseases for which HSC transplantation is currently the only available potential cure. These diseases include: hemoglobinopathies, such as sickle cell disease and thalassemia; bone marrow failure syndromes, such as severe aplastic anemia; genetic metabolic diseases; and severe autoimmune diseases. We are currently engaged in a Phase I/II clinical trial of NiCord for treatment of pediatric sickle cell disease, using fresh (not cryopreserved) cord blood units. In the third quarter of 2014, we plan to submit a new Investigational New Drug (IND) application for NiCord under the trademark CordIn for the treatment of patients with non-malignant diseases such as sickle cell disease and thalassemia. The NiCord IND will continue to cover hematological malignancies. CordIn will initially have the same composition as NiCord, but with a different product release process. In the fourth quarter of 2014, we intend to start a clinical trial of CordIn for sickle cell disease and thalassemia, using cryopreserved cord blood units.

We believe that NiCord has the potential to become the standard of care for HSC transplantation from cord blood because of the following potential advantages:

Limited HSC differentiation during HSC expansion. Because a sufficient number of HSCs is required in order for the donor's HSC to successfully engraft, or generate new blood cells, in the patient, clinicians have attempted different approaches to expand the number of HSC in cord blood ex vivo (in culture). However, during expansion in culture, HSC typically go through a process of differentiation and lose their functionality and effectiveness. Expanding HSC in culture using our NAM technology limits cell differentiation during expansion and preserves the effectiveness of the HSC. Our culture studies have demonstrated that our NAM technology has the ability to limit changes in gene expression in cultured HSC when compared to HSC cultured without NAM.

Increased engraftment potential. Our 2013 Phase I/II trial of NiCord demonstrated the ability of NiCord to effectively engraft and outcompete an unmanipulated cord blood unit. Of the 11 patients treated with NiCord and a second unmanipulated unit of cord blood, eight of the patients engrafted with NiCord. We believe that NiCord is the first HSC cord blood product candidate that has demonstrated an ability to provide sustained engraftment in patients. Our trial also demonstrated that NiCord can shorten the time to hematopoietic recovery (resumption of healthy blood production), improve the one-year and two-year overall survival and progression-free survival rates for patients and reduce the average hospitalization length for patients.

Potential treatment savings from using a single unit of cord blood. The 11 patients treated with NiCord in our 2013 Phase I/II study were treated with a second unmanipulated unit of cord blood so that they would not remain myeloablated in the event that the NiCord failed to engraft in the long-term. We believe that the rapid and sustained engraftment of NiCord demonstrated in our Phase I/II study suggests that transplantation of a second, unmanipulated unit of cord blood might not be necessary for the treatment of myeloablated patients. In September 2013, we commenced a 20-patient Phase I/II study of NiCord in which NiCord is being transplanted without the support of a second unmanipulated unit of cord blood. This trial is designed to investigate the safety and efficacy of transplanting NiCord without also transplanting a second unmanipulated unit of cord blood, and to evaluate NiCord as an alternative to traditional HSC transplantation for treatment of high-risk blood cancers. A unit of cord blood costs approximately \$45,000. If this trial and other studies demonstrate that NiCord is an effective product presenting a robust safety profile without a second unit of cord blood, we believe NiCord could offer substantial cost saving benefits to healthcare providers.

Potential treatment savings from shortening hospital stays. Clinical data from our 2013 Phase I/II study of NiCord demonstrate that the eight patients that engrafted with NiCord were discharged from the hospital significantly earlier than an historical control group. If additional studies demonstrate a similar outcome, we believe that NiCord could offer a substantial cost savings benefit to healthcare providers.

Safety Profile. We have designed NiCord to be a safe alternative to traditional HSC transplantation with a robust safety profile. In our 2013 Phase I/II study of NiCord, all safety endpoints were met and no safety concerns surrounding the use of NiCord were raised.

We filed an investigational new drug, or IND, application for NiCord in August 2010, and the IND was approved in the fourth quarter of 2010 for the treatment of patients with hematological malignancies.

NAM limits HSC differentiation during expansion

HSC cultured in a laboratory using growth factor proteins called cytokines can be expanded to produce large numbers of cells. However, HSC expanded in culture using cytokines go through a process of maturation and differentiation and display reduced functionality when they are transplanted into a living body, as compared to non-cultured cells. As a result, HSC expanded in culture are less able to migrate to the bone marrow and successfully engraft. We believe that the accelerated expansion imposed by growth factors in culture and the artificial culture environment may promote the development of stress conditions, causing changes in the properties and functionality of the HSC during the culture process.

We believe that our NAM platform technology increases the functionality of cell products expanded in culture conditions. Our studies have found that adding NAM to the culture medium inhibits the changes in the properties and functionality of the HSC that otherwise occur during the culture process. To test the ability of NAM to limit differentiation during culture expansion of HSC, we compared the gene expression of a non-cultured, cord blood-derived HSC (CD133+ cells) as compared to the gene expression of such HSC following (i) expansion in culture with cytokines only and (ii) expanded in culture with cytokines and NAM. The heat map shown below in Figure 1 shows both the pattern of gene expression in the non-cultured HSC samples and gene expression of such HSC following expansion in culture with cytokines only and with both cytokines and NAM (red indicates a high level of gene expression and green indicates a low level of gene expression). The gene expression in the cells cultured with cytokines only is very different from the gene expression in non-cultured cells. However, adding NAM to the culture medium appears to reduce the changes in gene expression, as is evident from the similarity between cells cultured with NAM and non-cultured cells. Accordingly, we believe that NAM reduces HSC differentiation following expansion in culture conditions.

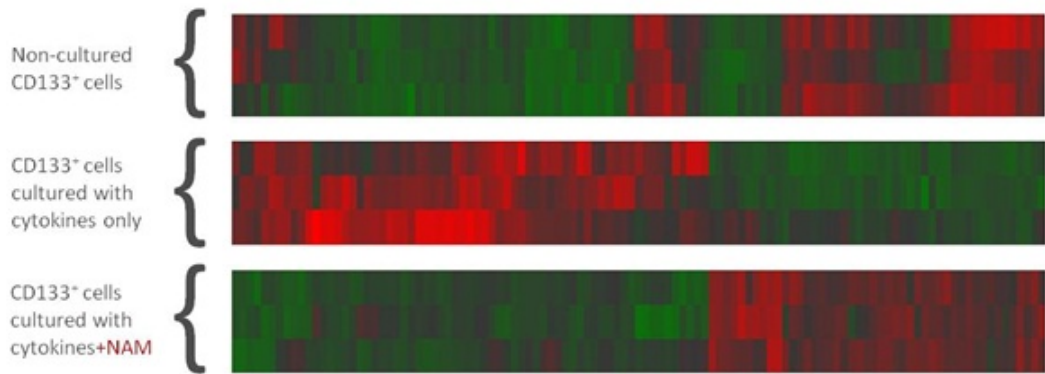


Fig. 1: In contrast to cord blood HSC (CD133+ cells) cultured with cytokines and without NAM, CD133+ cells cultured with cytokines and with NAM display a gene expression pattern similar to freshly isolated, non-cultured HSC, as shown in this “heat map” construct of clusters of genes differentially expressed in CD133+ cells expanded ± NAM for three weeks vs. non-cultured CD133+ cells.

Based on animal models for HSC transplantation, we believe that expanded cell grafts created using NAM display improved functionality following transplantation for cell activities such as migration, homing, and engraftment (see Figure 2 below).

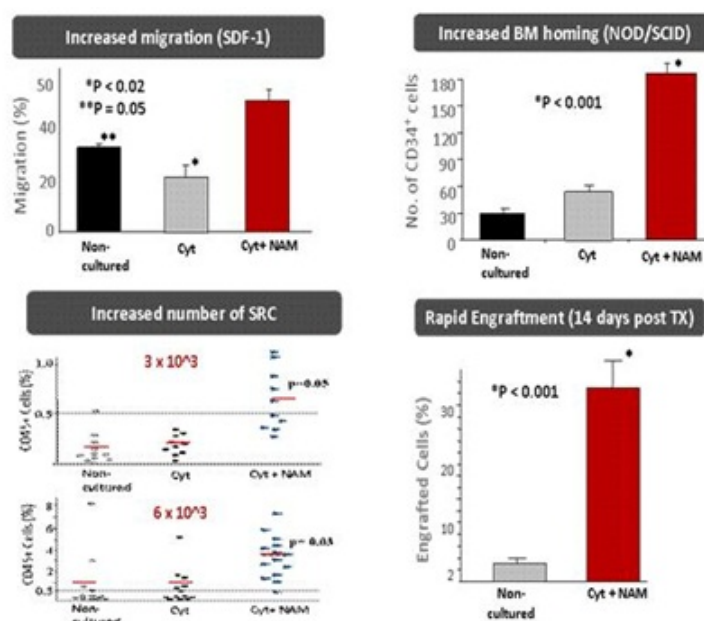


Fig. 2: The functionality of cord blood HSC expanded in culture with cytokines and NAM (“Cyt + NAM”) was compared to the functionality of HSC expanded with cytokines only (“Cyt”) and with the functionality of HSC before expansion. Cells cultured with NAM show increased functionality compared to cells cultured with cytokines only and non-cultured cells, for functions such as migration (a measure of the motility of the cells), homing (a measure of the percentage of cells that actually arrive at the bone marrow following infusion), and engraftment potential (as measured by severe combined immunodeficiency repopulating cells, or “SRC”, which is a measure of the number of cells that remain in the bone marrow and engraft).

Our NAM platform technology and all of its related product candidates are assets solely owned by us. The products in development based on our NAM technology are protected by an extensive portfolio of issued patents and pending patent applications, which are described in greater detail below.

NiCord Clinical Trials

Phase I/II study of NiCord in a double cord blood unit configuration

In February 2013, we completed a Phase I/II trial of NiCord in 11 patients with blood cancers at Duke University Medical Center. The study included patients between the ages of eight and 65 with high risk hematological malignancies who were treated with a myeloablative conditioning regimen.

In this clinical study, we tested the safety and efficacy of NiCord, including the ability of NiCord to engraft in patients. Each of the eleven patients received NiCord and an unmanipulated unit of cord blood. These eleven patients were given the second unmanipulated unit of cord blood so that they would not remain myeloablated in the event that the NiCord failed to show engraftment. Primary endpoints of the study were acute toxicity of NiCord infusion and the proportion of patients with neutrophil engraftment. The study also assessed time to engraftment of neutrophils and platelets and survival of patients. The clinical outcomes of this treatment group were compared to outcomes of an historical control group of 17 patients who were transplanted with two units of unmanipulated cord blood at Duke University Medical Center shortly before our study using the same conditioning regimen (Duke control group).

Of the 11 patients receiving transplants in this study, 8 patients engrafted with NiCord, 2 patients engrafted with the unmanipulated unit of cord blood and one patient failed to engraft. We believe that these results demonstrate that NiCord has the potential to enhance the ability of cord blood-derived HSC to engraft and out-compete a second unmanipulated cord blood unit.

Moreover, the results from this study suggest that NiCord can shorten the time to hematopoietic recovery (resumption of healthy blood production). The current clinical data, with follow-up data of up to 40 months, suggest that this hematopoietic recovery may be robust and sustainable for the patient's lifetime, similar to HSC transplantation from bone marrow. The average times to normal neutrophil count recovery (neutrophils are the most abundant white blood cells) and normal platelet count recovery (platelets are responsible for blood clotting), respectively, were 10.5 days and 31.5 days for the eight patients in whom the NiCord HSC successfully engrafted, compared to 25 days and 41 days in the Duke control group ($p = 0.001$ and 0.012 respectively). The average hospitalization length in the eight patients that successfully engrafted with NiCord was 23.5 days (initial discharge at day 14 post transplant), compared to 42.2 days in the Duke control patients (initial discharge at day 33 post transplant). There were no cases of grade III/IV acute GvHD, and no adverse events related to NiCord were reported. The one-year overall survival and progression-free survival were 82% and 73%, respectively, in the eight patients in whom HSC from NiCord successfully engrafted compared to 55% and 49% in a group of 295 patient records collected from public registries in the United States and Europe, who received HSC transplantation from two cord blood units during the years 2006-2010. The two-year overall survival rates and progression-free survival rates were 68% and 65%, respectively, in the eight patients in whom HSC from NiCord engrafted compared to 42% and 41% in the 295-person historical control group.

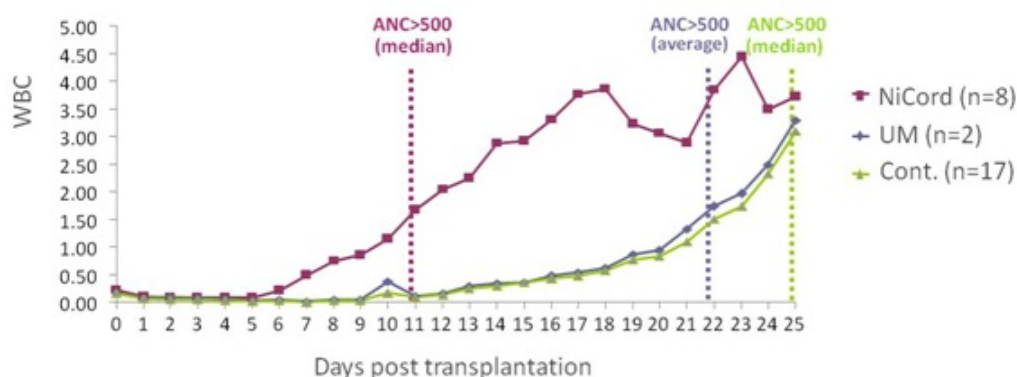


Fig. 3: NiCord substantially shortens the time to successful engraftment. This figure shows white blood cell counts and time to engraftment in the 8 patients in the study in whom NiCord cells engrafted, the two patients in the study in whom unmanipulated cells engrafted, and the Duke historical control comprised of 17 patients transplanted with two unmanipulated units of cord blood, at Duke just before initiation of the NiCord study.

In addition, as described in figure 4 below, the time to hematopoietic recovery and survival of patients following transplantation of NiCord is improved as compared to HSC transplantation from unmanipulated cord blood and is similar to the clinical outcomes described in the literature following HSC transplantation from bone marrow or peripheral blood.

	Study patients engrafting with NiCord (n=8)	Literature reports of unmanipulated CB transplantation ⁽¹⁾	Literature reports of BM and PB transplantation ⁽¹⁾
Neutrophil count recovery (<i>median days</i>)	10.5	24 – 26	11 – 19
Platelet count recovery (<i>median days</i>)	31.5	52 – 53	19 – 28
Hospitalization length post transplant (<i>days</i>)	Median: 14 Range: 7 – 47	Median: 48 Range: 40 – 76	Median: 39 Range: 30 – 47
1-year disease-free survival	73%	55 – 60 %	60 – 70 %
2-year disease-free survival	65%	45 – 55 %	50 – 55 %

Figure 4: NiCord substantially improves the time to hematopoietic recovery and survival of patients. This figure shows day count to neutrophil count recovery and platelet count recovery, hospitalization length, and one and two-year disease-free survival, in the 8 patients in the study in whom NiCord cells engrafted, in literature reports of unmanipulated cord blood transplantation and in literature reports of bone marrow and peripheral blood transplantation.

(1) According to Solh, M. et al. (*Biology of Blood an Marrow Transplantation*, 2011), a prolonged time to engraftment of neutrophils and platelets following HSC transplantation is associated with higher morbidity of the transplanted patients and a higher cost of the HSC transplantation procedure. According to Eapan et al. (*Lancet Oncol.* 2010 Jul;11(7):653-60.; Ponce DM et al. *Biol Blood Marrow Transplant.* 2011 Sep;17(9):1316-26.; Brunstein CG et al. *Blood.* 2010 Nov 25;116(22):4693-9), the typical time to engraftment of neutrophils following unrelated HSC transplantation from unmanipulated cord blood is 24-26 days, as compared to 11-19 days following unrelated HSC transplantation from bone marrow or peripheral blood. This disadvantage of HSC transplantation from cord blood significantly limits the use of cord blood for HSC transplantation in adult patient population. Based on our study results, we believe that NiCord has the potential to overcome this limitation.

Based on our 2013 Phase I/II study results, we believe that NiCord may be able to significantly shorten the time to engraftment, which could lower the critical risk of morbidity and mortality during the period between transplantation and engraftment and shorten the time of hospitalization of the patients. The reduced time to engraftment also has the potential to reduce hospitalization times associated with cord blood transplantation procedures, both by reducing inpatient times (for the transplant itself) and reducing the incidence of subsequent hospitalizations by reducing the risk of related morbidities such as infections and bleeding. This reduction in hospitalization days has the potential to lower the costs of treatment, in addition to the reduced cost associated with the use of a single unit of cord blood.

In September 2013, we commenced a Phase I/II study of NiCord in up to 20 patients, in which NiCord is transplanted without the support of a second unmanipulated unit of cord blood, to study NiCord as an alternative to traditional HSC transplantation from bone marrow for treatment of high-risk blood cancers. This trial is designed to investigate the safety and efficacy of transplanting NiCord without also transplanting a second unmanipulated unit of cord blood. We are now recruiting patients for this study in the United States and we plan to expand to Europe during the third quarter of 2014. We expect that this trial will enroll 10 patients through the end of 2014. We expect the study to complete treating 20 patients in the fourth quarter of 2015.

Cryopreservation

To date, our product candidates have consisted of fresh blood products that needed to be transplanted within 18 hours after their release from the manufacturing site. This limitation substantially restricts the location of manufacturing sites and increases the cost of shipping and logistical support required during the process of manufacturing and delivery. In 2013, we developed a process to effectively freeze (cryopreserve) NiCord to lengthen its shelf life to approximately 18 weeks. Based on our discussions with the FDA, we plan to begin supplying NiCord in the cryopreserved form in all our ongoing clinical trials by the third quarter of 2014, using our own manufacturing facilities.

We believe that cryopreservation will enable us to centralize our manufacturing facilities and optimize our delivery systems, yielding significant savings.

Other NAM Product Candidates

We are applying our NAM technology to develop a suite of product candidates targeting a variety of clinical indications, including hematological malignancies, thalassemia, sickle cell disease, genetic metabolic diseases, bone marrow failure syndromes and severe autoimmune diseases. We are also applying our NAM technology to expand natural killer cells, or NK cells, in culture. NK cells are critical to the human immune system. NK cells can recognize and kill tumor cells, and therefore have broad potential therapeutic utility. In addition, we are applying our NAM technology to develop a product based on mesenchymal stem cells, or MSCs, which are cells that can differentiate into a variety of cell types, for use in regenerative medicine and treatment of inflammatory conditions.

CordIn

In addition to developing NiCord as a product for treating malignant diseases, we are continuing to develop NiCord for HSC transplantation in patients with non-malignant diseases for which bone marrow transplantation is currently accepted as the only potential cure. We believe that NiCord can offer curative treatment options to these patients. Starting in the third quarter of 2014, we intend to undertake the development of this product candidate for non-malignant diseases under a separate IND application using the trademark CordIn. We anticipate that the IND for CordIn will be filed in the United States, and a CTA will be filed in Europe during the third quarter of 2014. The IND for NiCord will continue to cover the transplantation of patients with blood cancers, and the IND for CordIn will cover the transplantation of patients with non-malignant diseases. CordIn will initially have the same composition as NiCord, but with a different product release process.

Assuming the approval of the CTA in Europe, we expect to commence a multinational phase I/II trial of CordIn for patients with SCD and thalassemia in Europe in the fourth quarter of 2014. The study is planned to enroll 15 patients who are indicated for HSC transplantation and do not have a matched bone marrow donor. Patients will receive transplantation of CordIn in a single expanded CBU configuration, following a preparative conditioning regimen, and will be followed for up to 5 years. The primary objective of the study is to assess donor engraftment in the patients at 42 days post transplantation. Secondary objectives will include transplant-related mortality, event-free survival and overall survival up to one year post transplant.

Sickle Cell Disease

Sickle cell disease (SCD) is an orphan disease, affecting approximately 100,000 patients in the United States. SCD is a group of hereditary, recessive blood disorders characterized by rigid, sickle-shaped red blood cells. Sickled cells break down sooner and block blood vessels, causing pain and organ damage. Sickle cell patients have a relatively low life expectancy. According to research conducted for us by Trinity Partners in 2013, the cost of medical treatment of SCD patients during their lifetime is approximately \$9 million. The only potential cure available for SCD is HSC transplantation.

HSC transplantation is used in the rare cases when patients have a healthy, fully matched sibling donor. But, matched unrelated donors are rarely available. Due to the nature of SCD, there is a high rate of engraftment failure for such transplants. HSC transplantation from cord blood has also been unsuccessful, with more than 50% rate of engraftment failure. Due to the current limitations of HSC transplantation for sickle cell patients, only approximately 450 transplants have been reported in the past 30 years.

Based on the encouraging clinical outcomes of transplanting NiCord in patients with hematological malignancies, we are now also testing the engraftment of NiCord in pediatric patients with SCD. This is an open-label pilot study with a single-group design. The study is planned to enroll up to 10 patients, without a control group. The primary objectives of the study are to assess the acute toxicity of NiCord in children and the success of donor-derived neutrophil engraftment within 42 days after transplantation of two units of cord blood (NiCord and a second, unmanipulated unit of cord blood). Secondary objectives include assessing the rates of transplant-related death at 100 days after transplantation, event-free survival at 100 days after transplantation, and overall survival at 180 days after transplantation. Currently, five patients have been treated in this study. We plan to complete the study in the second quarter of 2015.

Additional CordIn Indications

We plan to continue to develop CordIn for HSC transplantation to treat a variety of additional non-malignant chronic severe diseases. These diseases include hemoglobinopathies (sickle cell disease and thalassemia) and bone marrow failure syndromes (severe aplastic anemia). Indications to be considered for the future include genetic metabolic diseases (Krabbe disease, Tay Sachs, Hurler syndrome, and others) and severe refractory autoimmune diseases (multiple sclerosis, rheumatoid arthritis, systemic lupus erythematosus, inflammatory bowel disease / Crohn's disease, and others). Because we have not yet developed CordIn for these indications, it is difficult to estimate the market potential for CordIn as a treatment for these diseases. Most of these conditions are considered rare diseases, and we plan to submit applications for orphan drug designation of CordIn in the United States and Europe for such conditions, if appropriate.

NK Cell Product for Treatment of Cancer

In addition to developing NiCord and CordIn, we are using our NAM platform technology to develop a propriety process for the expansion of functional NK cells, a type of white blood cell that can destroy harmful cells. NK cells have drawn considerable attention in recent years as a promising tool for the treatment of cancer, due to their ability to fight tumors without increasing the risk of GvHD. We are working to translate this technology into a cell product to treat metastatic tumors and blood cancers that do not respond to existing treatments.

NK cells need to be expanded in culture in order to produce a clinically appropriate dose. Transplantation of NK cells in cancer immunotherapy studies has had only partial success. The inability of NK cells expanded in culture to expand in the patient's body, as well as the inability of such cells to home to and be retained in the tumor micro-environment, likely plays a role in their limited efficacy to date.

Applying our NAM platform technology, we believe we have developed a proprietary manufacturing process for expanding NK cells. We believe that this process has substantial advantages over NK cells cultured without NAM. Of note, our process involves fewer steps and is therefore expected to be more cost-efficient. In certain animal studies that we have conducted, NK cells expanded in culture using our NAM technology display increased tumor-killing and migratory abilities.

Mesenchymal Stem Cell (MSC) Product for Regenerative Medicine

In addition to focusing on HSC and NK cells, we are working on applying our NAM technology to MSCs, another type of stem cells. We believe that MSCs are attractive candidates for use in clinical therapy in regenerative medicine and inflammatory conditions due to their ability to differentiate and to modulate innate immune response. The therapeutic potential of MSCs is being studied by researchers for a variety of those indications.

MSCs are derived from various sources such as bone marrow, fat tissue, or the placenta and can be transplanted without the need for tissue type matching between the donor and the recipient. Accordingly, MSCs can be manufactured on a large scale and marketed as an off-the-shelf cell product. To obtain the desired cell dose sizes, MSCs need to be expanded in culture several times. However, expanding MSCs in culture leads to physical and functional changes in the MSCs, which reduces their potential to expand. As a result, manufacturing commercial batches of MSCs from a single donor remains a challenge.

Using our NAM platform technology, we developed a process for rapid expansion of a homogeneous population of MSCs from various tissue sources. Following four rounds of expansion in culture, the number of MSCs obtained is exponentially higher than the number obtained from the control cultures. In addition, cultures expanded using our NAM technology maintained a homogenous population of MSCs even after several rounds of expansion in culture.

We are now developing a novel MSC product to be manufactured using our proprietary technology, to produce larger batches of homogenous MSCs with a shorter manufacturing time and potentially increased functionality and clinical applicability. This product is in preclinical development.

Our Copper Chelator Platform Solution

Copper Chelator Technology

We have also developed a copper chelator platform technology for the growth of HSC obtained from cord blood. This technology is based on the role copper ions play in modulating self-renewal and differentiation of HSC. Scientists have discovered that copper deficiency delays the differentiation of HSC and prolongs the proliferation process. We developed our product candidate StemEx in an effort to modify the balance between self-renewal and differentiation of cells in vitro (outside a living body) by introducing a molecule that can bind to, or “chelate,” copper, which renders the copper unavailable for cellular differentiation. StemEx is a high-affinity copper chelator tetraethylenepentamine (TEPA) that we believe has the potential to reduce intracellular copper level, delay differentiation, and enable robust expansion of HSC populations in culture.

StemEx is a graft of HSC selected from a portion of a single unit of cord blood, expanded in culture and transplanted in combination with the non-manipulated cells from the rest of the same unit of cord blood. StemEx was developed using our copper chelator platform technology through our Joint Venture, which is equally co-owned by us and Teva. The Joint Venture owns global commercialization rights for StemEx.

In 2012, the Joint Venture completed a multinational Phase II/III study of the safety and efficacy of StemEx as a potential product for treating patients with high risk blood cancers. The treatment group included 101 patients with high risk hematological malignancies that were transplanted with StemEx following a myeloablative conditioning. The study was designed to use a historical control cohort of patients that would be eligible to participate in the study, and received HSC transplantation from unmanipulated cord blood. These patient records were obtained from the public registries in the United States and in Europe, using a robust methodology for selecting the patients. The historical control was updated during the course of the study, prior to the end of recruitment and prior to undertaking any analyses of study data, using the same methodology of the registries independently selecting the patients according to the same criteria as used to collate the first historical control, to include contemporaneous data of 295 patients transplanted with two unmanipulated units of cord blood during the years 2006-2010. Mortality at 100 days post-transplant, which was the primary endpoint of the study, was 15.8% in the StemEx group compared to 24.5% in the historical control group, a statistically significant difference ($p = 0.035$). Secondary and exploratory endpoints assessed the rate of engraftment failure, time to engraftment of neutrophils and platelets, survival at 180 days post transplantation and GvHD. The rate of neutrophil engraftment failure and the average time to neutrophil engraftment and platelet engraftment were lower in the StemEx group than in the historical control group. The survival advantage observed at 100 days after transplant was no longer statistically significant by 180 days after transplant, and there was no significant difference in the level of grade III-IV acute GvHD between patients who received StemEx and the historical control group.

After reviewing the results of the study, the FDA advised us that we would be required to conduct a randomized controlled Phase III clinical trial as part of the regulatory approval process for StemEx. The EMA advised us prior to completion of the study that it would provisionally accept the historical control study design of the Joint Venture's 2012 Phase II/III study, subject to the application of a rigorous methodology, and it indicated that it might provide full marketing authorization for StemEx for blood cancers if the historical-control study demonstrated a clinical benefit. The Joint Venture is now considering an appeal to the FDA regarding its decision and a meeting with the EMA to discuss the regulatory path to approval of StemEx in Europe.

In light of the uncertainty of the regulatory approval process, the Joint Venture does not intend to further pursue the development of StemEx in the United States or in Europe without a strategic partner.

Intellectual Property

We have obtained, and plan to continue to seek, patents in the United States and other countries that protect our product candidates and platform technologies. Our strategy is to pursue, maintain, and defend patent rights to protect the technology, inventions, and improvements that are commercially important to the development of our business. Our portfolio of patent applications covers our Copper Chelator platform technology and StemEx product candidate, our NAM platform technology, including our NiCord, CordIn and NK and MSC product candidates, and other related technologies.

As of March 9, 2014, our patent portfolio was comprised of 12 issued U.S. patents (of which 7 patents related to StemEx are owned jointly by us and Hadasit Medical Research Services and Development Ltd., and exclusively licensed to us by Hadasit), 27 issued non-U.S. patents (of which 11 patents related to StemEx are owned jointly by us and Hadasit, and exclusively licensed to us by Hadasit), 7 pending U.S. patent applications, 19 pending non-U.S. patent applications, and 2 pending patent applications under the Patent Cooperation Treaty. All patents and patent applications related to our NAM platform technology and to product candidates which are based on this technology, including NiCord, CordIn, our NK cell product candidate and our MSC product candidate, are fully owned by Gamida Cell only.

Our NAM platform technology patent portfolio is comprised of eighteen issued U.S. and non-U.S. patents. We have two issued patents in each of the United States, South Africa, Japan, and Israel; three issued patents in Europe (two of which are validated in Belgium, Switzerland, Germany, Spain, France, UK, Ireland and Italy, and the other is validated in Germany, Spain, France, UK and Italy); four issued patents in Australia; and one issued patent in each of Canada, Hong Kong, and Singapore. Our issued patents in the United States include use and process claims, and our issued patents in all other countries included composition of matter, use and process claims. Our issued NAM platform technology patents will expire between 2023 and 2026. In addition, we have eighteen pending U.S. and non-U.S. applications on our NAM platform technology, which include applications in the United States, China, Japan, Israel, Canada, Europe, and Australia, and international applications under the Patent Cooperation Treaty.

In addition to our patent portfolio, we are in the process of submitting an application for an orphan drug designation for NiCord in the United States and in Europe. An orphan drug designation provides 7 years of market exclusivity in the United States and 10 years in Europe.

We cannot be sure that any additional patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future. There is also a significant risk that any issued patents will have substantially narrower claims than those that are currently sought. Even with respect to any patents that may be issued to us, we cannot be sure that any such patents will be commercially useful in protecting our technology. Any patents issued with respect to our current patent applications would expire between 2022 and 2033.

We also rely on trade secrets to protect our product candidates. In addition, our commercial success depends in part on our non-infringement of the patents or proprietary rights of third parties. For a discussion of the risks related to our intellectual property, please see “Risk Factors—Risks Related to Our Intellectual Property”.

The laws of some countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions.

Our success depends in part on our ability to:

- preserve trade secrets;
- prevent third parties from infringing upon our proprietary rights; and
- operate our business without infringing the patents and proprietary rights of third parties, both in the United States and elsewhere.

We protect our proprietary technology and processes, in part, by confidentiality and invention assignment agreements with our employees, consultants, scientific advisors, and other contractors. In addition, our manufacturing processes are associated with know-how and trade secrets. These agreements may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our employees, consultants, scientific advisors or other contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. See also “Risk Factors—Risks Related to Our Intellectual Property”.

NiCord and StemEx are registered trademarks in the United States, Europe, and Israel. We have also filed trademark applications in China and Hong Kong for NiCord and StemEx. We also plan to file trademark applications for CordIn, our NK cell product candidate, and any future product candidates that we may develop in the United States, the EU, China and other jurisdictions.

Manufacturing and Delivery Process

The main raw materials used in our manufacturing process are units of cord blood. We primarily use frozen cord blood, which is geared toward research, acquired from blood banks in Israel and other countries. To a lesser extent, we also use fresh cord blood, acquired from blood banks in Israel, for research and development purposes only. Cord blood is donated voluntarily after a live birth. As a result, the use of stem cells and other HSC derived from cord blood is not controversial and does not implicate the moral and religious issues surrounding the use of embryonic stem cells. According to WMDA Reports, approximately 700,000 units of cord blood are currently cryopreserved in public cord blood banks worldwide, making cord blood a readily available material. The cost of a unit of umbilical cord blood is approximately \$45,000 in the United States and is controlled by the National Marrow Donor Program (NMDP). We purchase the growth factors that are necessary for HSC proliferation (GMP-grade cytokines) from other suppliers. A number of different suppliers provide these materials on substantially similar terms. Switching suppliers of cytokines would not require significant retraining or other major adjustments.

Banks of cord blood units are connected by a computer system that includes data on the tissue types stored in each bank. Transplant physicians and hospitals can enter a patient's HSC tissue type into the computer system and identify cord blood units that provide a sufficient tissue matching to the patient. Once a matched cord blood unit is identified, the unit is shipped to our manufacturing facility. We then use our proprietary cell-expansion technologies to expand the HSC in the matched unit over the course of approximately three weeks. The enriched unit is then shipped to the transplant hospital through established medical product logistics companies for clinical use.

Our manufacturing processes comply with current good manufacturing practices, or cGMPs. We own all the intellectual property, know-how and trade secrets related to our manufacturing processes. We have also developed a delivery infrastructure for timely delivery of our product candidates across the United States, Europe and Israel, using a dedicated delivery contractor.

StemEx manufacturing for our phase II/III study was conducted in our in-house manufacturing facility as well as through third party contract manufacturers. Our in-house cGMP manufacturing facility is currently being renovated for the manufacturing of NiCord in the cryopreserved form. We expect that this facility will be completed by the third quarter of 2014, at which time we will manufacture NiCord for our future clinical trials.

We believe we will have sufficient capacity at our facility to manufacture clinical trial quantities of our product candidates. However, we will need a new facility in order to conduct commercial scale manufacturing for any product candidates that receive regulatory approval. Before we can begin commercial manufacture of any such product candidates, we must obtain regulatory approval of the manufacturing facilities we use and the processes and quality systems we employ. In addition, such facilities will be subject to ongoing inspection by the FDA and other regulatory authorities.

The design of our current GMP manufacturing facility was approved by the Israeli Ministry of Health. No audit is currently required for this facility because the facility is manufacturing only for Phase I/II clinical trials, and the Israeli Ministry of Health audits GMP facilities only when such facilities manufacture for Phase III clinical trials.

A European Qualified Person has audited Gamida Cell's quality system according to the principles of EudraLex, Volume 4, Part I, Chapters 2 – 4, and Annex 1. The audit also assessed the compliance of our premises with ISO 14644-1 and ISO 14644-2 requirements. The audit concluded that our site is working according to a reliable quality system and did not detect any nonconformities.

Manufacturing by Lonza

We have an agreement with Lonza Walkersville Inc., or Lonza, for manufacturing NiCord. Pursuant to this agreement, Lonza has been manufacturing NiCord for our clinical trials according to an agreed-upon production plan. We expect to move all production and manufacturing operations to our Jerusalem headquarters by the third quarter of 2014, which is expected to eliminate our dependency on Lonza for manufacturing NiCord for our clinical trials. We can terminate our agreement with Lonza without cause by providing four months' prior notice.

In the event that our manufacturing facility proves inadequate and we need to substitute another supplier in place of Lonza, we would need to find substitute suppliers that meet strict standards, set up new production facilities, transfer equipment, train employees, and take a variety of other actions to complete the substitution successfully, including obtaining regulatory approval.

Equipment from Miltenyi Biotec GmbH

We use commercial equipment from Miltenyi Biotec GmbH, or Miltenyi, that enables us to separate HSC from cord blood. We also purchase from Miltenyi readily available disposable materials for the separation process, as well as replacement parts and support. We do not have an agreement with Miltenyi for the provision of this equipment or materials. We intend to enter into a long-term supply agreement with Miltenyi before commercializing our product candidates. Although we believe adequate equipment is available from alternative suppliers, switching suppliers would require us to adjust our manufacturing process and obtain new approvals from the FDA and the EMA, all of which could involve delays and additional costs.

Sales and Marketing Infrastructure

We do not have a sales or marketing infrastructure. We intend to partner with one or more third parties to sell and market our product candidates after we receive marketing approval. If we are unable to partner effectively with a third party to develop a marketing infrastructure for our product candidates, we would be required to develop a marketing infrastructure on our own. Developing an internal sales and marketing infrastructure would be costly and no assurance can be given that we could do it effectively.

Competition

The biotechnology and pharmaceutical industries are highly competitive. There are many pharmaceutical companies, biotechnology companies, public and private universities and research organizations actively engaged in the research and development of treatments and products that may be similar to or competitive with our product candidates. There are a number of multinational pharmaceutical companies and large biotechnology companies currently marketing or pursuing the development of products or product candidates targeting the same indications as our product candidates. It is probable that the number of companies seeking to develop products and therapies for the treatment of unmet needs in these indications will increase. Some of these competitive products and therapies are based on scientific approaches that are similar to our approach, and others are based on entirely different approaches.

Many of our competitors, either alone or with their strategic partners, have substantially greater financial, technical and human resources than we do and significantly greater experience in the discovery and development of product candidates, obtaining FDA and other regulatory approvals of products and the commercialization of those products. Accordingly, our competitors may be more successful than we will be in obtaining approval for products and achieving widespread market acceptance. Our competitors' products may be more effective, or more effectively marketed and sold, than any product we may commercialize and may render our products obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our products.

We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available. We expect any products that we develop and commercialize to compete on the basis of, among other things, efficacy, safety, convenience of administration and delivery, price, the level of generic competition and the availability of reimbursement from government and other third-party payers.

HSC transplantation from cord blood in general may face additional competition from haplo-identical peripheral blood transplantation, another therapeutic approach currently being studied. This approach uses blood from a non-matched family related donor and is not currently regulated by the FDA. Companies like MolMed S.p.A. and Kiadis Pharma B.V. are developing technologies aiming to improve the clinical outcomes of haplo-identical transplantation.

Other companies are developing clinical-stage technologies and products that aim to improve the clinical outcomes of HSC transplantation from cord blood by expanding HSC from cord blood. These companies include Mesoblast Limited, Fate Therapeutics, Cellerant Therapeutics, and Novartis International AG.

License Agreements

We are conducting development activities to secure regulatory approval for our product candidates and to expand the commercial potential of our product candidates and our platform technologies. We sponsor and conduct clinical research activities with investigators and institutions to measure key clinical outcomes that are necessary in order for us to be able to file Biologic License Applications (BLAs) with the FDA and equivalent filings with other regulatory authorities. For the three month periods ended March 31, 2014 and March 31, 2013, we incurred \$1,309,000 and \$805,000, respectively, of net research and development expenses. For the year ended December 31, 2013, and the year ended December 31, 2012, we incurred \$2,602,000 and \$2,292,000, respectively, of net research and development expenses.

Our clinical studies have been conducted at established medical institutions in the United States, Europe, and Israel. We entered into customary clinical trial agreements with each of these institutions. All clinical and nursing personnel were compensated entirely by their employer institutions. We do not have any other business relationship with any of the investigators.

We also entered into agreements with contract research organizations (CROs) that provide clinical trial assistance services. The clinical trial agreements involved predetermined study protocols. These clinical trial agreements are in customary form and provide financial support for personnel, equipment, laboratory tests, and filing during the clinical trial through payment to the research fund of the medical institution. We believe that the fees to be paid under these agreements are in accordance with the arms-length fair market value of the services to be provided to us. The agreements for clinical trials that have ended expired with the conclusion of those clinical trials and the finalization of the clinical study reports for those trials.

Agreement with Hadasit

On June 23, 1997, we executed a license and cooperation agreement with Hadasit Medical Research Services & Development Company, or Hadasit, which provided that Hadasit would take part in the development of a method to increase the number of HSC in culture while preserving their functionality as stem and progenitor cells. We financed the program that served as the framework for development of our copper chelator (TEPA) platform technology. The patents and other intellectual property related to this program are jointly owned by Hadasit and us. The agreement granted us exclusive worldwide rights to commercialize the intellectual property and other rights related to this technology. The term of the agreement was to be from execution until the last patent related to the intellectual property of the parties expired..

On June 6, 2006, we assigned our rights and obligations under the agreement with Hadasit to the Joint Venture with Teva.

Joint Venture with Teva Pharmaceuticals

In 2006, we entered into a joint venture with Teva, a publicly-traded international pharmaceutical company headquartered in Israel. The Joint Venture has global commercialization rights for StemEx. We hold a 50% stake in the Joint Venture, and Teva holds a 50% stake. We thus own 50% of StemEx as an asset.

In light of the study results of our Phase III historical-control trial of StemEx and feedback we received from the FDA regarding further clinical trials required for marketing approval of StemEx, we do not currently intend to further pursue development or commercialization of StemEx without a strategic partner. Neither the Joint Venture entity nor Teva holds any rights to any other Gamida Cell product candidates or technologies.

License Agreement for Growth Factors

On July 11, 2008, we contracted with a multinational biopharmaceutical company for a license to use several patents that belong to that company in the area of growth factors, which we used to produce StemEx. In exchange for advance payment in cash, shares of our company, and warrants to acquire shares of our company which have since expired without being exercised, the company provided us with a nonexclusive license to use several of these growth factors for production of StemEx only, which we sublicense to our Joint Venture with Teva. Consideration is also tied to certain milestones and royalties on sales of StemEx which will be paid as a one-digit percentage from the total net revenue.

Among other terms, the agreement stipulated that if we did not commercialize StemEx within five years from the date of the agreement in one of several countries listed in the agreement, then the licensor can cancel the license. Since we have not begun commercialization of StemEx within five years of that date, the licensor could cancel our license at any time. As of the date of this prospectus, the licensor has not indicated that it intends to cancel our license. Termination of the license would prevent us from continuing development of and marketing StemEx.

The agreement also provides the licensor with a right of first refusal for commercialization of StemEx, unless such commercialization is undertaken by Teva, and obligates us to make certain payments upon the occurrence of certain milestones related to StemEx.

On the same day we executed this license agreement, we transferred the license to the Joint Venture.

Grants from the Office of the Israeli Chief Scientist

Our research and development efforts, during the period between 2003 and 2014, were financed in part through royalty-bearing grants that we and the Joint Venture received from Israel's Office of the Chief Scientist (OCS) of the Ministry of Industry, Trade and Labor (now the Ministry of Economy) in the total amount of approximately \$30.3 million, for the development of our NAM technology and related products and projects, and of StemEx.

With respect to such grants, we are committed to pay royalties at a rate of 3% to 5% on sales proceeds from our product candidates. According to the OCS approvals, we are required to pay royalties from any income generated in connection with our product candidates up to the total amount of grants received, linked to the dollar and bearing interest at an annual rate of LIBOR applicable to dollar deposits. As of March 31, 2014, we have a contingent obligation to the OCS in the amount of \$11,500,000, and the Joint Venture has a similar contingent obligation to the OCS in the amount of \$23,122,000.

Regardless of any royalty payment obligations, we are further required to comply with the requirements of the Israeli Law for the Encouragement of Industrial Research and Development—1984, as amended (the “R&D 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 R&D 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 and payment of transfer fees. Maximal transfer fees with respect to the transfer of know how are as follows: up to three times the value of the original grant when the OCS Research Committee is satisfied that the core research and development activity will remain in Israel, and up to six times the value of the original grant in the case of liquidation of activities in Israel. In addition, the OCS has the discretion to permit overseas manufacture in excess of the declared percentage (deviations of up to 10% do not require consent, but the OCS must be notified). Consent is contingent upon payment of additional royalties, at rates and subject to ceilings set out in the relevant regulations, up to three times the amount of the grants.

In addition to the OCS programs described above, we participated in a research consortium in which Israeli research institutions and high technology companies are members. This consortium is devoted to the development of generic technologies in the fields of biotechnology, agricultural biotechnology and pharmaceuticals. The OCS MAGNET program sponsors this consortium. Under the terms of the MAGNET program, the OCS contributes 66% of the consortium’s industry members’ research budget that the OCS approves and the consortium industry members contribute the remaining 34%. No royalties are payable to the OCS with respect to this funding. Expenses in excess of the approved budget are borne by the consortium members. We have received under the MAGNET program grants in the total amount of \$372,290.

In general, any member of a consortium that develops technology in the framework of a consortium retains the intellectual property rights to this technology and all other consortium members have the right to use and implement this technology without having to pay royalties to the developing consortium member, provided that the technology will not be transferred under any circumstances to any entity outside of the consortium. The terms of the program prohibit both the manufacture of products using technology developed in the context of the program outside of Israel and the transfer of technology developed under the program to any third party, without the prior written consent of the OCS and compliance with any applicable OCS or R&D law terms.

None of our Intellectual Property which is described in this prospectus was developed in the framework of the consortium, nor did we share with consortium members any Intellectual Property which is uniquely connected to our product candidates and projects.

Third-Party Reimbursement in the United States

Sales of biological products depend in significant part on the availability of coverage and adequate reimbursement by third-party payers in the United States and other countries. Third-party payers in the United States include state and federal government programs (including Medicare and Medicaid), managed care providers, pharmacy benefit managers and private insurance plans. Outside the United States, coverage will vary on a country by country basis. Decisions regarding the extent of coverage and amount of reimbursement to be provided for our products will be made on a plan-by-plan basis, and in some cases on a patient-by-patient basis, and will also depend on the outcomes of our clinical trials.

Currently, transplant procedures are typically covered by a lump-sum reimbursement to hospitals. In addition, cord blood cells are covered under a separate reimbursement code in some cases.

An ongoing trend has been for third-party payers, including the U.S. government, to apply downward pressure on the reimbursement of pharmaceutical products. Also, the trend towards managed health care in the United States and the concurrent growth of organizations such as health maintenance organizations tend to result in lower reimbursement for pharmaceutical products. We expect that these trends will continue as these payers implement various proposals or regulatory policies, and also in view of the recent health reform legislation that affect reimbursement of these products. There are currently, and we expect that there will continue to be, a number of federal and state proposals to implement controls on reimbursement and pricing, directly and indirectly. We intend to market our product candidates as having not only the potential to treat specific diseases safely and effectively, but also the potential to reduce the costs associated with the clinical care of transplant patients for blood cancers, hemoglobinopathies, and other orphan diseases.

Government Regulation

In the United States, the FDA regulates biological products under the Federal Food, Drug, and Cosmetic Act, or FDCA, and the Public Health Service Act, or PHS Act, and related regulations. Biological products are also subject to other U.S. federal, state, and local statutes and regulations, as well as non-U.S. statutes and regulations. The FDA and comparable regulatory agencies in U.S. state and local jurisdictions and in non-U.S. jurisdictions impose substantial requirements upon the clinical development, manufacture and marketing of biological products. These agencies regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, packaging, labeling, storage, distribution, record keeping, reporting, approval, advertising and promotion of our products. These requirements and regulations vary from country to country. Failure to comply with the applicable regulatory requirements at any time during the product development process, including during clinical testing, during the approval process, or after approval, in Israel, the United States and any other country in which we conduct our operations or sell our products may subject us to administrative or judicial sanctions.

Government regulation may delay or prevent marketing of product candidates for a considerable period of time and impose costly procedures upon our activities. The testing and approval process requires substantial time, effort, and financial resources, and we cannot be certain that the FDA or any other regulatory agency will grant approvals for NiCord, CordIn, our NK cell product candidate, StemEx or any future product candidates on a timely basis, if at all. The FDA's policies and the policies of comparable regulatory authorities in other countries may change and additional government regulations may be enacted that could prevent or delay regulatory approval of our current product candidates or any future product candidates or approval of new disease indications or label changes. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative, judicial, or administrative action, either in the United States or elsewhere.

Marketing Approval

The process required by the FDA before biological products may be marketed in the United States generally involves the following:

- completion of nonclinical laboratory and animal tests according to good laboratory practices, or GLPs, and applicable requirements for the humane use of laboratory animals or other applicable regulations;
- submission to the FDA of an IND application, which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled human clinical trials according to the FDA regulations commonly referred to as good clinical practices, or GCPs, and any additional requirements for the protection of human research subjects and their health information, to establish the safety and efficacy of the proposed biological product for its intended use or uses;

- submission to the FDA of a Biologic License Application, or BLA, for marketing approval that includes substantive evidence of safety, purity, and potency from results of nonclinical testing and clinical trials;
- satisfactory completion of an FDA pre-approval inspection of manufacturing facilities where the biological product is produced to assess compliance with good manufacturing practices, or GMPs, to assure that the facilities, methods and controls are adequate to preserve the biological product's identity, strength, quality and purity and, if applicable, the FDA's current good tissue practices, or GTPs, for the use of human cellular and tissue products to prevent the introduction, transmission or spread of communicable diseases;
- potential FDA audit of the nonclinical study sites and clinical trial sites that generated the data in support of the BLA; and
- FDA review and approval, or licensure, of the BLA, which must occur before a biological product can be marketed or sold in the United States.

U.S. Biological Products Development Process

Before testing any biological product candidate in humans, the product candidate enters the nonclinical testing stage. Nonclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the nonclinical tests must comply with federal regulations and requirements, including GLPs.

Prior to commencing the first clinical trial, the clinical trial sponsor must submit the results of the nonclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of an initial IND application. Some nonclinical testing may continue even after the IND application is submitted. The IND automatically becomes effective 30 days after receipt by the FDA unless the FDA, within the 30-day time period, raises concerns or questions about the conduct of the clinical trial and places the clinical trial on a clinical hold. In such case, the IND sponsor must resolve any outstanding concerns with the FDA before the clinical trial may begin. Further, an independent institutional review board, or IRB, for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial before it commences at that site. An IRB is charged with protecting the welfare and rights of study subjects and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the form and content of the informed consent that must be signed by each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. The FDA or IRB may impose clinical holds on a biological product candidate at any time before or during clinical trials due to safety concerns or non-compliance. If the FDA imposes a clinical hold, trials may not recommence without FDA or IRB authorization and then only under terms authorized by the FDA and IRB. Accordingly, we cannot be sure that submission of an IND application will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that will result in the suspension or termination of such trials.

Clinical trials involve the administration of the biological product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety, including stopping rules that assure a clinical trial will be stopped if certain adverse events should occur. Each protocol and any amendments to the protocol must be submitted to the FDA as part of the IND and to the IRB.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap:

- Phase I—The biological product is initially introduced into healthy human subjects and tested for safety. In the case of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients. These trials may also provide early evidence on effectiveness.
- Phase II—These trials are conducted in a limited number of patients in the target population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage. Multiple Phase II clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more expensive Phase III clinical trials.
- Phase III—Phase III trials are undertaken to provide statistically significant evidence of clinical efficacy and to further evaluate dosage, potency, and safety in an expanded patient population at multiple clinical trial sites. They are performed after preliminary evidence suggesting effectiveness of the product has been obtained, and are intended to establish the overall benefit-risk relationship of the investigational product, and to provide an adequate basis for product approval and labeling.

Post-approval clinical trials, sometimes referred to as Phase IV clinical trials, may be conducted after initial marketing approval. These trials may be required by the FDA as a condition of approval and are used to gain additional experience from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up. The FDA now has express statutory authority to require post-market clinical trials to address safety issues. All of these trials must be conducted in accordance with GCP requirements in order for the data to be considered reliable for regulatory purposes.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data, and clinical trial investigators. Annual progress reports detailing the results of the clinical trials must be submitted to the FDA. Written IND safety reports must be promptly submitted to the FDA and the investigators for serious and unexpected adverse events; any findings from other studies, tests in laboratory animals or in vitro testing that suggest a significant risk for human subjects; or any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must submit an IND safety report within 15 calendar days after the sponsor determines that the information qualifies for reporting. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information.

Phase I, Phase II, and Phase III clinical trials may not be completed successfully within any specified period, if at all. Regulatory authorities, a data safety monitoring board or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the participants are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the biological product has been associated with unexpected serious harm to patients.

Our ongoing and planned clinical trials for our product candidates may not begin or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays in:

- obtaining regulatory approval to commence a trial;
- reaching agreement with third-party clinical trial sites and their subsequent performance in conducting accurate and reliable trials on a timely basis;
- obtaining IRB approval to conduct a trial at a prospective site;
- recruiting patients to participate in a trial; and
- supply of the biological product.

Success in early stage clinical trials does not ensure success in later stage clinical trials. Data obtained from clinical activities are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the physical characteristics of the biological product as well as finalize a process for manufacturing the product in commercial quantities in accordance with GMP requirements. To help reduce the risk of the introduction of adventitious agents with the use of biological products, the PHS Act emphasizes the importance of manufacturing control for products whose attributes cannot be precisely defined. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the sponsor must develop methods for testing the identity, strength, quality, potency, and purity of the final biological product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the biological product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

In order to obtain approval to market a biological product in the United States, a BLA must be submitted to the FDA that provides data establishing to the FDA's satisfaction the safety, purity and potency of the investigational biological product for the proposed indication. The application includes all data available from nonclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's manufacture and composition, and proposed labeling, among other things. The testing and approval processes require substantial time and effort and there can be no assurance that the FDA will accept the BLA for filing and, even if filed, that any approval will be granted on a timely basis, if at all.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each BLA must be accompanied by a user fee. The FDA adjusts the PDUFA user fees on an annual basis. According to the FDA's fee schedule, effective beginning on October 1, 2013 and in effect through September 30, 2014, the user fee for an application requiring clinical data, such as a BLA, will be \$2,169,100 for fiscal year 2014. PDUFA also imposes an annual product fee for biologics (\$104,060 for fiscal year 2014), and an annual establishment fee (\$554,600 for fiscal year 2014) on facilities used to manufacture prescription biologics. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing based on the agency's threshold determination that the application is sufficiently complete to permit substantive review. The FDA may refuse to file any BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. After the BLA submission is accepted for filing, the FDA reviews the BLA to determine, among other things, whether the proposed product is safe and potent, or effective, for its intended use, and has an acceptable purity profile, and whether the product is being manufactured in accordance with GMPs to assure and preserve the product's identity, safety, strength, quality, potency, and purity, and biological product standards. The FDA may refer applications for novel biological products or biological products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and, if so, under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving a BLA, the FDA will inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with GMP requirements and adequate to assure consistent production of the product within required specifications. For a human cellular or tissue product, the FDA also will not approve the product if the manufacturer is not in compliance with the GTPs. These are FDA regulations that govern the methods used in, and the facilities and controls used for, the manufacture of human cells, tissues, and cellular and tissue based products, or HCT/Ps, which are human cells or tissue intended for implantation, transplant, infusion, or transfer into a human recipient. The primary intent of the GTP requirements is to ensure that cell and tissue based products are manufactured in a manner designed to prevent the introduction, transmission and spread of communicable disease. FDA regulations also require tissue establishments to register and list their HCT/Ps with the FDA and, when applicable, to evaluate donors through screening and testing. Additionally, before approving a BLA, the FDA may inspect one or more clinical sites to assure that the clinical trials were conducted in compliance with IND study requirements and GCPs. To assure GMP, GTP and GCP compliance, an applicant must incur significant expenditure of time, money and effort. If the FDA determines the manufacturing process or manufacturing facilities are not acceptable, it typically will outline the deficiencies and often will require the facility to take corrective action and provide documentation evidencing the implementation of such corrective action. This may significantly delay further review of the application. If the FDA finds that a clinical site did not conduct the clinical trial in accordance with GCPs, the FDA may determine the data generated by the clinical site should be excluded from the primary efficacy analyses provided in the BLA, and request additional testing or data. Additionally, notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

The FDA also has authority to require a Risk Evaluation and Mitigation Strategy, or REMS, from manufacturers to ensure that the benefits of a biological product outweigh its risks. A sponsor may also voluntarily propose a REMS as part of the BLA submission. The need for a REMS is determined as part of the review of the BLA. Based on statutory standards, elements of a REMS may include “dear doctor letters,” a medication guide, more elaborate targeted educational programs, and in some cases restrictions on distribution. These elements are negotiated as part of the BLA approval, and in some cases may delay the approval date. Once adopted, REMS are subject to periodic assessment and modification.

After the FDA completes its initial review of a BLA, it will communicate to the sponsor that the biological product will either be approved, or it will issue a complete response letter to communicate that the BLA will not be approved in its current form. The complete response letter usually describes all of the specific deficiencies in the BLA identified by the FDA. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the applicant in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application.

The FDA may not grant approval of any or all of our product candidates on a timely basis, or at all. We may encounter difficulties or unanticipated costs in our efforts to secure necessary governmental approvals, which could delay or preclude us from marketing our products. The testing and approval process for a biological product usually takes several years to complete.

One of the performance goals agreed to by the FDA under PDUFA is to review 90% of standard BLAs in 10 months and 90% of priority BLAs in six months, whereupon a review decision is to be made. The FDA does not always meet its PDUFA goal dates for standard and priority BLAs and its review goals are subject to change from time to time. The review process and the PDUFA goal data may be extended by three months if the FDA requests or the BLA applicant otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Even if a product candidate receives regulatory approval, the approval may be limited to specific disease states, patient populations and dosages, or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings, or precautions be included in the product labeling. The FDA may impose restrictions and conditions on product distribution, prescribing, or dispensing in the form of a risk management plan, or otherwise limit the scope of any approval. In addition, the FDA may require Phase IV post-marketing clinical trials, designed to further assess a biological product's safety and effectiveness, and testing and surveillance programs to monitor the safety of approved products that have been commercialized. Further, even after regulatory approval is obtained, later discovery of previously unknown problems with a product may result in the imposition of new restrictions on the product or even complete withdrawal of the product from the market. Delay in obtaining, or failure to obtain and maintain, regulatory approval for NiCord, CordIn, or our NK cell product, or obtaining approval but for significantly limited use, would harm our business.

Expedited Development and Review Programs

The FDA has a Fast Track program that is intended to facilitate the development and expedite the review of new drugs and biological products that meet certain criteria. Specifically, new drugs and biological products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition or disease and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new drug or biological may request the FDA to designate the drug or biologic as a Fast Track product at any time during the clinical development of the product. Unique to a Fast Track product, the FDA may consider for review sections of the marketing application on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the application, the FDA agrees to accept sections of the application and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the application.

Any product submitted to the FDA for marketing, including under a Fast Track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug or biological product designated for priority review in an effort to facilitate the review. Additionally, a product may be eligible for accelerated approval. Drug or biological products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval, which means that they may be approved on the basis of adequate and well-controlled clinical trials establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug or biological product receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product. Fast Track designation, priority review and accelerated approval do not change the standards for approval but may expedite the development or approval process.

The Food and Drug Administration Safety and Innovation Act of 2012 also amended the FDCA to require FDA to expedite the development and review of a breakthrough therapy. A drug or biological product can be designated as a breakthrough therapy if it is intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that it may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. A sponsor may request that a drug or biological product be designated as a breakthrough therapy at any time during the clinical development of the product. If so designated, FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather nonclinical and clinical data is as efficient as practicable, involving senior managers and experienced review staff in a cross-disciplinary review, assigning a cross-disciplinary project lead for the FDA review team to facilitate an efficient review of the development program and to serve as a scientific liaison between the review team and the sponsor, and taking steps to ensure that the design of the clinical trials is as efficient as practicable.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration, and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. Patent term restoration can compensate for time lost during product development and the regulatory review process by returning up to five years of patent life for a patent that covers a new product or its use. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The period of patent term restoration is generally one-half the time between the effective date of an IND (falling after issuance of the patent) and the submission date of a BLA, plus the time between the submission date of the BLA and the approval of that application, provided the sponsor acted with diligence. Only one patent applicable to an approved biological product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The application for patent term extension is subject to approval by the U.S. Patent and Trademark Office, or USPTO, in consultation with the FDA. A patent term extension is only available when the FDA approves a biological product for the first time.

A biological product can obtain pediatric market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

An abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product was created by the Biologics Price Competition and Innovation Act of 2009, which was part of the Patient Protection and Affordable Care Act, or PPACA, signed into law on March 23, 2010. This amendment to the PHS Act attempts to minimize duplicative testing. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical trial or trials. Interchangeability requires that a biological product is biosimilar to the reference biological product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the product and the reference product may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biological product. However, complexities associated with the larger, and often more complex, structure of biological products, as well as the process by which such products are manufactured, pose significant hurdles to implementation that are still being worked out by the FDA.

A reference biological product is granted twelve years of exclusivity from the time of first licensure of the reference product. On April 10, 2013, President Obama released his proposed budget for fiscal year 2014 and proposed to cut this twelve year period of exclusivity down to seven years. He also proposed to prohibit additional periods of exclusivity for brand biological products due to minor changes in product formulation, a practice often referred to as “evergreening.” The first biological product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against other biologics submitting under the abbreviated approval pathway for the lesser of (i) one year after the first commercial marketing, (ii) 18 months after approval if there is no legal challenge, (iii) 18 months after the resolution in the applicant’s favor of a lawsuit challenging the biologic’s patents if an application has been submitted, or (iv) 42 months after the application has been approved if a lawsuit is ongoing within the 42-month period.

FDA Post-Approval Requirements

Maintaining substantial compliance with applicable U.S. federal, state, and local, and non-U.S. statutes and regulations requires the expenditure of substantial time and financial resources. Rigorous and extensive FDA regulation of biological products continues after approval, particularly with respect to cGMP. We currently rely, on third parties for the production of clinical and commercial quantities of any products that we may commercialize until the transfer of production to our facilities in Jerusalem. Manufacturers of our products are required to comply with applicable requirements in the cGMP regulations, including quality control and quality assurance and maintenance of records and documentation. We cannot be certain that we or our present or future suppliers will be able to comply with the cGMP and other FDA regulatory requirements. Other post-approval requirements applicable to biological products include reporting of cGMP deviations that may affect the identity, potency, purity and overall safety of a distributed product, record-keeping requirements, reporting of adverse effects, reporting updated safety and efficacy information, and complying with electronic record and signature requirements. After a BLA is approved, the product also may be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer’s tests performed on the lot. The FDA also may perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency, and effectiveness of biological products.

Discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements, by us or our suppliers, may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions and adverse publicity. FDA sanctions could include refusal to approve pending applications, suspension or revocation of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Biological product manufacturers and other entities involved in the manufacture and distribution of approved biological products are required to register their facilities with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with GMPs and other laws. In addition, changes to the manufacturing process or facility generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

Labeling, Marketing and Promotion

The FDA closely regulates the labeling, marketing and promotion of biological products, including direct-to-consumer advertising, promotional activities involving the internet, and industry-sponsored scientific and educational activities. While doctors are free to prescribe any product approved by the FDA for any use, a company can only make claims relating to safety and efficacy of a biological product that are consistent with FDA approval, and the company is allowed to market a biological product only for the particular use and treatment approved by the FDA. In addition, any claims we make for our products in advertising or promotion must be appropriately balanced with important safety and risk information and otherwise be adequately substantiated. Failure to comply with these requirements can result in adverse publicity, warning letters, corrective advertising, injunctions, potential civil and criminal penalties and exclusion from government healthcare programs.

Orphan Designation

We have been granted orphan designation in the United States and in the European Union for StemEx for the treatment of high risk hematological malignancies. We plan to apply for an orphan drug designation for NiCord in the United States and in the European Union.

Under the U.S. Orphan Drug Act, the FDA may grant orphan designation to biological products intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making a biological product in the United States for this type of disease or condition will be recovered from sales of the product. Orphan designation must be requested before submitting a BLA. After the FDA grants orphan designation, the identity of the applicant, as well as the name of the therapeutic agent and its designated orphan use, are disclosed publicly by the FDA. Orphan designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

If a biological product that receives orphan designation is the first such product approved by FDA for the orphan indication, it receives orphan product exclusivity, which for seven years prohibits the FDA from approving another application to market the same product for the same indication. Orphan product exclusivity will not bar approval of another product under certain circumstances, including if the new product is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or if the company with the orphan product exclusivity is unable to meet market demand. More than one product may also be approved by the FDA for the same orphan indication or disease as long as the products are different. As a result, even in any indication for which any of our products has been granted orphan designation, the FDA can still approve different products for use in treating the same indication or disease covered by our product, which could create a more competitive market for us. Additionally, competitors may obtain approval for the same product but for a different indication for which the orphan product has exclusivity. Orphan product exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval of the same biological product as defined by the FDA first or if our product candidate is determined to be contained within the competitor's product for the same indication or disease. If a biological product designated as an orphan product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan product exclusivity.

Orphan drug status in the European Union has similar, but not identical, benefits. Sponsors who obtain orphan designation benefit from a number of incentives, including protocol assistance, a type of scientific advice specific for designated orphan medicines, and market exclusivity once the medicine is on the market. Fee reductions are also available depending on the status of the sponsor and the type of service required. Sponsors must submit an annual report on development to the EMA, summarizing the status of development of the medicine. Applications for marketing authorization for designated orphan medicines are assessed by the Committee for Medicinal Products for Human Use (CHMP). Sponsors also need to submit an application for maintenance of the orphan designation in order to be eligible for the 10-year market exclusivity incentive.

Pediatric Research Equity Act

Under the Pediatric Research Equity Act, or PREA, a BLA or BLA supplement must contain data to assess the safety and effectiveness of the biological product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The intent of PREA is to compel sponsors whose products have pediatric applicability to study those products in pediatric populations, rather than ignoring pediatric indications for adult indications that could be more economically desirable. The FDA may grant deferrals for submission of data or full or partial waivers. By its terms, PREA does not apply to any biological product for an indication for which orphan designation has been granted, unless the FDA issues regulations saying otherwise. Because the FDA has not issued any such regulations, submission of a pediatric assessment is not required for an application to market a product for an orphan-designated indication.

Anti-Kickback and False Claims Laws

In the United States, the research, manufacturing, distribution, sale and promotion of biological products are potentially subject to regulation and oversight by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare & Medicaid Services, other divisions of the U.S. Department of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice, state Attorneys General, and other federal, state and local government agencies. For example, sales, marketing and scientific/educational grant programs must comply with the Anti-Kickback Statute, as amended, the federal False Claims Act, as amended (the False Claims Act), the privacy regulations promulgated under the Health Insurance Portability and Accountability Act, or HIPAA, and similar state laws. Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act of 1990, as amended, and the Veterans Health Care Act of 1992, as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to other federal and state laws including consumer protection and unfair competition laws.

As noted above, in the United States, we are subject to complex laws and regulations pertaining to healthcare “fraud and abuse,” including, but not limited to, the Anti-Kickback Statute, the False Claims Act, and other state and federal laws and regulations. The Anti-Kickback Statute makes it illegal for any person, including a biological product manufacturer (or a party acting on its behalf) to knowingly and willfully solicit, receive, offer, or pay any remuneration that is intended to induce the referral of business, including the purchase or order of an item for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties, and exclusion from participation in federal healthcare programs. In addition, many states have adopted laws similar to the Anti-Kickback Statute. Some of these state prohibitions apply to the referral of patients for healthcare services reimbursed by any insurer, not just federal healthcare programs such as Medicare and Medicaid. Due to the breadth of these federal and state anti-kickback laws and the potential for additional legal or regulatory change in this area, it is possible that our future sales and marketing practices or our future relationships with physicians might be challenged under anti-kickback laws, which could harm us. Because we intend to commercialize products that could be reimbursed under a federal healthcare program and other governmental healthcare programs, we plan to develop a comprehensive compliance program that establishes internal controls to facilitate adherence to the rules and program requirements to which we will or may become subject.

The False Claims Act prohibits anyone from, among other things, knowingly presenting, or causing to be presented, for payment to federal programs (including Medicare and Medicaid) claims for items or services, including biological products, that are false or fraudulent. Although we likely would not submit claims directly to payers, manufacturers can be held liable under these laws if they are deemed to “cause” the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to customers or promoting a product off-label. In addition, our future activities relating to the reporting of wholesaler or estimated retail prices for our products, the reporting of prices used to calculate Medicaid rebate information and other information affecting federal, state, and third-party coverage and reimbursement for our products, and the sale and marketing of our products, are subject to scrutiny under this law. For example, pharmaceutical companies have been prosecuted under the False Claims Act in connection with their off-label promotion of drugs. Penalties for a False Claims Act violation include three times the actual damages sustained by the government, plus mandatory civil penalties of between \$5,500 and \$11,000 for each separate false claim, the potential for exclusion from participation in federal healthcare programs, and, although the federal False Claims Act is a civil statute, conduct that results in a False Claims Act violation may also implicate various federal criminal statutes. If the government were to allege that we were, or convict us of, violating these false claims laws, we could be subject to a substantial fine and may suffer a decline in our stock price. In addition, private individuals have the ability to bring actions under the False Claims Act and certain states have enacted laws modeled after the False Claims Act.

There are also an increasing number of state laws that require manufacturers to make reports to states on pricing and marketing information as well as preclude certain marketing expenditures. Many of these laws contain ambiguities as to what is required to comply with the laws. In addition, beginning in August 2013, a similar federal requirement will require manufacturers to track and report to the federal government certain payments made to physicians and teaching hospitals made in the previous calendar year. These laws may affect our sales, marketing, and other promotional activities by imposing administrative and compliance burdens on us. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state, and soon federal, authorities.

Patient Protection and Affordable Health Care Act

In March 2010, the Patient Protection and Affordable Health Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively PPACA, was enacted, which includes measures that have or will significantly change the way health care is financed by both governmental and private insurers in the United States. The fees, discounts and other provisions of this law are expected to have a significant negative effect on the profitability of pharmaceuticals.

Many of the details regarding the implementation of PPACA are yet to be determined, and at this time, it remains unclear the full effect that PPACA would have on our business.

Corruption Laws

The U.S. Foreign Corrupt Practices Act and similar anti-corruption laws of other countries generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business, or obtaining an unfair advantage. In recent years, there has been a substantial increase in the global enforcement of anti-corruption laws. Our non-U.S. operations and our expansion into additional countries outside the United States, including in developing countries, could increase the risk of such violations. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business, and could adversely affect our reputation, business and results of operations or financial condition.

Israel

Environmental Permit

We have received a permit from the Israeli Ministry for Environmental Protection for the handling and shipment of environmental toxins, subject to periodic inspection by the Ministry. This permit is valid through July 25, 2014. The Company intends to renew this permit. We estimate that the expenses required in order to meet these requirements will not be material.

Clinical Testing in Israel

In order to conduct clinical testing on humans in Israel, special authorization must first be obtained from the ethics committee and general manager of the institution in which the clinical studies are scheduled to be conducted, as required under the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects), as amended from time to time, and other applicable legislation. These regulations require authorization by the institutional ethics committee and general manager as well as from the Israeli Ministry of Health, except in certain circumstances, and in the case of genetic trials, special fertility trials and complex clinical trials, an additional authorization of the Ministry of Health's overseeing ethics committee. The institutional ethics committee must, among other things, evaluate the anticipated benefits that are likely to be derived from the project to determine if it justifies the risks and inconvenience to be inflicted on the human subjects, and the committee must ensure that adequate protection exists for the rights and safety of the participants as well as the accuracy of the information gathered in the course of the clinical testing. Since we intend to perform a portion of the clinical studies on certain of our therapeutic candidates in Israel, we will be required to obtain authorization from the ethics committee of each institution in which we intend to conduct our clinical trials, and in most cases, from the Israeli Ministry of Health.

Other Regulations

We are subject to numerous Israeli and U.S. federal, state, and local laws and laws of other jurisdictions in which we conduct operations, relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

Employees

We currently have 32 full-time employees and 2 part-time employees. Most of our employees have advanced degrees (mostly B.Sc. or M.Sc.) as well as six researchers with a PhD and/or MD. We consult with leading experts regarding the scientific and clinical aspects of our activities and convene an advisory board ad hoc as needed. We believe that we maintain good relations with all of them.

As of December 31, 2013, we had 32 employees, of whom 12 were employed in research and development, 7 in production and quality assurance, 5 in clinical and regulatory affairs, 1 project manager, and 6 in finance and administration in addition to our chief executive officer. As of December 31, 2012, we had 38 employees, of whom 14 were employed in research and development, 7 in clinical and regulatory affairs, 2 project managers, 6 in finance and administration, and 9 in production and quality assurance. As of December 31, 2011, we had 38 employees, of whom 14 were employed in research and development, 7 in clinical and regulatory affairs, 2 project managers, 6 in finance and administration, and 8 in production and quality assurance. All of our employees are based in Israel.

We and our Israeli employees are not parties to any collective bargaining agreements. However, in Israel we are subject to certain Israeli labor laws, regulations, and national labor court precedent ruling, as well as certain provisions of certain collective bargaining agreements applicable to us by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Economy and which apply such agreements' provisions to our employees even though they are not directly part of a union that has signed a collective bargaining agreement, and as they are in effect from time to time with respect to our Israeli employees. Generally, we provide our employees with benefits and working conditions beyond the legally required minimums.

Israeli law generally and applicable extension orders require severance pay upon the retirement or death of an employee or termination without due cause, payment to pension funds or similar funds in lieu thereof and require us and our employees to make payments to the National Insurance Institute, which is similar to the U.S. Social Security Administration. Such amounts also include payments by the employee for mandatory health insurance.

Substantially all of our employment agreements include employees' undertakings with respect to non-competition, assignment to us of intellectual property rights developed in the course of employment and confidentiality. The employment agreements of our employees include a waiver of royalties related to intellectual property generated by the employee during his employment; however, in view of recent Israeli case law, these waivers may be deemed insufficient and our employees could be able to assert claims for compensation with respect to our future revenue. In addition, the enforceability of non-competition undertakings is limited by Israeli law.

To date, we have not experienced labor-related work stoppages and believe that our relations with our employees are good.

During the years ended December 31, 2013, 2012 and 2011, we did not employ a significant number of temporary employees.

Property and Facilities

Our headquarters is currently located in Jerusalem, Israel and consists of approximately 1,236 square meters of leased office space under a lease that expires in June 30, 2015, with an option for extension of an additional five years. We believe that our existing facilities are adequate to meet our current needs and that suitable additional alternative spaces will be available in the future on commercially reasonable terms.

Legal Proceedings

We are not currently subject to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers, key employees, and directors as of the date of this prospectus. Unless otherwise noted below, the address for each of our directors and executive officers is c/o Gamida Cell Ltd., 5 Nahum Hafzadi Street, Jerusalem 95484, Israel.

Name	Age	Position
Ruben Krupik		Chairman of the Board of Directors
Dr. Yael Margolin		President and Chief Executive Officer, Director
Naftali Brikashvili		Chief Financial Officer
Mordechay Zisser		Director
Dr. Hadar Ron		Director
Tony Peled		Chief Scientific Officer and Vice President of Research & Development
Dorit Harati		Vice President of Quality Assurance
Dr. David Snyder		Vice President of Clinical and Regulatory Affairs

The Company intends to add two additional members to our board of directors promptly after the closing of this offering. These directors will be “independent directors” and “external directors” as contemplated by the NASDAQ Listing Rules and Israeli law, respectively. The Company will also establish an Audit Committee and form a new Compensation Committee immediately following consummation of this offering.

Ruben Krupik — Chairman of the Board of Directors

Ruben Krupik has served as a director of Gamida Cell since 2004, and as Chairman of our Board of Directors since July 2004. He is the Chief Executive Officer of Clal Biotechnology Industries Ltd. (CBI), an Israeli public holding company and shareholder of Gamida Cell specializing in investment in biotechnology and medical device companies. Mr. Krupik has served as the Chief Executive Officer of ARTE Venture Group Ltd., a management investment firm, since 2003. Mr. Krupik also currently serves as chairman and board member on the boards of directors of several Israeli companies, including CureTech Ltd., MediWound Ltd., and Andromeda Biotech Ltd. He previously served as Chairman of BioCancell Therapeutics from 2011 to 2012 and D-Pharm Ltd. from 2003 to 2012, and served on the board of directors of BioCancell Therapeutics, Inc. from 2011 to 2012. From 1982 to 1990, Mr. Krupik held several senior positions at Tadiran Telecommunication Group where he accrued extensive experience in high-tech management. Mr. Krupik holds an LL.B. from Tel Aviv University and a B.A. in economics and political science from the Hebrew University of Jerusalem. We believe that Mr. Krupik’s extensive experience in business, management and investments in the pharmaceutical industry qualifies him to be a director and Chairman of the Board of Directors of our company.

Yael Margolin — President & Chief Executive Officer

Dr. Yael Margolin is the president and Chief Executive Officer of Gamida Cell and has served on the board of directors of Gamida Cell since 2005. From 1998 to 2004, Dr. Margolin served as vice president of Denali Ventures LLC, a venture capital firm, where she specialized in investments in pharmaceutical and biotechnology companies. From 1991 to 1998, Dr. Margolin worked at Teva, where she was responsible for new product initiatives, evaluation of investment opportunities for the R&D division, and multiple drug development programs. Dr. Margolin holds a Ph.D. in Biology from the Weizmann Institute of Science and was a post-doctoral associate at the Yale University School of Medicine. Dr. Margolin was chosen to serve as president and Chief Executive Officer of Gamida Cell on the basis of her extensive experience in diverse aspects of the biotechnology industry. These qualifications, as well as her role as Chief Executive Officer of our company, were the basis for choosing her to serve as a director of Gamida Cell.

Naftali Brikashvili — Chief Financial Officer

Naftali Brikashvili has served as Chief Financial Officer of Gamida Cell since 2008 after serving as Finance Manager of Gamida Cell since April 2000. From January 1996 to December 1996 Mr. Brikashvili served as the finance manager at Donna Engineering and Construction and from January 1997 to December, 1999 as the finance manager at Mertens Hoffman Software & Logistics. Mr. Brikashvili holds a B.A. in accounting & economics from the Hebrew University of Jerusalem and an LL.M. degree from Bar Ilan University. Mr. Brikashvili earned his CPA license in 1996.

Mordechay Zisser — Director

Mordechay Zisser has served as a director of Gamida Cell since January 2002. Mr. Zisser also served as executive president of Elbit Imaging, where he chaired the board of directors from 1999-2009. Mr. Zisser has served as President and Chairman of the board of directors of Europe-Israel since March 1998 and as President and Chairman of the board of directors of Control Centers since 1983. Mr. Zisser has also served as Executive Chairman of the board of directors of Plaza Centers since October 2006. Mr. Zisser is active in charitable organizations and is a member of the management of the “Oranit” guest home for children with cancer. Mr. Zisser was chosen to serve as a director of Gamida Cell on the basis of his vast business experience, including venture capital investments in the hi-tech, medical and bio-technology industries.

Hadar Ron — Director

Dr. Hadar Ron has served as a director of Gamida Cell since 2006. Dr. Ron is the managing director of Israel Healthcare Ventures, Ltd. (IHCV), a venture capital fund focused on investing in Israeli and Israel related companies in the field of medical devices, biotechnology, pharmaceutical and medical-related IT. She has served as a member of boards of directors of the following medical companies: Syneron Medical Ltd., OrSense Ltd., GI View Ltd., Gamida Cell Ltd., Home Skinovations Ltd., Argo Medical Technologies Ltd., Optonol Ltd., Ikonisys Inc. and others. Dr. Ron holds M.D. and LL.B. degrees from Tel Aviv University and studied at the School of Business Administration at Tel Aviv University and in advanced courses at Boston University School of Medicine. Dr. Ron was chosen to serve as a director of Gamida Cell on the basis of her extensive legal, medical, and business experience in the fields of healthcare and venture capital investments.

Tony Peled — Chief Scientific Officer and Vice President of Research & Development

Tony Peled has served as Chief Scientific Officer and Vice President of Research & Development at Gamida Cell since 2007. Ms. Peled has assisted with research and development activities leading to Gamida Cell's key patents, and is leading the development of Gamida Cell's various novel technologies and pipeline of products. Prior to founding Gamida Cell, she was a scientist at the Hematology Department, Hadassah University Hospital, Jerusalem, Israel and has 15 years of experience in hematopoiesis and stem cell research. Ms. Peled holds a M.Sc. in Biology from the Hebrew University of Jerusalem.

Dorit Harati — Vice President, Quality Assurance

Dorit Harati has served as Vice President for Quality Assurance at Gamida Cell since 2008. Ms. Harati has 25 years of experience in the pharmaceutical and biotechnology industries. Prior to joining Gamida Cell, Ms. Harati served as the director of the quality control laboratories at Perio Products Ltd., a pharmaceutical company, from 1989 to 2000. Ms. Harati holds a B.Sc. in Chemistry from the Hebrew University of Jerusalem.

David Snyder — Vice President, Clinical Development and Regulatory Affairs

David Snyder has served as Vice President for Clinical and Regulatory Affairs at Gamida Cell since 2008. Dr. Snyder has served on the senior management teams of international pharmaceutical and biotechnology companies in the United States and Israel. Dr. Snyder earned a Ph.D. in medical biochemistry from the Hebrew University of Jerusalem and performed his post-doctoral work in neurobiology at Duke University.

Arrangements Concerning Election of Directors; Family Relationships

Our Articles of Association in effect prior to the consummation of this offering provide that each holder of 15% or more of our issued share capital has the right to appoint one director to our board of directors. Pursuant to this provision, Elbit Cord Blood Limited Partnership, Clal Biotechnology Industries Ltd., and Israel Healthcare Ventures 2 LP Incorporated appointed Mordechai Zisser, Ruben Krupik, and Hadar Ron, respectively.

There are no family relationships among our executive officers and directors.

Corporate Governance Practices

As an Israeli company issuing shares to the public, we are subject to various corporate governance requirements under Israeli law relating to such matters as the election of external directors, and the appointment of an audit committee, a compensation 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 applicable provisions of U.S. securities laws to which we are subject. 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—Risks Related to an Investment in Our Ordinary Shares” and “Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices.”

Board Practices

Board of Directors

Under the Israeli Companies Law, our Board of Directors is responsible for our strategy and policies and for oversight over our business. 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 her. All other executive officers are appointed by our Chief Executive Officer, and are subject to the terms of any applicable employment agreements that we may enter into with them.

Currently, our Board of Directors consists of four directors. Under our amended and restated articles of association, which will be effective upon the consummation of this offering and which we refer to as our “amended and restated articles of association”, our Board of Directors must consist of no less than 4 and not more than 7 directors, including at least two external directors required to be appointed under the Israeli Companies Law. We intend that upon consummation of this offering our Board of Directors will consist of 7 directors, including two external directors who will be appointed to our Board of Directors with the intent of proposing their nomination to our shareholders for ratification as external directors. We have only one class of directors. Our amended and restated articles of association will include a provision which provides that our Chief Executive Officer shall be a director, ex-officio.

Other than external directors, for whom special election requirements and terms of office apply under the Israeli Companies Law as detailed below, and our Chief Executive Officer who shall serve as a director ex-officio as set forth in our amended and restated articles of association, our directors shall each be elected at a general meeting of our shareholders and serve for a term of roughly one year. Directors so elected may nevertheless be removed prior to the end of their term by the majority of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, all in accordance with the Israeli Companies Law and our amended and restated articles of association. The service of our Chief Executive Officer as a director of the Company shall cease when such service as Chief Executive Officer ceases.

In addition, our amended and restated articles of association will allow our Board of Directors to appoint directors, other than external directors, to fill vacancies on our Board of Directors, for a term of office which shall continue until the next annual meeting following his or her appointment. External directors are elected for an initial term of three years and may be elected for up to two additional three-year terms (or more) 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 below under “External Directors”.

In accordance with the exemption available to foreign private issuers under NASDAQ rules, we do not follow the requirements of the NASDAQ rules with regard to the process of nominating directors, and instead, follow Israeli law and practice, in accordance with which our Board of Directors (or a committee thereof or a certain number of directors serving thereon) 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 added to the agenda of a future general meeting, upon the request of any one or more shareholders holding at least one percent (1%) of our outstanding voting power. Furthermore, under the Companies Law, any one or more shareholders holding, in the aggregate (i) 5% of our outstanding shares and 1% of our outstanding voting power or (ii) 5% of our outstanding voting power, may request the Board of Directors to summon a general meeting in order to nominate one or more persons for election as directors at a special meeting. However, any such shareholder may make such a nomination only if a written notice of such shareholders’ intent to make such nomination has been given to the chairman of the board (or, if we have no such chairman of our Board of Directors, our chief executive officer). Any such notice must include certain information we are required under the Israeli Companies Law to provide to our shareholders, 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, sufficient to 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 will, prior to consummation of this offering determine the required number of directors with such expertise, and will identify the board members who have such expertise.

Under the Israeli Companies Law, a company whose shares are publicly traded, including on the NASDAQ Capital Market, is required to include on its board of directors at least two members elected to serve as external directors. We intend to nominate two external directors prior to 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. These external directors would also generally meet the independence requirements for independent directors under Nasdaq rules.

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 parties who do not otherwise have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling party) that are voted at the meeting, excluding for such purpose any abstentions. We refer to this majority as a disinterested majority; or
- the total number of shares held by non-controlling disinterested shareholders (as described in the previous bullet-point) that voted against the election of the director does not exceed two percent (2%) of the aggregate voting rights in the Company.

The term controlling party is defined in the Israeli Companies Law as a shareholder with the ability to direct the activities of a company, other than by virtue of being an office holder. A shareholder is in any case deemed to be a controlling party if the shareholder holds 50% or more of the means of control, which include the right to vote at a shareholders meeting and the right to appoint the directors of a company or its general manager. In connection with approval procedures of certain extraordinary and interested party transactions, as well as corporate approval of executive compensation, by shareholders, any shareholder (or group of shareholders having interest in the same matter being brought for approval) who holds in the aggregate 25% or more of the means of control if no other shareholder holds more than 50% of the voting rights, is deemed a controlling party.

The term personal interest is defined in the Israeli Companies Law as: (1) a person's personal interest in the approval of an act or a transaction of the Company, including (i) the personal interest of his or her relative (which includes for these purposes any members of his/her (or his/her spouse's) immediate family or the spouses of any such members of his or her (or his/her spouse's) immediate family); and (ii) a personal interest of a body corporate in which a person or any of his/her aforementioned relatives serves as a director or the chief executive officer, owns at least 5% of its issued share capital or its voting rights or has the right to appoint a director or chief executive officer, but excluding a personal interest arising solely from the mere holding of shares in a company or in a body corporate.

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) (1) her or his service for each such additional term is recommended by one or more shareholders holding in aggregate at least one percent (1%) of the Company's voting rights and is approved at a shareholders meeting by a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling party) that are voted at the meeting, excluding for such purpose any abstentions, 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, and (2) the external director who has been nominated in such fashion by the shareholders is not a linked or competing shareholder, and does not have or has not had, on or within the two years preceding the date of such person's appointment to serve another term as external director, any affiliation with a linked or competing shareholder. The term "linked or competing shareholder" means the shareholder(s) who nominated the external director for reappointment or a shareholder of the company holding more than 5% of the company's issued share capital or its voting rights, provided that at the time of the reappointment, such shareholder(s) of the company, the controlling shareholder of such shareholder(s) of the company, or a company under such shareholder(s) of the company's control, has a business relationship with the company or is a competitor of the company; or (ii) her or his service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same non-controlling and disinterested majority required for the initial election of an external director (as described above). The term of office of external directors of Israeli companies traded on certain foreign stock exchanges, including the NASDAQ Capital Market, may be further extended, indefinitely, in increments of additional three-year terms, in each case provided that, in addition to reelection in such manner described above, (i) the audit committee and subsequently 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 is beneficial to the Company, and (ii) prior to the approval of the reelection of the external director, the Company's shareholders have been informed of the term previously served by such nominee and of the reasons why the board of directors and audit committee recommended the extension of such nominee's 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 as soon as possible to appoint a replacement external director. Each committee of the board of directors that is authorized to exercise the powers of the board of directors must include at least one external director, except that the audit committee and compensation committee must each 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 for their services as external directors, other than compensation and reimbursement of expenses pursuant to applicable regulations promulgated under the Companies Laws. 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 party of a 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 a company, with any person or entity who is a controlling party of a company at the date of appointment or a relative of such person, or with any entity controlled, during the two years preceding the date of appointment as an external director, by a company or a controlling party of a company; or (b) in the case of a company with no controlling party, any affiliation or other prohibited relationship with a person serving, at the date of appointment as external director, 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 under the Israeli Companies Law 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;
- 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 be nominated to serve as an external director following the initial public offering.

The term office holder is defined under the Israeli Companies Law as the general manager (chief executive officer), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, a director, or a manager directly subordinate to the general manager. This term would include each of our executive officers.

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 for his or her role as a director, other than 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 with any direct or indirect benefit by the Company, its controlling party or any entity under its controlling party's control. This includes appointment as an office holder of the Company or a company controlled by its controlling party, employment as an employee, or receipt of professional services for consideration, either directly or indirectly, including through a corporation in his or her control. These restrictions extend 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, who are not controlling parties or relatives thereof, 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.

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 degree or has completed other higher education, in the main field of business of the Company or a field relevant for the position, or (iii) at least five years of experience as one of the following, or at least five years accumulated experience as two or more of the following: (a) a senior officer in the business management of a company with a significant volume of business, (b) a senior public officer or senior position in the public service, and (c) a senior position in the Company's main line of business.

In accordance with the Israeli Companies Law and our amended and restated articles of association, our Board of Directors is required to appoint one of its members to serve as Chairman of our Board of Directors. Our Board of Directors has appointed Ruben Krupik to serve as Chairman of our Board of Directors.

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 each 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, any director employed by or otherwise providing services on a regular basis to the Company, to a controlling party or to any entity controlled by a controlling party, any director whose main livelihood is dependent on a controlling party, nor a controlling party or a relative thereof.

Under 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, classified as an “unaffiliated director” by the Company, 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 requirement does not in any event apply to external directors at public 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 the audit committee of the company confirmed such qualifications with respect to the proposed unaffiliated director; 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.

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 be assured that the accountants are independent of management.

Under the Israeli Companies Law, the role of our audit committee is: (i) to identify deficiencies in the management of our business, including in consultation with the internal auditor and our independent auditors, and to suggest appropriate courses of action to amend such deficiencies; (ii) to define whether certain acts and transactions that involve conflicts of interest are material and to define whether transactions that involve interested parties are extraordinary or not, and to approve such transactions (which may be approved according to certain criteria set out by our audit committee on an annual basis) (see “Corporate Governance Practices—Approval of Related Party Transactions under Israeli Law”); (iii) to establish procedures to be followed in respect of related party transactions with a controlling shareholder (where such transactions are not extraordinary transactions), which may include, where applicable, the establishment of a competitive process for such transaction, under the supervision of the audit committee, or whomever it designates for this purpose, in accordance with criteria determined by the audit committee; (iv) to determine procedures for approving certain related party transactions with a controlling shareholder, which having been determined by the audit committee not to be extraordinary transactions, were also determined by the audit committee not to be negligible transactions; (v) to examine the performance of our internal auditor and whether he is provided with the required resources and tools necessary for him to fulfill his role, considering, among others, the Company’s size and special needs, and to review his annual plan and approve it should the Company’s articles of association require the approval of the Board for such plan; (vi) to oversee and approve the retention, performance and compensation of our independent auditors and to establish and oversee the implementation of procedures concerning our systems of internal accounting and auditing control; and (vi) to set procedures for handling of complaints made by Company’s employees in connection with management deficiencies and the protection to be provided to such employees.

Our Audit Committee will also approve our financial statements in accordance with NASDAQ rules. 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 including at least one external director, the majority of which are unaffiliated directors, and it further complies with the committee composition set forth above.

Audit Committee—Charter

Our Board of Directors intends to adopt an audit committee charter immediately following consummation of this offering 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 subjecting the audit committee charter to the requirements under the Israeli Companies Law, as described below.

Audit Committee—NASDAQ Requirements

Under the NASDAQ Marketplace Rules, we are required to maintain an audit committee consisting of at least three members, all of whom are independent directors and financially literate, and one of whom has accounting or related financial management expertise.

Compensation Committee

We chose 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, and, 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), we will have a compensation committee in compliance with the Israeli Companies Law. See "Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices." However, all of the current members of our compensation committee are independent.

Under the Israeli Companies Law, the board of directors of a public company must appoint a compensation committee. The compensation committee must be comprised of at least three directors, including each of the external directors, which shall be a majority of the members of the compensation committee and one of whom must serve as chairman of the committee. However, subject to certain exceptions, Israeli companies whose securities are traded on stock exchanges such as NASDAQ, and who do not have a controlling party, do not have to meet this majority requirement; provided, however, that the compensation committee meets other Companies Law composition requirements, as well as the requirements of the non-Israeli jurisdiction where the company's securities are traded. Other than the external directors, the rest of the members of the compensation committee shall be directors who will receive compensation for their role as directors only in accordance with Israeli Companies Law regulations applicable to the compensation of external directors, or amounts paid pursuant to indemnification and/or exculpation contracts or commitments and insurance coverage.

The compensation committee may not include the chairman of the board, any director employed by or otherwise providing services on a regular basis to the Company, to a controlling party or to any entity controlled by a controlling party, any director whose main livelihood is dependent on a controlling party, nor a controlling party or a relative thereof.

We intend to form and name the composition of our Compensation Committee following the consummation of this offering.

Under the Israeli Companies Law, our compensation committee is responsible for: (i) making recommendations to the board of directors with respect to the approval of an executive compensation policy and any extensions thereto; (ii) periodically reviewing the implementation of the compensation policy, which we refer to as the “compensation policy”, and providing the board of directors with recommendations with respect to any amendments or updates thereto; (iii) reviewing and resolving whether or not to approve transactions with respect to the terms of office and employment of office holders; and (iv) determining whether or not to exempt a transaction with a candidate for chief executive officer from shareholder approval.

Under the Israeli Companies Law, a company’s compensation policy must generally serve as the basis for corporate approvals with respect to the financial terms of employment or engagement of office holders, including exemption, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company’s objectives, the company’s business plan and its long-term strategy, and creation of appropriate incentives for office holders. It must also consider, among other things, the company’s risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant office holder;
- the office holder’s roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average compensation of the other employees of the company, including those employed through manpower companies;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the company’s performance during that period of service, the person’s contribution towards the company’s achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;

- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

Compensation Committee—Charter

Our board of directors will adopt a compensation committee charter immediately following consummation of this offering setting forth the responsibilities of the committee, subjecting the compensation committee charter to the requirements under the Israeli Companies Law, as described above.

Compensation Committee—NASDAQ Requirements

Upon consummation of this offering, a majority of the members of our Board of Directors will be independent under the listing standards of the NASDAQ Capital Market.

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 "Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices."

We do not have service contracts with any of our directors, except for our Chief Executive Officer, Dr. Yael Margolin. 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.

NASDAQ Listing Rules and Home Country Practices

The Sarbanes-Oxley Act, as well as related rules subsequently implemented by the SEC, require foreign private issuers, such as us, to comply with various corporate governance practices. In addition, following the listing of our ordinary shares on the NASDAQ Capital Market, we are required 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, we have elected 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 periodic 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 periodic 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 currently 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 or our CEO who will serve as a director ex-officio, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting following one year from his or her election. 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. Nominations may also be made by one or more of our shareholders, as will be provided in our amended and restated articles of association, or under the Israeli Companies Law.
- *Compensation of officers.* 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 an executive officer's 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 Compensation Committee and our Board of Directors, and in certain circumstances by our shareholders, either in accordance with the compensation policy which will be approved by our shareholders or, in special circumstances deviating from that policy, taking into account certain considerations stated in the Israeli Companies Law.

Shareholder approval is generally required for officer holder compensation in any of the following events: (i) approval by our Board of Directors and our Compensation Committee is not consistent with our compensation policy, or (ii) compensation required to be approved is that of our chief executive officer who is not a director or an executive officer who is also the controlling party of our company (including an affiliate thereof). Such shareholder approval shall require a majority vote of the shares present and voting at a shareholders meeting, provided either (i) such majority includes a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the compensation arrangement that are voted at the meeting, excluding for such purpose any abstentions, or (ii) the total shares held by non-controlling and disinterested shareholders voted against the arrangement does not exceed two percent (2%) of the voting rights in our company.

Additionally, approval of the compensation of a director, or an executive officer who is also a director, shall generally require a simple majority vote of the shares present and voting at a shareholders meeting, if consistent with our office holders compensation policy or a special majority as set forth above if the proposed compensation for the director is inconsistent with our compensation policy. Our Compensation Committee and Board of Directors may, in special circumstances, approve the compensation of an executive officer (other than a director or a controlling party) or approve the compensation policy despite shareholders' objection, based on specified arguments and taking shareholders' objection into account. Our Compensation Committee may exempt an engagement with a nominee for the position of chief executive officer, who meets the non-affiliation requirements set forth for an external director, from requiring shareholders' approval, if such engagement is consistent with our compensation policy and our Compensation Committee determines based on specified arguments that presentation of such engagement to shareholders' approval is likely to prevent such engagement. To the extent that any such transaction with a controlling party is for a period extending beyond three years, approval is required once every three years.

A director or executive officer may not be present when the board of directors of a company discusses or votes upon the terms of his or her compensation, unless the chairman of the board of directors 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), and rather requires 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 Listing Rule, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares 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 shares leading to a change of control; (iii) adoption or amendment of equity compensation arrangements; and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (or via sales by directors, officers or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. By contrast, under the Israeli Companies Law, shareholder approval is required for, among other things: (i) transactions with directors concerning the terms of their office or with respect to their indemnification, exemption and insurance (whether as directors or in any other position that they may hold in the company), for which approvals of the compensation committee, board of directors and shareholders are all required, (ii) extraordinary transactions with controlling parties of publicly held companies, which require the special approval described below under "Approval of Related Party Transactions under Israeli Law—Personal Interests of Controlling Parties", and (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—Personal Interests of Controlling Parties". 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 of a company promptly disclose to the company any personal interest that he or she may have and all related material information and documents known to him or her relating to any existing or proposed transaction by 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 mere 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 person for whom he or she holds a proxy even if such person 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 a relative of such office holder in a transaction that is not considered an extraordinary transaction. An extraordinary transaction is defined as a transaction which is any of the following: other than in the ordinary course of business; otherwise than on market terms; or that is likely to have a material impact on the company’s profitability, assets or liabilities.

If it is determined that an office holder has a personal interest in a transaction that is not an extraordinary 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 such a transaction if it is not for the benefit of the Company or that such action 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 an extraordinary transaction in which an office holder has a personal interest. Arrangements regarding the compensation, indemnification or insurance of an office holder require the approval of the compensation committee, board of directors and, in certain circumstances, the shareholders, in that order, as described above under "Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices—Compensation of officers" and "Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices—Shareholder approval".

Generally, except with respect to non-extraordinary transactions, 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, but not vote on, the transaction that is subject to approval. Generally, 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 a personal interest is also required of a person holding 5% or more of the Company's issued and outstanding capital and/or its voting rights, whose holdings will increase as result of a private placement submitted for approval whereby (i) 20% or more of the company's outstanding share capital prior to the placement is offered; and (ii) the payment for which is not only in cash or in tradable securities registered in a stock exchange, or that is not at market terms; or of a person that as a result of such private placement will hold 5% or more of the Company's issued and outstanding capital and/or its voting rights; or of a person that as a result of such private placement will become a controlling party.

Personal Interests of Controlling Parties

The disclosure requirements regarding personal interests that apply to directors and other office holders also apply to controlling parties, as defined below. The Israeli Companies Law requires a special approval procedure for (1) extraordinary transactions with controlling parties, (2) extraordinary transactions with a third party where a controlling party has a personal interest in the transaction, and (3) any transaction with the controlling party or the controlling party's relative regarding terms of service provided directly or indirectly (including through a company controlled by the controlling party) and terms of employment (for a controlling party who is not an office holder). A "relative" is defined in the Companies Law as spouse, sibling, parent, grandparent, descendant, spouse's descendant, sibling, parent, or the spouse of any of the foregoing.

Such extraordinary transactions with controlling parties require the approval of the audit committee or the compensation committee, as applicable, the board of directors and the majority of the voting power of the shareholders present and voting at a general meeting of the company (not including abstentions), provided that either:

- the majority of the shares of shareholders who have no personal interest in the transaction and who are present and voting, vote in favor; or
- shareholders who have no personal interest in the transaction who vote against the transaction do not represent more than two percent of the aggregate voting rights in the company.

Any shareholder participating in the vote on approval of an extraordinary transaction with a controlling party must inform the company prior to the voting whether or not he or she has a personal interest in the approval of the transaction, and if he or she fails to do so, his or her vote will be disregarded.

Further, extraordinary transactions with controlling parties, extraordinary transactions with a third party where a controlling party has a personal interest in the transaction, or transactions with a controlling party or his or her relative concerning terms of service or employment need to be re-approved once every three years, provided however, that with respect to extraordinary transactions with controlling parties or extraordinary transactions with a third party where a controlling party has a personal interest in the transaction, the audit committee may determine that the duration of the transaction in excess of three years is reasonable given the circumstances related thereto.

In accordance with regulations promulgated under the Companies Law, certain defined types of extraordinary transactions between a public company and its controlling party or controlling parties are exempt from the shareholder approval requirements. However, such exemptions will not apply if one or more shareholders holding at least 1% of the issued and outstanding shares or voting rights, objects to the use of these exemptions in writing not later than 14 days from the date the company notifies its shareholders of the adoption by the relevant corporate bodies of the resolution regarding the transaction without shareholder approval in reliance of such exemption.

In addition, the approval of the audit committee, followed by the approval of the board of directors and the shareholders, is required in order to effect a private placement of securities, in which either (i) 20% or more of the company's outstanding share capital prior to the placement is offered, and the payment for which is not only in cash or in tradable securities registered in a stock exchange, or that is not at market terms, and which will result in an increase of the holdings of a shareholder that already holds 5% or more of the company's outstanding share capital or voting rights or will cause any person to become, as a result of the issuance, a holder of more than 5% of the company's outstanding share capital or voting rights or (ii) a person will become a controlling party in the company.

A "controlling party" is defined in the Companies Law for purposes of the provisions governing related party transactions and office holder compensation as a person with the ability to direct the actions of a company, or a person who holds 25% or more of the voting power in a public company if no other shareholder owns more than 50% of the voting power in the company, but excluding a person whose power derives solely from his or her position as a director of the company or any other position with the company. Any two or more persons holding voting rights in the company, who each have a personal interest in the approval of the same such transaction, shall be deemed to be one holder with respect thereto.

Arrangements regarding the terms of engagement and compensation of a controlling party who is an office holder, and the terms of employment of a controlling party who is an employee of the Company, require the approval of the compensation committee, board of directors and, generally, the shareholders, in that order, as described under "NASDAQ Listing Rules and Home Country Practices—Compensation of officers".

Shareholder Duties

Under the Israeli Companies Law, a shareholder has a duty to act in good faith toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in his or her voting in the general meeting of shareholders on any amendment to the articles of association, an increase of the company's authorized share capital, a merger or an approval of interested party transactions which require shareholders' approval, as well as a general duty to refrain from discriminating against other shareholders.

In addition, any controlling party, any shareholder who knows that it possesses the power to determine the outcome of a shareholder vote and any shareholder who, pursuant to the provisions of a company's articles of association, has the power to appoint or prevent the appointment of an office holder in the company, is under a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty but provides that a breach of this duty is tantamount to a breach of contract.

Exemption, Insurance and Indemnification of Directors and Officers

Office Holders' Exemption

Under the Companies Law, an Israeli company may not exempt an office holder from liability for a breach of his or her duty of loyalty, but may exempt in advance an office holder from his or her liability to the company, in whole or in part, for a breach of his or her duty of care (except in connection with distributions), provided that the articles of association allow it to do so. Our amended and restated articles of association will include provisions which will allow us to exempt in advance an office holder from his or her liability to the company, in whole or in part, for a breach of his or her duty of care (except in connection with distributions) to the fullest extent permitted by law.

Office Holders' Insurance

Our amended and restated articles of association immediately following consummation of this offering will provide that, subject to the provisions of the Companies Law, we may enter into a contract for the insurance of all or part of the liability of any of our office holders imposed on the office holder for any act performed by him or her in his or her capacity as an office holder for, in respect of each of the following:

- a breach of his or her duty of care to the Company or to another person;
- a breach of his or her duty of loyalty to the Company, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice the Company's interests; and
- a financial liability imposed upon him or her in favor of another person.

Without derogating from the aforementioned, subject to the provisions of the Companies Law and the Securities Law, we may also enter into a contract to insure an office holder, in respect of expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder or payment required to be made to an injured party, pursuant to certain provisions of the Securities Law.

Office Holder's Indemnification

Our amended and restated articles of association will provide that, subject to the provisions of the Companies Law and the Securities Law, we may indemnify any of our office holders in respect of an obligation or expense specified below, imposed on or incurred by the office holder in respect of an act performed in his capacity as an office holder, as follows (which is the fullest extent provided by Israeli law):

- a financial liability imposed on him or her in favor of another person by any judgment, including a settlement or an arbitration award approved by a court. Such indemnification may be approved (i) after the liability has been incurred or (ii) in advance, provided that our undertaking to indemnify is limited to events that our board of directors believes are foreseeable in light of our actual Company operations at the time of providing the undertaking and to a sum or criterion that our board of directors determines to be reasonable under the circumstances, provided, that such event, sum or criterion shall be detailed in the undertaking;
- reasonable litigation expenses, including attorney's fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by a competent authority which concluded without the filing of an indictment against him or her and without the imposition of any financial liability in lieu of criminal proceedings, or which concluded without the filing of an indictment against him but with the imposition of a financial liability in lieu of criminal proceedings concerning a criminal offense that does not require proof of criminal intent or in connection with a financial sanction (the phrases "proceeding concluded without the filing of an indictment" and "financial liability in lieu of criminal proceeding" shall have the meaning ascribed to such phrases in section 260(a)(1a) of the Companies Law);
- reasonable litigation expenses, including attorneys' fees, expended by an office holder or charged to the office holder by a court, in a proceeding instituted against the office holder by the Company or on its behalf or by another person, or in a criminal charge from which the office holder was acquitted, or in a criminal proceeding in which the office holder was convicted of an offense that does not require proof of criminal intent; and
- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments required to be made to an injured party, pursuant to certain provisions of the Securities Law.

Limitations on Exemption, Insurance, and Indemnification

The Companies Law provides that a company may not exempt or indemnify an office holder nor enter into an insurance contract which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his or her duty of loyalty, except that the company may enter into an insurance contract or indemnify an office holder if the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the office holder of his or her duty of care if the breach was done intentionally or recklessly, unless it was committed only negligently;
- any act or omission done with the intent to derive an illegal personal gain; or
- any fine, monetary sanction, penalty, or forfeit levied against the office holder.

In addition, under the Companies Law, exemption and indemnification of, and procurement of insurance coverage for, our office holders must generally be approved by our compensation committee and our board of directors and, with respect to an office holder who is chief executive officer or a director, also by our shareholders, as described above under "Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices—Compensation of officers".

Our amended and restated articles of association will permit us to exempt, indemnify and insure our office holders to the fullest extent permitted by the Israeli Companies Law.

We intend to obtain directors' and officers' liability insurance for the benefit of our office holders. In addition, 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. We intend to include such matters in the compensation policy to be presented to the shareholders for approval within nine months of the completion of the initial offering as required under Israeli law, and, subject to receipt of required corporate approvals, to continue to enter into such indemnification agreements with our office holders and to maintain such insurance coverage, and pay all premiums thereunder, to the fullest extent permitted by the Israeli Companies Law and Israeli Securities Law.

Code of Business Conduct and Ethics

We intend to adopt a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Business Conduct and Ethics will be posted on our website at www.gamida-cell.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 future 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 Item 16B.

Compensation of Executive Officers and Directors

The aggregate compensation, including share-based compensation, paid by us to our directors and executive officers with respect to the year ended December 31, 2013 was approximately \$946,000. This amount includes approximately \$60,000 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 March 31, 2014, options to purchase 497,120 shares were issued to our executive officers and directors, under our all option plans, all of which were vested.

We do not have written agreements with any director providing for benefits upon the termination of his or her tenure in our company, except for the employment agreement with our CEO, which provides for certain benefits as described below, in connection with her termination of employment as our CEO.

The following table summarizes the compensation granted to our five most highly compensated executive officers during, or with respect to, the year ended December 31, 2013:

Name and Title of Officer	Holdings (%)(2)	Compensation for services \$(1)				Total compensation
		Base salary	Benefits	Cash bonuses	Equity-based	
Dr. Yael Margolin <i>President and Chief Executive Officer, Director</i>						
Naftali Brikashvili <i>Chief Financial Officer</i>	*					
Tony Peled <i>Chief Scientific Officer and Vice President of Research & Development</i>	*					
Dorit Harati <i>Vice President of Quality Assurance</i>	*					
Dr. David Snyder <i>Vice President of Clinical and Regulatory Affairs</i>	*					

* Less than 1% of our outstanding ordinary shares.

(1) Cash compensation amounts denominated in NIS were converted into U.S. dollars at the rate of ____.

(2) Reflects the number of outstanding shares, vested options, and restricted share units held as of ____.

Employment Agreements with Executive Officers; Consulting and Directorship Services Provided by Directors

We have entered into written employment agreements with our executive officers. These agreements contain provisions standard for a company in our industry regarding non-competition, confidentiality of information and assignment of inventions. Under current applicable Israeli employment laws, we may not be able to enforce (either in whole or in part) any covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. Please see “Risk Factors—Risks Related to Our Intellectual Property” for a further description of the enforceability of non-competition clauses. See “Certain Relationships and Related Party Transactions—Agreements and Arrangements with, and Compensation of, Directors and Executive Officers” for additional information.

2003 Israeli Share Option Plan

As of March 31, 2014, a total of 1,353,231 shares were reserved for issuance under our 2003 Plan and options to purchase 560,520 shares were issued and outstanding thereunder. Of such outstanding options, options to purchase 560,520 shares were vested as of March 31, 2014 with a weighted average exercise price of 3.57 per share.

Our 2003 Plan, which was adopted by our Board of Directors on July 23, 2003, provides for the grant of options to our and our affiliates' respective directors, employees, office holders, service providers and consultants any other entity which the board shall decide their services are considered valuable to the Company.

The 2003 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 2003 Plan provides for granting options in compliance with Section 102 of the Israeli Income Tax Ordinance, 1961, or the Ordinance.

Options granted under the 2003 Plan to Israeli employees may be granted under the capital gains track of Section 102 of the Ordinance or under the ordinary income option under Section 102 of the Ordinance.

Section 102 of the Ordinance allows employees, directors and officers, who are not controlling parties 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 parties may only be granted options under Section 3(i) 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. In order to comply with the terms of the capital gains track, all options granted under the 2003 Plan pursuant and subject to the provisions of Section 102 of the Ordinance, as well as the 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.

Under our 2003 Plan, options that are not exercised within seven years from the grant date expire, unless otherwise determined by the Board or its designated committee, as applicable. In case of termination for reasons of disability (as defined in the Plan), retirement (as defined in the Plan), or death, the grantee or his legal successor may exercise unexpired valid options that have vested prior to termination within a period of twelve months from the date of such termination. 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 unexpired, valid, 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 subsequent to which we shall no longer exist as a legal entity, or a sale of all, or substantially all, of our shares or assets or other transaction having a similar effect on us, then any outstanding option shall be assumed, or an equivalent option shall be substituted, by such successor corporation or an affiliate thereof or, in case the successor corporation refuses to assume or substitute the option, our Board of Directors or its designated committee may provide the grantee with the opportunity to exercise the option as to all or part of the shares, vested or otherwise, ten days prior to the effective date of the merger or consolidation and for a period of ten days thereafter.

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.

Since our founding, we have raised capital through multiple rounds of financing. Between 1998 and 2013, we raised capital through sales of our ordinary shares, Series A, B, C, D, and E preferred shares, and convertible notes. Several of these financing transactions are described in more detail below.

2011 Convertible Bridge Financing. In October 2011, we received a convertible bridge loan in the aggregate principal amount of \$4,000,000 pursuant to a convertible bridge financing agreement between us and the following lenders, which were also existing shareholders of the Company at the time of such financing:

Lender	Financing amount (\$)
Bio Medical Investment (1997) Ltd.	2,031,415
Israel Health Care Ventures 2 L.P. Incorporated	1,731,938
Vintage Venture Partners L.P.	22,845
Vintage Venture Partners (Parallel), L.P.	5,395
Vintage Venture Partners (Israel), L.P.	9,917
Goldwasser Investments Ltd.	84,007
Federmann Enterprises Ltd.	16,315
Paramar Limited	24,975
Benad Goldwasser	15,993
Ariel Landau	44,779
Meir Riba	10,000
Elie Zilkha	2,120
Meir Shannie	302
TOTAL	4,000,000

The loan amount bore interest at the rate of 8% per year, compounded annually, until March 31, 2012, and 12% per year thereafter. The aggregate outstanding principal amount and the interest thereon computed through May 13, 2012 was converted into Series E-1 Preferred Shares of the Company as part of the May 2012 Series E Preferred Share Purchase Agreement (discussed below), at a 20% discount from the purchase price paid by investors under the Series E Share Purchase Agreement, to the full discharge of our obligations under the convertible bridge financing agreement. Each Series E preferred share will convert into one ordinary share upon the closing of this offering.

May 2012 Series E Preferred Share Purchase Agreement. On May 14, 2012, we closed the Series E Preferred Share Purchase Agreement, pursuant to which we sold an aggregate of 571,478 series E-1 preferred shares at a price of \$7.33, and an aggregate of 655,021 series E-2 preferred shares at a price of \$9.16 per share and issued warrants to purchase up to an aggregate of 556,165 series E-2 preferred shares with an exercise price of \$9.16 per share, which shall expire immediately prior to the closing of this offering. Each Series E preferred share will convert into one ordinary share upon the closing of this offering.

January 2014 Series E-2 Equity Financing. On January 14, 2014, we issued additional series E-2 preferred shares on the same terms that applied under the May 2012 Series E Preferred Share Purchase Agreement, as follows:

Investor	Financing amount	E-2 shares issued	Warrants issued
Israel Healthcare Ventures 2 LP Incorporated (IHCV II)	\$ 660,000	72,052	36,026
Clal Biotechnology Industries Ltd.	\$ 1,000,000	109,170	54,585
Elbit Cord Blood Limited Partnership	\$ 1,000,000	109,170	54,585
Auriga Ventures	\$ 240,000	26,201	13,100

The following table sets forth the number of ordinary shares resulting from conversion upon the closing of this offering of preferred shares held by entities which, as of the date of this prospectus, beneficially own 5% or more of our ordinary shares, assuming the conversion of all of outstanding preferred shares:

	Number of ordinary shares resulting from the conversion preferred shares
Israel Healthcare Ventures 2 LP Incorporated (IHCV II)	_____
Clal Biotechnology Industries Ltd.	_____
Elbit Cord Blood Limited Partnership	_____
Denali Ventures LLC	_____
Teva Pharmaceutical Industries Ltd.	_____
Auriga Ventures	_____

Agreements and Arrangements With, and Compensation of, Directors and Executive Officers

We have entered into written employment agreements with each of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. These agreements also contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. Please see the section of this prospectus titled “Risk Factors—Risks Related to Our Intellectual Property” for a further description of the enforceability of non-competition clauses.

Indemnification Agreements

Our amended and restated articles of association will permit us to exempt, indemnify, and insure each of our directors and office holders to the fullest extent permitted by the Israeli Companies Law and Securities Law. We will 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.”

Agreements with Gamida Cell – Teva Joint Venture

On June 5, 2005, we established a separate Israeli corporate entity called “Gamida Cell Holdings Ltd.” (the “Joint Venture”), for the purpose of entering into a joint venture with Teva for the commercialization of StemEx. We then entered into a series of agreements with the Joint Venture and with Teva. In light of the study results of our Phase III historical-control trial of StemEx and feedback we received from the FDA regarding further clinical trials required for marketing approval of StemEx, we do not currently intend to further pursue development or commercialization of StemEx without a strategic partner.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our ordinary shares as of March 31, 2014 by:

- each person, or group of affiliated persons, known to us to be the beneficial owner of 5% or more of our outstanding ordinary shares;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting or investment power with respect to ordinary shares. Ordinary shares issuable under share options or warrants that are exercisable within 60 days after March 31, 2014 are deemed outstanding for the purpose of computing the percentage ownership of the person holding the options or warrants but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Percentage of shares beneficially owned before this offering is based on _____ shares outstanding as of March 31, 2014. The number of ordinary shares deemed outstanding after this offering includes the ordinary shares being offered for sale in this offering following conversion of all of our preferred shares and outstanding convertible securities but assumes no exercise of the underwriter's over-allotment option.

As of March 31, 2014, there were _____ record holders of our ordinary shares, among whom are _____ U.S. holders who beneficially own less than 5% of our ordinary shares. Following the adoption of our amended and restated articles of association, none of our shareholders will have voting rights different from the voting rights of other shareholders. To the best of our knowledge, we are not owned or controlled, directly or indirectly, by another corporation or by any government. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all shares shown to be beneficially owned by them, based on information provided to us by such shareholders. Unless otherwise noted below, each shareholder's address is: c/o Gamida Cell Ltd., 5 Nahum Hafzadi Street, Jerusalem 95484, Israel.

	Number of shares beneficially owned prior to this offering ⁽¹⁾	Percentage owned before this offering ⁽¹⁾	Percentage owned after this offering ⁽¹⁾
Holders of 5% or more of our voting securities:			
Elbit Cord Blood Limited Partnership ⁽²⁾	_____	_____	_____
Israel Healthcare Ventures 2 L.P. Incorporated (IHCV II) ⁽³⁾	_____	_____	_____
Clal Biotechnology Industries Ltd. ⁽⁴⁾	_____	_____	_____
Denali Ventures LLC ⁽⁵⁾	_____	_____	_____
Teva Pharmaceutical Industries Ltd. ⁽⁶⁾	_____	_____	_____
Auriga Ventures ⁽⁷⁾	_____	_____	_____
Directors and executive officers:			
Ruben Krupik	*	*	_____
Dr. Yael Margolin	_____	_____	_____
Tony Peled	*	*	_____
Dorit Harati	*	*	_____
Dr. David Snyder	*	*	_____
Naftali Brikashvili	*	*	_____
Mordechay Zisser⁽⁸⁾	*	*	_____
Dr. Hadar Ron	*	*	_____
Directors and executive officers as a group⁽⁹⁾	*	*	_____

* Less than 1% of our outstanding ordinary shares.

(1) Based on 689,898 ordinary shares issued and outstanding as of March 31, 2014.

(2) Consists of 2,665,501 shares and warrants to purchase up to 218,340 shares on a cash/cashless basis. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$_____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. According to reports submitted by Elbit Imaging Ltd. to the Tel Aviv Stock Exchange, Elbit Cord Blood Limited Partnership (ECB) is entirely owned by Elbit Medical Technologies Ltd., which is 90% owned by Elbit Ultrasound Ltd., which is entirely owned by Elbit Imaging Ltd., whose CEO, executive president, and controlling party was, until recently, Mordechay Zisser, a member of our board of directors.

(3) Consists of 1,592,560 shares and warrants to purchase up to 179,687 shares on a cash/cashless basis. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$_____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. Israel Healthcare Ventures 2 L.P. Incorporated (IHCV II) is an investment fund controlled by IHCV2 General Partner Limited. In the past three years, the percentage ownership held by IHCV II has increased by approximately 2%, mainly in connection with their participation in the Series E financing round.

(4) Consists of 1,920,445 shares and warrants to purchase up to 247,331 shares on a cash/cashless basis. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$_____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. Clal Biotechnology Industries Ltd. (CBI) is an Israel-based biotechnology investment company. CBI's investments are targeted at biopharmaceutical companies, which are at different stages of research and development. According to CBI reports to the Tel-Aviv Stock Exchange, CBI is a 57%-owned subsidiary of Clal Industries and Investments Ltd., which is part of IDB group. 14% of CBI's Shares are held by Teva Pharmaceutical Industries Ltd., which is a shareholder of the Company. In 2010 CBI acquired Biomedical Investments (1997) Ltd., which at the time held 17.02% of the Company's share capital. In the past three years, the percentage ownership held by CBI has increased by approximately 2.5% mainly in connection with their participation in the Series E financing round.

- (5) Consists of 445,808 shares. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$ _____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. Denali Ventures LLC (DV) is a venture capital firm, controlled by _____. In the past three years, the percentage ownership held by DV has decreased by approximately 1%, mainly because they did not participate in the Series E financing round.
- (6) Consists of 614,987 shares. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$ _____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. Teva Pharmaceutical Industries Ltd. is a global pharmaceutical company that develops, produces and markets generic drugs covering all major treatment categories. Teva owns 14% of the shares of Clal Biotechnology Industries Ltd. (CBI), which is a shareholder of the Company. In the past three years, the percentage ownership held by Teva has decreased by approximately 2%, mainly because they did not participate in the Series E financing round.
- (7) Consists of 479,554 shares and warrants to purchase up to 43,701 shares on a cash/cashless basis. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$ _____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus. Auriga Ventures (AV) is a venture capital firm, controlled by _____. In the past three years, the percentage ownership held by AV has increased by approximately 0.5%, mainly in connection with their participation in the Series E financing round.
- (8) Consists of _____ shares and warrants to purchase up to _____ shares on a cash/cashless basis. The warrants will be exercised for cash immediately prior to the closing of this offering resulting in the issuance of _____ ordinary shares assuming a public offering price of \$ _____ per share, the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus held by ECB, which is entirely owned by Elbit Medical Technologies Ltd., which is 90% owned by Elbit Ultrasound Ltd., which is entirely owned by Elbit Imaging Ltd., of which Mordechai Zisser was until recently the controlling party, the CEO, and the executive president.
- (9) Consists of _____ shares and _____ shares issuable upon the exercise of options. Please see footnote (6) above for further information concerning the composition of the shares beneficially owned by our executive officers and directors.

DESCRIPTION OF SHARE CAPITAL

The following descriptions of our share capital and provisions of our amended and restated articles of association are summaries and do not purport to be complete.

Ordinary Shares

We intend that immediately prior to the consummation of this offering, our authorized share capital will consist of _____ ordinary shares, nominal value NIS 0.01 per share. As of March 31, 2014, there were _____ shares issued and outstanding held by _____ shareholders of record. This amount assumes the conversion into ordinary shares of all of our outstanding convertible preferred shares, which will occur immediately prior to the completion of this offering, but excludes any issuances occurring in light of the IPO, other than conversion.

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

Warrants

As of March 31, 2014, we had the following warrants outstanding:

- Warrants issued under May 2012 Series E Preferred Share Purchase Agreement, and under the January 2014 Series E-2 Equity Financing, which will terminate upon the consummation of this initial public offering; and
- Warrants issued to underwriters of this initial public offering.

Options

As of March 31, 2014, options to purchase _____ of our ordinary shares, at a weighted average exercise price of \$ _____ per share, were outstanding under our 2003 option plan.

Of those outstanding options, options to purchase _____ of our ordinary shares, with a weighted average exercise price of \$ _____ per share, were vested as of March 31, 2014.

Share History

The following is a summary of the history of our share capital for the last three years.

Share Options

Since January 1, 2010, we have issued _____ shares upon the exercise of share options.

2011 Convertible Bridge Financing

In October 2011, we received a convertible bridge loan in the aggregate principal amount of \$4,000,000 pursuant to a convertible bridge financing agreement, dated as of October 2011, between us and certain lenders. The loan amount bore an interest at a rate of 8%, compounded annually, which was increased to 12% as of April 1, 2012. The aggregate outstanding principal amount and accrued interest computed through May 13, 2012 was converted as part of the May 2012 Series E Preferred Share Purchase Agreement, fully discharging our obligations under the convertible bridge financing agreement.

May 2012 Series E Preferred Share Purchase Agreement

On May 14, 2012, we closed the Series E Preferred Share Purchase Agreement, pursuant to which we sold an aggregate of 571,478 series E-1 preferred shares at a price of \$7.33 per share, and an aggregate of 655,021 series E-2 preferred shares at a price of \$9.16 per share, and issued warrants to purchase up to an aggregate of 556,165 series E-2 preferred shares with an exercise price of \$9.16 per share, which will expire immediately prior to the closing of this offering.

January 2014 Series E-2 Equity Financing

On January 14, 2014, we issued an additional 316,593 series E-2 preferred shares and warrants to purchase up to an additional 158,296 series E-2 preferred shares on the same terms that applied under the May 2012 Series E Preferred Share Purchase Agreement.

Memorandum and Articles of Association

In _____, the Company adopted new articles of association, in light of the Israeli Companies Law, 1999. Since then, certain articles of the articles of association have been amended.

Below is a summary of certain provisions of our corporate memorandum and articles of association. This summary is not complete and should be read together with our memorandum and articles of association filed as exhibits to the registration statement that this prospectus forms a part of.

The Company's objects and purposes are outlined in the Memorandum of Association and together with the Company's articles of association (Article 3) allow the Company to engage in any legal business.

The Company's Memorandum of Association states that the liability of the members of the Company is limited.

Exercise of Warrants

In connection with our initial public offering, warrants to purchase up to _____ shares, which were otherwise to expire immediately prior to the closing of the offering, were exercised on a cashless basis for _____ shares.

Transfer of Shares

Fully paid ordinary shares 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 the stock exchange on which the shares are traded. The ownership or voting of our 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 under certain circumstances for ownership by nationals of certain countries that are, or have been, in a state of war with Israel.

Our research and development efforts are financed in part through grants that we received from the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor (now called the Ministry of Economy) of the State of Israel. Accordingly, we are required to comply with the various requirements of the Encouragement of Industrial Research and Development Law 5744-1984. We must report to the research committee at the office of the Chief Scientist of the Ministry of Economy any change of control of our company, or any change in the holding of the means of control in our company (including the right to vote at general meetings of our company and the right to appoint directors of our company or our general manager), as a result of which a person who is not a citizen or resident of Israel or a corporation incorporated in Israel will hold 5% or more of the issued share capital or voting power of our company or have the ability to appoint a director. The research committee at the office of the Chief Scientist of the Ministry of Economy can object to such a change, and the person holding 5% or more of the issued share capital or the voting power of our company or holding the ability to appoint a director is required to sign an undertaking in a form published by the committee.

Election of Directors

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

Our directors hold office for their scheduled term unless they are removed from office 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 until the next annual meeting following his or her appointment. External directors are elected for an initial term of three years. Under certain circumstances, external directors may be elected for additional terms of three years each, 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 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.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, as such are defined in the Companies Law, 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. We may distribute dividends that do not meet these criteria only with court approval. In each case, we are permitted to pay a dividend only if 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 liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to holders of a class of preferred shares that may be authorized in the future.

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except under certain circumstances, 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 provides that our Board of Directors is required to convene a special meeting upon the written request of (1) any two of our directors or one-quarter of our Board of Directors, or (2) 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 generally be between four and 40 days prior to the date of the meeting. Furthermore, the Israeli Companies Law requires resolutions regarding the following matters to 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 external directors;
- approval of acts and transactions involving related parties, as defined by the Israeli Companies Law;
- increases or reductions of our authorized share capital; and
- a merger.

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 matters upon which shareholders may vote by means of a voting deed, including 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, our shareholders are not permitted to take action via written consent in lieu of a meeting.

Voting Rights

Each ordinary share carries the right to one vote on each matter submitted to a vote of the shareholders at a general meeting. Holders of ordinary shares have the right to receive notices to attend and vote at general meetings, the right to share in dividends, and a residual right upon liquidation, after satisfaction of all outstanding debts.

Quorum Requirements

We intend that the quorum required for our general meetings of shareholders under our articles of association, immediately following consummation of this offering, will consist of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least _____ 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, certain actions require a special majority, including: (1) appointment of external directors, requiring the approval described above under “Management—Board Practices—External Directors”; (2) approval of an extraordinary transaction with a controlling party and the terms of employment or other engagement of the controlling party of the Company or such controlling party’s relative (even if not extraordinary), requiring the approval described above under “Approval of Related Party Transactions under Israeli Law—Personal Interests of Controlling Parties”; (3) approval of a compensation policy, approval of executive officer compensation inconsistent with our office holder compensation policy, compensation of our chief executive officer, or the compensation of an executive officer who is also the controlling party of our company (including an affiliate thereof), all of which require the approval described above under “Management—Corporate Governance Practices—NASDAQ Listing Rules and Home Country Practices—Compensation of Officers”; (4) approving the authorization of the chairman of the board or a relative thereof to assume the role or responsibilities of the chief executive officer, or the authorization of the chief executive officer or a relative thereof to assume the role or responsibilities of the chairman of the board, for periods of no longer than three years each and subject to receipt of the approval of a majority of the shares voting on the matter, providing that either (i) included in such majority are at least two-thirds of the shares of shareholders who are non-controlling parties and do not have a personal interest in the said resolution (excluding for such purpose any abstentions); or (ii) the total number of shares of shareholders specified in clause (i) who voted against the resolution does not exceed two percent (2%) of the voting rights in the company; and (5) mergers, certain private placements that will increase certain types of shareholders’ relative holdings in the company, or certain special tender offers or forced bring along share purchase transactions, all of which require the approval described below under “Acquisitions under Israeli Law”.

Under our amended and restated articles of association, the alteration of the rights, privileges, preferences, or obligations of any class of our share capital requires a decision of the Board of Directors, and 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.

Under the Israeli Companies Ordinance, an amendment of our Memorandum of Association, including any proposed change to the name of the Company, requires the approval of 75% of the voting rights represented at the meeting and voting on the resolution.

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 the majority of the shareholders in each type of shareholders present at the meeting and who are together the holders of 75% of the voting rights in such type of shares 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;

- authorization of the chairman of the board or a relative thereof to assume the role or responsibilities of the chief executive officer, and authorization of the chief executive officer or a relative thereof to assume the role or responsibilities of the chairman of the board;
- approval of an arrangement or reorganization of the Company pursuant to Section 350 of the Israeli Companies Law;
- approval of the compensation policy with respect to the terms of office and employment of office holders; and
- other matters 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 or which may be prescribed by Israel's Minister of Justice.

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, including voting at general meetings, must act in good faith and in a customary manner, and avoid abusing his or her power. 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 submit a reasoned request to be provided with any document related to an action or transaction requiring shareholder approval under the approval of 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 the interests of the Company or protect a trade secret or patent.

Modification of Class Rights

The rights attached to any class of shares, such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority (or special majority, as may be applicable to the particular matter) 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.

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. 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, 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 accepted it, which condition shall not apply if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital (or shares of the relevant class)). However, shareholders may, at any time within six months following the completion of the tender offer, petition the court to modify 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 such appraisal rights. If the shareholders who did not accept the tender offer hold 5% or more of the issued and outstanding share capital 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 from shareholders who accepted the tender offer.

Special Tender Offer

The Israeli Companies Law provides that an acquisition of control bloc of shares in a public Israeli company must be made by means of a special tender offer if as a result of the transaction the acquirer 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. Such exemptions include: (a) acquisition of shares issued pursuant to a private placement approved by a general meeting of the company as a private placement intended to provide the purchaser with holdings of 25% or more of the voting rights in the company, if there is no other shareholder of the company who holds more than 25% of the voting rights in the company, or with holdings 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, (b) acquisition of shares from a holder of 25% or more of the voting rights in the company following which the purchaser will hold 25% or more of the voting rights in the company, or (c) acquisition of shares from a holder of 45% or more of the voting rights in the company following which the purchaser will hold 45% or more of the voting rights in the company.

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 (1) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (2) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (disregarding holders who control the offeror and who have a personal interest in the acceptance of the offer or the holder of 25% or more of the voting rights of the company, any of their relatives, or corporations controlled by any of the above).

If a special tender offer is accepted, then the purchaser, any corporation controlled by it, or any person or entity controlling it or under common control with the purchaser 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 between Israeli Companies 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. In addition, since our Company was incorporated prior to the entry into effect of the Companies Law, a merger transaction requires the approval of a special majority of 75% or more of the shareholders voting on the matter (disregarding abstentions).

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 (disregarding abstentions) that are held by any of (1) parties other than the other party to the merger, (2) parties who hold 25% or more of the voting rights or any means of control or the right to appoint 25% or more of the directors of the other party, or (3) anyone on such parties' behalf, including relatives of such parties and corporations controlled them, vote against the merger. If, however, the merger involves a merger with a company's own controlling party or if the controlling party 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 parties (as described above in this prospectus under "Management—Corporate Governance Practices—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 appraisal of the value of the parties to the merger and the consideration offered to the shareholders of the company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of 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 until 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

Provisions of Israeli law may delay, prevent, or make undesirable a merger or an acquisition of all or a significant portion of our shares or assets. As described above, Israeli corporate law regulates acquisitions of shares through tender offers and mergers, requires special approvals for transactions involving significant shareholders and regulates other matters that may be relevant to these types of transactions. These provisions of Israeli law could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire the Company, even if doing so would be beneficial to our shareholders. These provisions may limit the price that investors may be willing to pay in the future for our ordinary shares.

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, or other corporate bodies, 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 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, in certain instances, 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

Our transfer agent in the United States is _____.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our shares. Future sales of our ordinary shares in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our ordinary shares in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of shares outstanding as of _____, upon the completion of this offering, _____ ordinary shares will be outstanding, assuming no exercise of the underwriters' option to purchase additional shares and no exercise of outstanding options or warrants. Of the outstanding shares, all of the shares sold in this offering will be freely tradable, except that any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below. Further, a substantial number of our outstanding shares are subject to lock-up agreements.

Rule 144

In general, under Rule 144, a person who has beneficially owned restricted stock for at least six months would be entitled to sell their securities, provided that: (1) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale; and (2) we are subject to the periodic reporting requirements of the Exchange Act for at least 90 days before the sale; and (3) we have filed all reports required under the Exchange Act during the preceding 12 months (or such shorter period for which we are required to file reports).

In addition, under Rule 144, any person who is not an affiliate of ours (and has not been an affiliate of ours for the last three months) and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available.

Persons who have beneficially owned restricted shares for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- one percent of the number of ordinary shares then outstanding, which will equal _____ shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares, based on the number of shares outstanding as of _____; or
- the average weekly trading volume of our ordinary shares on The NASDAQ Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the periodic reporting requirements of the Securities Exchange Act of 1934 for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates holding their shares for less than one year must also comply with the manner of sale, current public information and notice provisions of Rule 144.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits re-sales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers or directors who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are also subject to lock-up agreements as described below and under “Underwriting” included elsewhere in this prospectus, and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-Up Agreements

All of our directors and executive officers and holders of substantially all of our outstanding ordinary shares have signed a lock-up agreement which, subject to certain exceptions, prevents them from selling or otherwise disposing of any of our ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares for a period of not less than 180 days after the date of this prospectus without the prior written consent of Aegis Capital Corporation. Aegis Capital Corporation may, subject to certain requirements, release some or all of the shares subject to lock-up agreements prior to the expiration of the 180-day period.

Registration Rights

Upon completion of this offering, certain holders of our securities will be entitled to various rights with respect to registration of their shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration.

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act to register our shares issued or reserved for issuance under our equity incentive plans. The first such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions, Rule 144 limitations, or lock-up restrictions. As of March 31, 2014, we estimate that such registration statement on Form S-8 will cover approximately _____ shares.

TAXATION

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

Israeli Tax Considerations and Government Programs

The following is a brief summary of the material Israeli tax laws applicable to us, and certain Israeli Government programs that benefit us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. 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. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General Corporate Tax Structure in Israel

Israeli resident (as defined below) companies, such as the Company, are generally subject to corporate tax at the rate of 26.5% as of 2014.

The Israeli Law for the Encouragement of Capital Investments, 1959

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

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

The Encouragement of Industrial Research and Development Law, 5744-1984

Under the Encouragement of Industrial and Development Law, 5744-1984 (the “Research Law”), research and development programs which meet specified criteria and are approved by a committee of the Office of the Chief Scientist (the “OCS”) of the Israeli Ministry of Economy (formerly named the Ministry of Industry, Trade and Labor) are eligible for grants. The grants awarded are typically up to 50% of the project’s expenditures, as determined by the research committee. The grantee is required to pay royalties to the State of Israel from the sale of products developed under the program. Regulations under the Research Law generally provide for the payment of royalties of 3% to 5% on sales of products and services based on technology developed using grants, until 100% of the grant, linked to the dollar and bearing interest at the LIBOR rate, is repaid. The terms of the Israeli government participation also require that products developed with government grants be manufactured in Israel and that the technology developed thereunder may not be transferred outside of Israel, unless approval is received from the OCS and additional payments are made to the State of Israel. However, this does not restrict the export of products that incorporate the funded technology. The royalty repayment ceiling can reach up to three times the amount of the grant received if manufacturing is moved outside of Israel, and substantial payments may be required if the technology itself is transferred outside of Israel.

The Company has previously received grants from the OCS for development of its products, including StemEx and NiCord. As of March 31, 2014, we have a contingent obligation to the OCS in the amount of \$11,500,000, and the Joint Venture has a similar contingent obligation to the OCS in the amount of \$23,122,000.

Taxation of our Shareholders

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders

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

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the “United States-Israel Tax Treaty”), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty (a “Treaty U.S. Resident”) is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is treated as industrial or commercial profits attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year.

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

Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25% (or 30%, if such recipient is a Substantial Shareholder at the time the dividend is paid or on any date in the 12 months preceding such date), which tax will be withheld at source, unless relief is provided in a treaty between Israel and the shareholder’s country of residence. A “Substantial Shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, a distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 20% if the dividend is distributed from income attributed to a Preferred Enterprise or Beneficiary Enterprise (distribution of such dividends from income attributed to a Beneficiary Enterprise whose benefited tax period was before 2014 may be taxed at a rate of 15%), unless a reduced tax rate is provided under an applicable tax treaty.

For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise or Beneficiary Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the 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, Beneficiary Enterprise or Preferred Enterprise are not entitled to such reduction under the tax treaty but are subject to a withholding tax rate of 20% (or in certain cases, 15%, as mentioned above), 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. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

U.S. Federal Income Tax Consequences

The following summary describes the material U.S. federal income tax consequences relating to an investment in our ordinary shares. This summary deals only with ordinary shares that are purchased pursuant to the offering and that are held as capital assets within the meaning of section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and does not address tax considerations of holders that may be subject to special tax rules, such as dealers or traders in securities or currencies, financial institutions, tax-exempt organizations, insurance companies, regulated investment companies, real estate investment trusts, individual retirement and tax-deferred accounts, persons holding ordinary shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, persons subject to the alternative minimum tax, or persons who have a functional currency other than the U.S. dollar. In addition, this discussion does not address the tax treatment of U.S. holders (as defined below) who own, directly, indirectly or constructively, 10% or more of our outstanding voting stock. The discussion below is based upon the Code, existing and proposed Treasury regulations promulgated thereunder, and applicable administrative rulings and judicial decisions now in effect, all of which are subject to change, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary does not consider the possible application of U.S. federal gift or estate taxes or any aspect of state, local or non-U.S. tax laws. Furthermore, we can provide no assurance that the tax consequences contained in this summary will not be challenged by the Internal Revenue Service or will be sustained in a court if challenged.

As used in this summary the term “U.S. holder” means a beneficial owner of ordinary shares that is, for U.S. federal income tax purposes: (1) an individual citizen or resident of the United States, (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if either (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person. Except to the limited extent discussed below, this summary does not consider the U.S. federal tax considerations to a person that is not a U.S. holder (a “non-U.S. holder”). In addition, the tax treatment of persons who hold ordinary shares through a partnership or other pass-through entity treated as a partnership for U.S. federal income tax purposes generally depends upon the status of the partner and the activities of the partnership. The tax consequences to such a partner or partnership are not considered in this summary and partners and partnerships should consult their tax advisors with respect to the U.S. federal tax consequences of investing in our ordinary shares.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of its personal circumstances. Prospective purchasers of our ordinary shares should consult their own tax advisors with respect to the specific U.S. federal income tax consequences to such person of purchasing, holding or disposing of the ordinary shares, as well as the effect of any state, local or other tax laws.

Tax Reporting

Certain U.S. holders will be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) to report a transfer of cash or other property to us. Substantial penalties may be imposed on a U.S. holder that fails to comply with this reporting requirement. Each U.S. holder is urged to consult with its own tax advisor regarding this reporting obligation.

Distributions on Ordinary Shares

Subject to the discussion under the heading “Passive Foreign Investment Company Consequences”, U.S. holders are required to include in gross income the amount of any distribution paid on ordinary shares to the extent the distribution is paid out of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. We do not expect to maintain calculations of our earnings and profits under United States federal income tax principles. Therefore, U.S. holders should expect that the entire amount of any distribution generally will be reported as dividend income. The amount of the dividend will generally be treated as foreign-source dividend income to U.S. holders. A non-corporate U.S. holder that meets certain eligibility requirements may qualify for a lower rate of U.S. federal income taxation on dividends paid if we are a “qualified foreign corporation” for U.S. federal income tax purposes. We generally will be treated as a qualified foreign corporation if we are not a passive foreign investment company (see discussion below) and (i) we are eligible for benefits under the United States-Israel income tax treaty or (ii) our ordinary shares are listed on an established securities market in the United States (which includes the NASDAQ Capital Market). We believe that we currently are treated as a qualified foreign corporation. However, no assurance can be given that a change in circumstances will not affect our treatment as a qualified foreign corporation for U.S. federal income tax purposes in any taxable year. In addition, a non-corporate U.S. holder will not be eligible for reduced U.S. federal income tax rate with respect to dividend distributions on ordinary shares if (a) such U.S. holder has not held the ordinary shares for at least 61 days during the 121-day period starting on the date which is 60 days before, and ending 60 days after the ex-dividend date, (b) to the extent the U.S. holder is under an obligation to make related payments on substantially similar or related property or (c) with respect to any portion of a dividend that is taken into account by the U.S. holder as investment income under Section 163(d)(4)(B) of the Code. Any days during which the U.S. holder has diminished its risk of loss with respect to ordinary shares (for example, by holding an option to sell the ordinary shares) are not counted towards meeting the 61-day holding period. Non-corporate U.S. holders should consult their own tax advisors concerning whether dividends received by them qualify for the reduced rate of tax.

To the extent a distribution paid with respect to our ordinary shares exceeds our current and accumulated earnings and profits (as determined for U.S. federal income tax purposes) such amount will be treated first as a non-taxable return of capital, reducing a U.S. holder's tax basis for the ordinary shares to the extent thereof, and thereafter as either long-term or short-term capital gain depending upon whether the U.S. holder has held our ordinary shares for more than one year as of the time such distribution is received. Preferential tax rates for long-term capital gains are applicable for U.S. holders that are individuals, estates or trusts. Corporate U.S. holders generally will not be allowed a deduction for dividends received from us.

The amount of a distribution with respect to our ordinary shares equals the amount of cash and the fair market value of any property distributed plus the amount of any Israeli taxes withheld therefrom. The amount of any cash distributions paid in NIS equals the U.S. dollar value of the NIS on the date of distribution based upon the exchange rate in effect on such date, regardless of whether the NIS are converted into U.S. dollars at that time, and U.S. holders who include such distribution in income on such date will have a tax basis in such NIS for U.S. federal income tax purposes equal to such U.S. dollar value. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. holder generally will not recognize a foreign currency gain or loss. However, if the U.S. holder converts the NIS into U.S. dollars on a later date, the U.S. holder must include, in computing its income, any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the U.S. dollar value of the amount included in income when the dividend was received and (ii) the amount received on the conversion of the NIS into U.S. dollars. Such gain or loss will generally be ordinary income or loss and United States source income for U.S. foreign tax credit purposes. U.S. holders should consult their own tax advisors regarding the tax consequences to them if we pay dividends in NIS or any other non-U.S. currency.

Pursuant to the U.S.-Israel Tax Treaty, the maximum rate of Israeli withholding tax on dividends paid to a U.S. holder is 25%. U.S. holders may be entitled to a credit against their U.S. federal income tax liability or a deduction against U.S. federal taxable income in an amount equal to the Israeli tax withheld on distributions on our ordinary shares. The amount of foreign tax credits that may be available to a U.S. holder is subject to limitations, U.S. holders should consult their own tax advisors to determine whether and to what extent they would be entitled to such credit. Distributions paid on our ordinary shares will generally be foreign source, passive income for U.S. foreign tax credit purposes.

Disposition of Ordinary Shares

Subject to the discussion under the heading "Passive Foreign Investment Company Consequences," upon the sale, exchange or other disposition of ordinary shares, a U.S. holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's adjusted tax basis in the ordinary shares. The adjusted tax basis in an ordinary share generally will be equal to the cost of such ordinary share. The capital gain or loss realized on the sale, exchange or other disposition of ordinary shares will be long-term capital gain or loss if the U.S. holder held the ordinary shares for more than one year as of the time of disposition. Preferential tax rates for long-term capital gain will generally apply to non-corporate U.S. holders. Any gain or loss realized by a U.S. holder on the sale, exchange or other disposition of ordinary shares generally will be treated as from sources within the United States for U.S. foreign tax credit purposes, except for certain losses which will be treated as foreign source to the extent certain dividends were received by the U.S. holder within the 24-month period preceding the date on which the U.S. holder recognized the loss. The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations.

Disclosure of reportable transactions

If a U.S. holder sells or disposes of the ordinary shares at a loss or otherwise incurs certain losses that meet certain thresholds, such U.S. holder may be required to file a disclosure statement with the Internal Revenue Service. Failure to comply with these and other reporting requirements could result in the imposition of significant penalties.

Passive Foreign Investment Company Consequences

Generally, a non-U.S. corporation will be a PFIC for U.S. federal income tax purposes in any taxable year in which either (1) 75% or more of its gross income for such year consists of certain types of “passive” income or (2) 50% or more of the average quarterly value of its gross assets as determined on the basis of fair market value as of the end of each quarter produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, rents, royalties, annuities, income from certain commodities transactions and from notional principal contracts and the excess of gains over losses from the disposition of assets that produce passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. 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. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

A foreign corporation’s PFIC status is an annual determination that is based on tests that are factual in nature, and our PFIC status for any year will depend on the composition of our income, fair market value of our assets, and our activities for such year. We have not determined whether we have previously been a PFIC for any year, including 2013, or will be a PFIC in 2014 or in future years. Because the PFIC determination is highly fact intensive, there can be no assurance that we will not be a PFIC in 2014 or any other year. Even if we determine that we are not a PFIC after the close of a taxable year, there can be no assurance that the IRS or a court will agree with our conclusion.

If we were a PFIC for any taxable year during which a U.S. holder held ordinary shares, then unless an election has been made to be taxed under one of the alternative regimes discussed below, gain recognized by a U.S. holder on a sale or other disposition (including certain pledges) of our ordinary shares would be allocated ratably over the U.S. holder’s holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Similar rules would apply to any distribution in respect of our ordinary shares in excess of 125% of the average of the annual distributions received by a U.S. holder during the preceding three years or such U.S. holder’s holding period, whichever is shorter.

Notwithstanding the default PFIC rules described in the preceding paragraph, certain elections may be available that would result in alternative tax consequences; i.e., the “qualified electing fund” or “QEF” election and the “mark to market” election. If a U.S. holder makes a timely and valid mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The U.S. holder’s tax basis in the ordinary shares will be adjusted to reflect the income or loss resulting from the mark-to-market election. Any gain recognized on the sale or other disposition of ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election and any loss in excess of such amount will be treated as capital loss). The mark-to-market election is available only if we are a PFIC and our ordinary shares are “regularly traded” on a “qualified exchange” within the meaning of applicable U.S. Treasury regulations. Our ordinary shares will be treated as “regularly traded” in any calendar year in which more than a de minimis quantity of the ordinary shares, are traded on a qualified exchange on at least 15 days during each calendar quarter. The NASDAQ Capital Market is a qualified exchange for this purpose and, consequently, if the ordinary shares are regularly traded, the mark-to-market election will be available to a U.S. holder. A mark-to-market election will not apply to our ordinary shares held by a U.S. holder 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 PFIC subsidiary that we own. Each U.S. holder is encouraged to consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to our ordinary shares.

Another way in which certain of the adverse consequences of PFIC status can be mitigated is for a U.S. holder to make a QEF election. Generally, a shareholder making the QEF election is required for each taxable year to include in income a pro rata share of the ordinary earnings and net capital gain of the QEF, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. An election to treat us as a QEF will not be available if we do not provide the information necessary to make such an election. We are not obligated and do not currently intend to provide the information necessary to make a QEF election and thus it is not expected that a QEF election will be available for U.S. holders of our ordinary shares if we were a PFIC in any prior year, the current year or any future year.

U.S. holders should consult their tax advisors to determine under what circumstances these elections would be available and, if available, what the consequences of the alternative treatments would be in their particular circumstances.

If a U.S. holder holds ordinary shares in any year in which we are treated as a PFIC, the U.S. holder will be required to file Internal Revenue Service Form 8621 and may be subject to certain other information reporting requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders are urged to consult their own tax advisers with respect to the consequences to them of an investment in a PFIC, any elections available with respect to our ordinary shares and the IRS information reporting obligations with respect to the purchase, ownership and disposition of our ordinary shares in the event we are determined to be a PFIC.

Medicare Tax on Investment Income

In addition to the income taxes described above, U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds will be subject to a 3.8% tax on all or a portion of their “net investment income,” which generally results from dividends and dispositions of ordinary shares. U.S. holders should consult their tax advisors with respect to the applicability of the 3.8% Medicare tax to their income and gains, if any, resulting from their investment in our ordinary shares.

Information Reporting and Backup Withholding

A U.S. holder may be subject to backup withholding and information reporting requirements with respect to cash distributions and proceeds from a disposition of ordinary shares. In general, backup withholding will apply only if a U.S. holder fails to comply with certain identification procedures. Information reporting and backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a U.S. holder, provided that the required information is furnished to the Internal Revenue Service.

If certain conditions are met, individual U.S. holders must report information to the IRS with respect to their investment in stock or securities issued by a person other than a United States person. Investors who are individuals and fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implication of these reporting requirements with respect to their investment in our ordinary shares.

Non-U.S. Holders of Ordinary Shares

Except as provided below, a non-U.S. holder of ordinary shares generally will not be subject to U.S. income or withholding tax on the payment of dividends on and the proceeds from the disposition of ordinary shares.

A non-U.S. holder may be subject to U.S. federal income tax on dividends received on ordinary shares or upon the receipt of income from the disposition of ordinary shares if (1) such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States or, in the case of a resident of a country which has an income tax treaty with the United States, such item is attributable to a permanent establishment or a fixed place of business of the non-U.S. holder in the United States; (2) the individual non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met; or (3) the non-U.S. holder is subject to tax pursuant to the provisions of the U.S. tax laws applicable to U.S. expatriates.

Non-U.S. holders may be subject to backup withholding on the payment of dividends on ordinary shares, or the proceeds from the disposition of ordinary shares made in the United States or by a U.S. related person, unless the non-U.S. holder provides a taxpayer identification number, certifies to its foreign status, or otherwise establishes an exemption. A U.S. related person for these purposes is a person with one or more specified relationships with the United States. In general, non-U.S. holders will not be subject to backup withholding with respect to the payment of proceeds from the disposition of ordinary shares by a foreign office of a broker.

The amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against such holder's U.S. federal income tax liability, provided that the required information is furnished to the Internal Revenue Service.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES. 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 RELATING TO THE PURCHASE, OWNERSHIP, AND DISPOSITION OF ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement, each of the underwriters named below has severally agreed to purchase from us the aggregate number of ordinary shares set forth opposite its name below:

Underwriter	Number of ordinary shares
Aegis Capital Corp.	_____
TOTAL	_____

The underwriting agreement provides that the obligations of the underwriters are subject to various conditions, including approval of legal matters by counsel. The nature of the underwriters' obligations commits them to purchase and pay for all of the ordinary shares listed above if any are purchased. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriting agreement provides that we will indemnify the underwriters against liabilities specified in the underwriting agreement under the Securities Act, or will contribute to payments that the underwriters may be required to make relating to these liabilities.

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

Overallotment Option

We have granted a 30-day overallotment option to the underwriters to purchase up to a total of _____ additional ordinary shares from us, constituting 15% of the total number of shares to be offered by the Company in this offering, solely for the purpose of covering over-allotments, at the initial public offering price, less the underwriting discounts and commissions payable by us, as set forth on the cover page of this prospectus. If the underwriters exercise this option in whole or in part, then the underwriters will be separately committed, subject to the conditions described in the underwriting agreement, to purchase the additional ordinary shares in proportion to their respective commitments set forth in the table above. We will pay the expenses associated with the exercise of the overallotment option.

Lockup Agreements

We, our directors and officers, and all holders of our outstanding ordinary shares have agreed that, without the prior written consent of Aegis Capital Corporation:

- for a period of 180 days after the date of this prospectus, our directors and officers and, subject to certain exceptions, any other holder of our outstanding ordinary shares (or options, warrants or other securities convertible into or exercisable for ordinary shares) as of the effective date of the Registration Statement, will not offer, sell, contract to sell, encumber, grant any option for the sale of, or otherwise dispose of any securities of the Company; and
- each of the Company and any successors of the Company, for a period of six (6) months from the closing of this offering, will not:
 - o 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, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company, except for the grant of options to, and exercise of options by, employees or consultants, and provided that the ordinary shares underlying such options shall be subject to the "lock-up";

o file or caused to be filed any registration statement with the SEC relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; or

o enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company,

whether any such transaction described above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

However, these lockup restrictions will not apply to _____.

Aegis Capital Corporation, in its sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release ordinary shares and other securities from lock-up agreements, Aegis Capital Corporation will consider, among other factors, the holder's reasons for requesting the release, the number of ordinary shares and other securities for which the release is being requested and market conditions at the time.

Commissions and Expenses

The underwriters propose to offer the ordinary shares directly to the public at the initial public offering price set forth on the cover page of this prospectus, and at this price less a concession not in excess of \$_____ per ordinary share to other dealers specified in a master agreement among underwriters who are members of the Financial Industry Regulatory Authority, Inc. The underwriters may allow, and the other dealers specified may re-allow, concessions not in excess of \$_____ per ordinary share to these other dealers. After this offering, the offering price, concessions, and other selling terms may be changed by the underwriters. Our ordinary shares are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The following table summarizes the compensation to be paid to the underwriters by us and the proceeds, before expenses, payable to us:

	Per share	Total, without overallotment	Total, with overallotment
Public offering price	_____	_____	_____
Underwriting discounts and Commissions (7%)	_____	_____	_____
Non accountable expense allowance (1%)(1)	_____	_____	_____
Proceeds, before expenses, to us	_____	_____	_____

(1) the expense allowance is not payable with respect to any shares sold upon exercise of the underwriters' over-allotment option.

We have also agreed to pay Aegis Capital Corporation's expenses relating to the offering, including: (a) all fees, expenses and disbursements relating to background checks of our officers and directors in an amount not to exceed \$15,000 in the aggregate; (b) all filing fees incurred in clearing this offering with The Financial Industry Regulatory Authority; (c) all fees, expenses and disbursements relating to the registration, qualification or exemption of securities offered under state securities laws, or "blue sky" laws, or under the securities laws of foreign jurisdictions designated by Aegis Capital Corporation (including reasonable fees and disbursements of blue sky counsel); (d) \$20,000 for Aegis Capital Corporation's use of Ipreo's book-building, prospectus tracking and compliance software for this offering; (e) up to \$2,000 to cover the costs associated with preparing bound closing volumes and Lucite tombstones; and (f) up to \$20,000 of the Aegis Capital Corporation's actual accountable road show expenses for this offering. We have paid an expense deposit of \$25,000 to Aegis Capital Corporation, to be applied against Aegis Capital Corporation's out-of-pocket accountable expenses (and any portion of such deposit covering expenses that are not incurred will be returned to the Company).

In addition, we have agreed to issue to Aegis Capital Corporation warrants to purchase that number of our ordinary shares equal to 4% of the aggregate number of our ordinary shares sold in this offering (excluding any over-allotment shares). The warrants shall be exercisable as follows: one third of the warrants will be exercisable for a period of 12 months beginning on the one year anniversary of the effective date of the registration statement of which this prospectus forms a part, at a price per share equal to 150% of the public offering price per ordinary share sold in the offering; one third of the warrants will be exercisable for a period of 18 months beginning on the one year anniversary of the the effective date of the registration statement of which this prospectus forms a part, at a price per ordinary share equal to 200% of the public offering price per ordinary share sold in the offering; and one third of the warrants will be exercisable for a period of 24 months beginning on the one year anniversary of the the effective date of the registration statement of which this prospectus forms a part, at a price per ordinary share equal to 250% of the public offering price per ordinary share sold in the offering.

We also granted Aegis Capital Corporation, for a period of 230 days after the the effective date of the registration statement of which this prospectus forms a part, a right of first refusal to act as sole book-running manager for each and every future public and private equity and debt offering by our company or any of our successors or subsidiaries.

Indemnification of Underwriters

We will indemnify the underwriters against some civil liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect of those liabilities.

NASDAQ Capital Market Listing

We intend to apply for listing of our ordinary shares on The NASDAQ Capital Market under the symbol "CORD".

Short Sales, Stabilizing Transactions, and Penalty Bids

In order to facilitate this offering, persons participating in this offering may engage in transactions that stabilize, maintain, or otherwise affect the price of ordinary shares during and after this offering. Specifically, the underwriters may engage in the following activities in accordance with the rules of the Securities and Exchange Commission.

Short sales. Short sales involve the sales by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are short sales made in an amount not greater than the underwriters' over-allotment option to purchase additional shares from us in this offering. The underwriters may close out any covered short position by either exercising their over-allotment option to purchase shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Naked short sales are any short sales in excess of such over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. 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 ordinary shares in the open market after pricing that could adversely affect investors who purchase in this offering.

Stabilizing transactions. The underwriters may make bids for or purchases of the shares for the purpose of pegging, fixing, or maintaining the price of the shares, so long as stabilizing bids do not exceed a specified maximum.

The transactions above may occur on The NASDAQ Capital Market or otherwise. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of the shares. If these transactions are commenced, they may be discontinued without notice at any time.

Discretionary Sales

The underwriters have informed us that they do not expect to confirm sales of ordinary shares offered by this prospectus to accounts over which they exercise discretionary authority without obtaining the specific approval of the account holder.

Electronic Distribution

A prospectus in electronic format may be made available on the internet sites or through other online services maintained by one or more of the underwriters participating in this offering, or by their affiliates. Other than the prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

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, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and other financing and banking services to us, for which they have in the past received, and may in the future receive, customary fees and reimbursement for their expenses. 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 may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

Offer restrictions outside the United States

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.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area — Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (“AMF”). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d’investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Prospectus Regulations”). The securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(1) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

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 the types of, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of a fund for 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, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they fall within the scope of the Addendum.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, “CONSOB” pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 (“Decree No. 58”), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 (“Regulation no. 11971”) as amended (“Qualified Investors”); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the “FIEL”) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are “qualified investors” (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of securities in Sweden is limited to persons who are “qualified investors” (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

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United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

EXPENSES RELATED TO THIS OFFERING

We estimate that the total expenses of this offering payable by us, excluding the underwriting discounts and commissions and expenses, will be approximately \$ _____, as follows:

SEC filing fee	\$	*
FINRA filing fee		*
Printer fees and expenses		*
Transfer agent fees and expenses		*
Legal fees and expenses		*
Data room and diligence expenses		*
Accounting fees and expenses		*
Miscellaneous		*
TOTAL	\$	

*To be provided by amendment.

LEGAL MATTERS

Certain legal matters related to this offering will be passed upon for us by McDermott Will & Emery LLP, New York, New York, and by Amit, Pollak, Matalon, & Co., Tel Aviv, Israel. Certain legal matters related to this offering will be passed upon for the underwriters by Lowenstein Sandler LLP, New York, New York, and by Yigal Arnon & Co., Jerusalem, Israel.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in this registration statement, a substantial majority 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 a substantial majority 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, Amit, Pollak, Matalon & Co., 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 judgment is 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 judgment is final and is not subject to any right of appeal;
- the prevailing law of the foreign state in which the judgment was 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 liabilities under the judgment are enforceable according to the laws of the State of Israel and the judgment and the enforcement of the civil liabilities set forth in the judgment is not contrary to the law or public policy in Israel nor likely to impair the security or sovereignty of Israel;
- the judgment was not obtained by fraud and does 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 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.

EXPERTS

The financial statements of Gamida Cell Ltd. at December 31, 2013 and 2012, for each of the two years in the period ended December 31, 2013, appearing in this prospectus and registration statement have been audited by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered public accounting firm, as set forth in their report thereon (which contains an explanatory paragraph describing conditions that raise substantial doubt about our ability to continue as a going concern as described in Note 1b to the financial statements) appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the 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>.

We are subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements are filing 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 are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file 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.gamida-cell.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. We will post on our website any materials required to be posted on such website under corporate or securities regulations, including posting any XBRL interactive financial data required to be filed with the SEC, and any notices of general meetings of our shareholders.

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GAMIDA CELL LTD.

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GAMIDA CELL-TEVA JV LTD.

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GAMIDA CELL LTD.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

GAMIDA CELL LTD.

We have audited the accompanying statements of financial position of Gamida Cell Ltd. (the "Company") as of December 31, 2013 and 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1b to the financial statements, the Company has recurring losses from operations and has a net accumulated deficit that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Tel-Aviv, Israel
June 12, 2014

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

		December 31,	
	Note	2013	2012
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	5	\$ 1,381	\$ 5,551
Short-term bank deposits		-	2,000
Other current assets	6	481	360
Related parties	81	788	-
<u>Total</u> current assets		2,650	7,911
NON-CURRENT ASSETS:			
Investment in joint venture	9	1,687	-
Property and equipment, net	7	249	229
Other assets		121	33
<u>Total</u> non-current assets		2,057	262
<u>Total</u> assets		\$ 4,707	\$ 8,173

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

U.S. dollars thousands (except share and per share data)

	Note	December 31,	
		2013	2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables		\$ 483	\$ 957
Accrued expenses and other payables	8	995	835
Related parties	18	-	506
		<u>1,478</u>	<u>2,298</u>
NON-CURRENT LIABILITIES:			
Excess of losses over investment in joint venture	9	-	2,116
Warrants presented at fair value	10	1,084	1,749
Employee benefit liabilities, net	11	<u>53</u>	<u>88</u>
		<u>1,137</u>	<u>3,953</u>
CONTINGENT LIABILITIES AND COMMITMENTS			
	12		
SHAREHOLDERS' EQUITY:			
	13		
Share capital -			
Common Shares of NIS 0.01 par value -			
Authorized: 11,743,763 shares at December 31, 2013 and 2012; Issued and outstanding:			
689,898 shares at December 31, 2013 and 2012;		2	2
Preferred Shares of NIS 0.01 par value -			
Authorized: 8,818,837 shares at December 31, 2013 and 2012; Issued and outstanding:			
7,564,781 shares at December 31, 2013 and 2012;		19	19
Share premium		51,614	51,540
Capital reserve due to actuarial gains (losses)		12	(22)
Accumulated deficit		<u>(49,555)</u>	<u>(49,617)</u>
Total shareholders' equity		<u>2,092</u>	<u>1,922</u>
Total liabilities and shareholders' equity		<u>\$ 4,707</u>	<u>\$ 8,173</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except share and per share data)

		Year ended December 31,	
	Note	2013	2012
Operating expenses:			
Research and development expenses, net	15a	\$ 2,602	\$ 2,292
General and administrative expenses	15b	557	495
Operating loss		3,159	2,787
Financial expenses	15c	127	891
Financial income	15d	(775)	(246)
Loss before taxes on income		2,511	3,432
Share of loss (profit) of joint venture		(2,573)	1,377
Net Loss (Income)		(62)	4,809
Other Comprehensive (Income) Loss:			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial net loss (gain) of defined benefit plans		(34)	22
Total Comprehensive (Income) Loss		\$ (96)	\$ 4,831
<u>Loss per share attributable to equity holders of the Company:</u>			
Basic and diluted loss for the year	16	\$ 11.5	\$ 17.3

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands (except per share data)

	Ordinary Shares		Preferred Shares		Share	Capital reserve due to Actuarial	Accumulated	Total
	Number	Amount	Number	Amount	premium	gain (loss)	deficit	Equity
Balance as of January 1, 2012	689,898	\$ 2	6,338,282	\$ 16	\$ 43,134	\$ -	\$ (44,808)	\$ (1,656)
Net loss	-	-	-	-	-	-	(4,809)	(4,809)
Other comprehensive loss	-	-	-	-	-	(22)	-	(22)
Total comprehensive loss	-	-	-	-	-	(22)	(4,809)	(4,831)
Issuance of units consists of Series E Preferred Shares and warrants, net of issuance cost	-	-	1,226,499	3	8,357	-	-	8,360
Share-based compensation	-	-	-	-	49	-	-	49
Balance as of December 31, 2012	689,898	2	7,564,781	19	51,540	(22)	(49,617)	1,922
Net income	-	-	-	-	-	-	62	62
Other comprehensive income	-	-	-	-	-	34	-	34
Total comprehensive income	-	-	-	-	-	34	62	96
Share-based compensation	-	-	-	-	74	-	-	74
Balance as of December 31, 2013	689,898	\$ 2	7,564,781	\$ 19	\$ 51,614	\$ 12	\$ (49,555)	\$ 2,092

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2013	2012
<u>Cash flows from operating activities:</u>		
Net Income (Loss)	\$ 62	\$ (4,809)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	71	62
Change in employee benefit liabilities, net	(1)	(6)
Share-based compensation	74	49
Issuance cost related to warrants to investors and service provider	-	17
Revaluation of financial derivatives	(665)	(54)
Increase in other current and non-current assets	(217)	(137)
Increase (decrease) in trade payables	(475)	281
Increase in accrued expenses and other payables	160	265
Decrease in related parties	(1,293)	(1,531)
Amortization of discount on convertible bridge loan and accrued interest	-	699
Share of losses (profit) of joint venture	(2,573)	1,377
Financial expenses, net	(15)	4
Net cash used in operating activities	(4,872)	(3,782)
Cash paid and received during the year for:		
Interest received	8	62
	(4,864)	(3,720)
<u>Cash flows from investing activities:</u>		
Proceeds from maturity of marketable securities	-	167
Investment in short-term bank deposits	-	(2,000)
Proceeds from maturity of short-term bank deposits	2,000	2,000
Purchase of property and equipment	(91)	(20)
Investment in joint venture	(1,230)	(2,363)
Net cash provided by (used in) investing activities	679	(2,216)
<u>Cash flows from financing activities:</u>		
Issuance of units consists of Series E Preferred Shares and warrants, net of issuance cost	-	5,905
Net cash provided by financing activities	-	5,905
Exchange differences on balances of cash and cash equivalents	15	(4)
Decrease in cash and cash equivalents	(4,170)	(35)
Cash and cash equivalents at beginning of year	5,551	5,586
Cash and cash equivalents at end of year	\$ 1,381	\$ 5,551
Conversion of convertible bridge loan into Series E1 Preferred Shares	\$ -	\$ 4,233

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL

- a. Gamida Cell Ltd. (the "Company"), founded in 1998, is a clinical-stage biopharmaceutical company focused on developing and commercializing cell therapeutic product candidates for treatment of patients with blood cancer and severe genetic blood diseases. The Company uses its proprietary platform technology to expand, in culture, highly functional cells derived from umbilical cord blood, bone marrow or peripheral blood, to enhance the potential therapeutic efficacy of these cells.

The lead product candidate, NiCord®, is in clinical development (Phase I/II) for potential use as a hematopoietic (blood) stem cell (HSC) transplantation product in patients with hematological malignancies (blood cancer) such as leukemia and lymphoma, and serious genetic blood diseases such as sickle cell disease (SCD) and thalassemia. HSC transplantation from bone marrow (also called bone marrow transplantation) is currently the standard of care treatment for many of these patients, but there is a significant unmet need for patients who cannot find a fully matched bone marrow donor. NiCord® is derived from a unit of umbilical cord blood whose HSC have been expanded in culture using our NAM platform technology. Clinical results obtained to date suggest that NiCord® may effectively address this unmet need.

On February 14, 2013 the Company announced the successful results of the Phase I/II study of its product candidate NiCord®, for patients with hematological malignancies. An additional phase I/II clinical study in patients with SCD is ongoing. On September 9, 2013 the Company announced the successful transplantation of the first patient in the Company's Phase I/II study of NiCord® using a single unit of cord blood. Additional indications and products are in development for cancer, hematological diseases, autoimmune diseases and regenerative medicine.

The Company's product candidate StemEx® completed a phase II/III clinical study in hematological malignancies and was developed through the Gamida Cell-Teva Joint Venture Ltd. (the "JV") between the Company and Teva Pharmaceutical Industries Ltd. (the "Shareholder") (see also Note 9).

A Phase II/III study of StemEx® compared the use of StemEx® as part of a transplantation regimen to a historical control group in the treatment of patients with blood cancer, such as leukemia and lymphoma. The study reached its primary endpoint of improving overall survival at 100 days post transplantation.

On August 19, 2012, the joint venture met with the United States Food and Drug Administration ("FDA"), for the purpose of discussing the regulatory path to approval of StemEx®. Following this meeting, the Special Protocol Assessment ("SPA"), as originally formulated, shall not constitute as binding. In July 2013, the FDA advised JV that the JV would need to conduct a randomized Phase III clinical trial in order to apply for marketing approval. In light of these discussions, the Company understood that the control group of the Phase III Clinical Trial that was carried out should be modified. JV decided not to pursue the development and commercialization of StemEx® in the United States or Europe without a strategic partner.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL (Cont.)

Consequently, the probability of recognizing revenue from the sale of StemEx® was reduced due to significant investment that will be required and the possibility that the Company will not enter into a strategic partnership for commercialization of StemEx®.

- b. Since inception, the Company sustained operating losses and has used cash in its operations. During the year ended December 31, 2013 the Company used cash in operating activities of \$ 4,872 and had an accumulated deficit in the amount of \$ 49,555 as of December 31, 2013. The Company's ability to continue to operate is dependent upon receiving additional financial support. There are no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development of its products. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to the assets and liabilities of the Company that may result from the outcome of this uncertainty.

Subsequent to the balance sheet date, the Company obtained additional financing from its existing shareholders in a total gross amount of \$ 2,900 (see also Note 19).

- c. Definitions:

In these financial statements:

The Company	- Gamida Cell Ltd.
Joint Venture	- A type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture as defined in IFRS 11 and is accounted for using the equity method.
Related Parties	- As defined in IAS 24
Dollar	- U.S. dollar

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Company's financial statements have been prepared on a cost basis, except for financial liabilities which are measured at fair value through profit or loss and joint venture accounted for using the equity method. The Company has elected to present profit or loss items using the function of expense method.

The preparation of the financial statements requires management to make critical accounting estimates as well as exercise judgment in the process of adopting significant accounting policies.

The operating cycle of the Company is one year.

b. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The presentation currency of the financial statements is the U.S. dollars.

The functional currency is the currency that best reflects the economic environment in which the Company operates and conducts its transactions. Most of the Company and its JV's costs are incurred in U.S. dollars. In addition, the Company and its JV's financing activities are incurred in U.S. dollars. The Company's management believes that the functional currency of the Company and its JV is the U.S. dollar.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

d. Short-term bank deposits:

Short-term bank deposits are deposits with an original maturity of more than three months from the deposit day but less than one year. As of December 31, 2012, all short-term deposits are denominated in NIS and bear interest at an average annual rate of 0.87%.

e. Investment in joint venture:

The investment in joint venture is accounted for using the equity method.

Under the equity method, the investment in joint venture is presented at cost with the addition of post-acquisition changes in the Company's share of net assets, including other comprehensive income of the joint venture. The equity method is applied until the loss of joint venture or classification as an asset held-for-sale.

The financial statements of the Company and the joint venture are prepared as of the same dates and periods. The accounting policies applied in the financial statements of the joint venture are uniform and consistent with the policies applied in the financial statements of the Company.

f. Property and equipment:

Property and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life is as follows:

	%
Machinery	15
Office furniture and equipment	6 - 33
Leasehold improvements	(*)

(*) Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Company and intended to be exercised) and the expected life of the improvement.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

g. Research and development costs:

Research expenditures are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development. Since the Company development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

h. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The following criteria are applied in assessing impairment in the investment in the joint venture:

After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the investment in joint venture. The Company determines at the end of each reporting period whether there is objective evidence that the carrying amount of the investment in the joint venture is impaired. If there is objective evidence, an impairment loss is recognized in the amount of the difference between the recoverable amount of the investment in the joint venture and its carrying amount.

The Company did not recognize any impairment of non-financial assets for any of the periods presented.

i. Government investment grants:

Government investment grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the related conditions.

Government investment grants received from the Office of the Chief Scientist in Israel (the "OCS") are recognized upon receipt as a liability if future economic benefits are expected from the project that will result in royalty-bearing sales.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a Government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

At the end of each reporting period, the Company evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid based on the best estimate of future sales and using the original effective interest method.

j. Financial instruments:

1. Financial Assets:

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement of financial assets is as describe below:

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

a) Receivables

Short-term receivables are measured at their nominal amount, less provision for impairment.

b) Derecognition

A financial asset is primarily derecognised when:

- 1) The right to receive cash flow from the asset have expired, or
- 2) The Company has transferred its rights to receive cash flow from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party.

2. Financial Liabilities:

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables net of directly attribute transaction costs. The Company's financial liabilities include trade and other payables and warrants to shareholders.

The 'fixed for fixed' criteria is not applied for the aforementioned warrants to shareholders and therefore such warrants are measured at each balance sheet date at their fair value. Gains or losses are recognized in profit or loss.

a) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3. Fair value:

Fair value is 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 fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|--|
| Level 1 | - Quoted (unadjusted) market prices in active markets for identical assets or liabilities |
| Level 2 | - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

The carrying amounts of cash and cash equivalents, short-term bank deposit, other current assets, trade payables and other accounts payable approximate their fair value due to the short-term maturity of such instruments.

4. Compounded financial instruments:

Convertible debentures which contain both an equity component and a liability component are separated into two components. This separation is performed by first determining the carrying amount of the liability component based on the fair value of an equivalent non-convertible liability. The carrying amount of the equity component is the residual amount. Direct transaction costs are allocated between the equity component and the liability component based on the allocation of proceeds to the equity and liability components.

5. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issuance expenses) to the components of the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities and compound instruments that are presented at amortized cost. The proceeds allocated to equity instruments are the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Provisions:

A provision in accordance with IAS 37 is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l. Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

m. Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

n. Employee benefit liabilities:

The Group has several employee benefit plans:

1. Short-term employee benefits:

Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered.

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies and classified as defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law ,1963 (the "Law"). According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to yields on Government bonds.

In respect of its severance pay obligation to certain of its employees, the Company makes current deposits in pension funds and insurance companies ("the Plan Assets"). Plan Assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan Assets are not available to the Company's own creditors and cannot be returned directly to the Company.

Actuarial gains and losses are recognized in other comprehensive income or (loss) retrospectively in the period in which they occur.

o. Share-based payment transactions:

The Company's employees and other service providers are entitled to remuneration in the form of equity-settled share-based payment transactions.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

With respect to other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments. In cases where the fair value of the goods or services received as consideration of equity instruments cannot be measured, it is measured by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period which the performance and/or service conditions are to be satisfied, ending on the date on which the relevant employees become fully entitled to the award (the "Vesting Period").

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether the market condition is satisfied, provided that all other vesting conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- p. Loss per share:

Loss per share are calculated by dividing the net loss attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period. Potential Ordinary shares are only included in the computation of diluted loss per share when their conversion increases loss per share or decreases income per share. Potential Ordinary shares that are converted during the period are included in diluted loss per share only until the conversion date. The Company's share of loss (profit) of investees is included based on the loss per share of the investees multiplied by the number of shares held by the Company.

- q. Changes in accounting policies and disclosure due to new and amended standards:

IAS 1 - Presentation of Financial Statements:

The amendment to IAS 1 (the "Amendment") provides guidance for the presentation of other comprehensive income. According to the Amendment, items which may be reclassified to profit or loss in a future period should be presented separately from items that will never be reclassified to profit or loss.

IAS 19 (Revised) - Employee Benefits:

In 2013 the Company adopted IAS 19 (Revised) ("the Standard"). The main changes included in the Standard applicable to the Company are:

- The re-measurement of the net defined benefit liability are recognized in other comprehensive income and not in profit or loss.
- Income from the plan assets is recognized in profit or loss based on the discount rate used to measure the employee benefit liabilities, regardless of the actual composition of the investment portfolio.

Before the implementation of IAS 19 (Revised), actuarial gains and losses were recognized in profit and loss. The Company adopted IAS 19 (Revised) retrospectively in accordance with IAS 8.

The effects on financial position and performance of the Company for all periods presented were immaterial.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 10, IFRS 11, IFRS 12, IFRS 13 - Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities, Fair Value Measurement:

In 2013 the Company applied retrospectively the following new Standards: IFRS 10, "Consolidated Financial Statements" IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" ("the new Standards") and IFRS 13, "Fair Value Measurement", and amended two existing Standards, IAS 27R (Revised 2011), "Separate Financial Statements", and IAS 28R (Revised 2011), "Investments in Associates and Joint Ventures".

The new Standards had no material impact on financial position and performance of the Company.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Government grants:

Government grants received from the OCS at the Ministry of Industry, Trade and Labor are recognized as a liability if future economic benefits are expected from the research and development activity that will result in royalty-bearing sales. There is uncertainty regarding the estimated future cash flows and the estimated discount rate used to measure the amount of the liability.

- Pension and other post-employment benefits:

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. The carrying amount of the liability may be significantly affected by changes in such estimates.

- Determining the fair value of an unquoted financial liabilities:

The fair value of unquoted financial liabilities in Level 3 of the fair value hierarchy is determined using valuation techniques including projected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. Changes in estimated projected cash flows and estimated discount rates, after consideration of risk factors such as liquidity risk, credit risk and volatility, are liable to affect the fair value of these liabilities (See also Note 9c).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

- Impairment for investment in joint venture:

The Company assesses at the end of each reporting period whether there is objective evidence that the investment in joint venture has been impaired and an impairment loss has been incurred. In evaluating impairment, the Company evaluates if changes in estimated projected cash flows and estimated discount rates, are liable to affect the fair value of the recoverable amounts of such investment in joint venture.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

IAS 32 - Financial Instruments:

The IASB issued certain amendments to IAS 32 regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter.

The Company estimates that the amendments to IAS 32 are not expected to have a material impact on its financial statements.

IFRS 9 - Financial Instruments:

1. The IASB issued IFRS 9, "Financial Instruments", the first part of Phase 1 of a project to replace IAS 39, "Financial Instruments: Recognition and Measurement".
2. The IASB issued certain amendments to the Standard regarding de-recognition and financial liabilities (Phase 2).
3. In 2013 IASB issued Phase 3 of IFRS 9. Phase 3 includes new requirements regarding hedge accounting.

The effective date was not yet determined. Earlier application is permitted.

The Company believes that IFRS 9 is not expected to have a material effect on the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 5:- CASH AND CASH EQUIVALENTS

	December 31,	
	2013	2012
Cash for immediate withdrawal	\$ 1,381	\$ 2,551
Cash equivalents in USD deposits (1)	-	3,000
	<u>\$ 1,381</u>	<u>\$ 5,551</u>

- (1) The cash equivalent are short-term bank deposits denominated in USD and bear interest at an average annual rate of 0.29% as of December 31, 2012.

NOTE 6:- OTHER CURRENT ASSETS

	December 31	
	2013	2012
Grants receivable	\$ 423	\$ 332
Advance to suppliers	23	16
Other	35	12
	<u>\$ 481</u>	<u>\$ 360</u>

NOTE 7:- PROPERTY AND EQUIPMENT, NET

Composition and movement:2013:

	Machinery	Office furniture and equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2013	\$ 1,290	\$ 327	\$ 788	\$ 2,405
Acquisitions	91	-	-	91
Balance at December 31, 2013	<u>1,381</u>	<u>327</u>	<u>788</u>	<u>2,496</u>
Accumulated depreciation:				
Balance at January 1, 2013	1,176	231	769	2,176
Depreciation	52	16	3	71
Balance at December 31, 2013	<u>\$ 1,228</u>	<u>\$ 247</u>	<u>\$ 772</u>	<u>\$ 2,247</u>
Property and equipment, net at December 31, 2013	<u>\$ 153</u>	<u>\$ 80</u>	<u>\$ 16</u>	<u>\$ 249</u>

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7:- PROPERTY AND EQUIPMENT, NET (Cont.)

2012:

	<u>Machinery</u>	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:				
Balance at January 1, 2012	\$ 1,270	\$ 327	\$ 788	\$ 2,385
Acquisitions	20	-	-	20
Balance at December 31, 2012	1,290	327	788	2,405
Accumulated depreciation:				
Balance at January 1, 2012	1,134	215	765	2,114
Depreciation	42	16	4	62
Balance at December 31, 2012	\$ 1,176	\$ 231	\$ 769	\$ 2,176
Property and equipment, net at December 31, 2012	<u>\$ 114</u>	<u>\$ 96</u>	<u>\$ 19</u>	<u>\$ 229</u>

NOTE 8:- ACCRUED EXPENSES AND OTHER PAYABLES

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Employees and payroll accruals	\$ 512	\$ 425
Government authorities	278	58
Other	205	352
	<u>\$ 995</u>	<u>\$ 835</u>

NOTE 9:- INVESTMENTS IN JOINT VENTURE

On February 16, 2005 the Shareholder decided to exercise its option to enter into a joint venture with the Company to develop, manufacture and commercialize certain product based on the copper chelator Technology (StemEx®) for patients with blood cancer. Consequently, on May 6, 2005, a joint venture was founded between the parties and a founders agreement was executed on February 12, 2006 pursuant to which the Company transferred a technology license to the JV for issuance of 5,000 Ordinary Shares of NIS 0.01 par value. The Shareholder was obligated to fund the JV's activity in total amount of \$ 25,000 for issuance of 5,000 Ordinary Shares of NIS 0.01 par value.

In addition, the Company and the Shareholder agreed to render services to the JV. All services are charged at cost only (refer also to Note 18).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 9:- INVESTMENTS IN JOINT VENTURE (Cont.)

During the period starting mid 2009 through December 31, 2013, the Company and the Shareholder entered into certain share purchase agreements to invest approximately \$ 31,800, based on their holding of the voting rights in the JV for issuance of additional 4,242 Ordinary Shares of NIS 0.01 par value, 2,121 Ordinary Shares each.

As of December 31, 2013 and 2012 the Company owned 50% of the voting rights of the JV which is a private entity. Based on such voting rights and on the terms of the founders agreement, the JV is jointly controlled by the Company and the Shareholder. In addition, the investment in the JV is considered to be a joint venture as defined in IFRS 11 and accordingly is accounted for using the equity method.

The following table illustrates the summarized financial information of the Company's investment in the JV:

	December 31,	
	2013	2012
Current assets	\$ 2,369	\$ 3,549
Non-current assets	1,843	1,938
Current liabilities	(839)	(953)
Non-current liabilities (consist of liability to OCS)	-	(8,767)
Equity (deficiency)	3,373	(4,233)
Proportion of the Company's ownership	50%	50%
Carrying amount of the investment	\$ 1,687	\$ (2,116)
	Year ended December 31,	
	2013	2012
Research and development expenses, net (*)	\$ (7,233)	\$ (631)
General and administrative expenses	1,019	1,055
Financial expenses	1,165	2,481
Financial income	(97)	(151)
Loss (income) for the year	(5,146)	2,754
Proportion of the Company's ownership	50%	50%
Company's share of loss (profit) for the year	\$ (2,573)	\$ 1,377

- (*) As a result of the SPA cancellation in August 2012, as further described in Note 1a, the liability in respect of Chief Scientist government grants was adjusted accordingly and an amount of \$ 7,485 was carried to profit or loss of the JV in 2012.

Due to the FDA notice in July 2013, the JV concluded that amount received from the OCS will not be repaid. Therefore, the liability related to OCS was reversed and an amount of \$ 9,895 was carried to profit or loss of the JV in 2013.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 9:- INVESTMENTS IN JOINT VENTURE (Cont.)

The recoverable amount of the investment in joint venture amounted to \$ 2,300 and \$ 27,300 as of December 31, 2013 and 2012, respectively, have been determined based on cash flow projections for a twenty-year period. The projected cash flows have been updated to reflect the SPA cancellation and FDA notice as described in Note 1a. The pre-tax discount rate applied to cash flow projections is 13% and 12% as of December 31, 2013 and 2012, respectively. The probability rate for commercialization of sales of the StemEx® applied to cash flow projections is 14% and 54% as of December 31, 2013 and 2012, respectively. As a result of this analysis, no impairment loss was identified.

Refer also to Note 18 for Related Party Transactions.

NOTE 10:- WARRANTS PRESENTED AT FAIR VALUE

a. Warrants to purchase Series Preferred D Shares:

In connection with a license agreement with a licensor, which was sub-licensed to the JV, the Company granted to the licensor 13,254 warrants to purchase Preferred D1 Shares of NIS 0.01 par value at exercise price per share of \$ 15.09 per share. The warrants expired during the year ended December 31, 2012.

b. Warrants to purchase Series Preferred E1 Shares:

On May 14, 2012 (the "Effective Date") the Company entered into share purchase agreement (the "SPA") with certain investors for issuance of units of securities consisting of 571,478 and 655,021 Series Preferred E1 Shares and Series Preferred E2 Shares of the Company, nominal value NIS 0.01 each, respectively, and warrants to purchase 556,165 Preferred E2 Shares of the Company, in exchange for an aggregate gross purchase price of up to \$ 10,000 (see also Note 13c).

The warrants may be exercised, in part or in whole, from time to time, during the period from the Effective Date until the earlier of (i) May 14, 2015, or (ii) immediately prior to the consummation of an IPO or Deemed Liquidation, whichever comes first. As of December 31, 2013 and 2012 no warrants were exercised.

The aforesaid warrants to purchase Preferred D1 Shares and Preferred E2 Shares are subject to non-standard anti-dilution protection provisions and cashless exercise mechanism and therefore accounted for as a financial liability which is measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 10:- WARRANTS PRESENTED AT FAIR VALUE (Cont.)

The Company measures the fair value of the warrants by using Monte Carlo valuation method. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected warrants term. Expected volatility was calculated based upon historical volatilities of similar entities in the related sector index. The expected warrants term represents the period in which liquidation event will be occurred subject to the Company's expectations. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

Warrants to purchase Preferred E2 Shares:

	Issuance date	December 31, 2013	December 31, 2012
Risk-free interest rate	0.31%	0.1%-0.4%	0.31%
Expected volatility	90%	50%-90%	95%
Expected life (in years)	2.5	0.5-2	3
Expected dividend yield	0	0	0
Fair value:	\$ 3.2	\$ 1.9	\$ 3.1

- c. Changes in the fair value of warrants classified as Level 3 in the fair value hierarchy:

	Fair value of warrants
Balance at January 1, 2012	\$ 8
Issuance of warrants to purchase Preferred E2 Shares	1,795
Revaluation of financial derivatives	(54)
Balance at December 31, 2012	1,749
Revaluation of financial derivatives	(665)
Balance at December 31, 2013	<u>\$ 1,084</u>

- d. Description of significant unobservable inputs to valuation:

	December 31,	
	2013	2012
Sensitivity to changes in inputs:		
Gain (loss) from change:		
10% increase in volatility	\$ (190)	\$ (196)
10% decrease in volatility	\$ 181	\$ 220
Gain (loss) from change:		
1% increase in revenue growth rate	\$ 130	\$ (63)
1% decrease in revenue growth rate	\$ 143	\$ 114

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- EMPLOYEE BENEFIT LIABILITY, NET

Employee benefits consist of short-term benefits, post-employment benefits, other long-term benefits and termination benefits.

Defined benefit plans:

The Company accounts for payment of compensation that is not covered by contributions in defined contribution plans, as a defined benefit plan for which an employee benefit liability is recognized and for which the Company deposits amounts in central severance pay funds and in qualifying insurance policies.

- a. Expenses recognized in Profit and Loss:

	Year ended December 31,	
	2013	2012
Current service cost	\$ 147	\$ 167
Interest cost on benefit obligation	67	55
Expected return on plan assets	(62)	(52)
Exchange rate differences	229	2
Total employee benefit expenses	381	172
The expenses are presented in the Statements of Comprehensive Income (Loss) as follows:		
Research and development expenses, net	292	132
General and administrative expenses	89	40
	381	172

- b. Expenses recognized in Comprehensive income (loss):

	Year ended December 31,	
	2013	2012
Net actuarial loss (gain) recognized in the year	\$ (34)	\$ 22

- c. The plan assets (liabilities), net:

	Year ended December 31,	
	2013	2012
Defined benefit obligation	\$ 1,529	\$ 1,352
Fair value of plan assets	(1,476)	(1,264)
Total liabilities, net	\$ 53	\$ 88

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- EMPLOYEE BENEFIT LIABILITY, NET (Cont.)

- d. Changes in the present value of defined benefit obligation:

	Year ended December 31,	
	2013	2012
Balance at January 1,	\$ 1,352	\$ 1,176
Interest cost	67	55
Current service cost	147	167
Benefits paid	(150)	(120)
Net actuarial losses	5	42
Exchange rate differences	108	32
Balance at December 31,	\$ 1,529	\$ 1,352

- e. Plan assets:

- Plan assets comprise of assets held by a long-term employee benefit fund and qualifying insurance policies.
- The movement in the fair value of the plan assets:

	Year ended December 31,	
	2013	2012
Balance at January 1,	\$ 1,264	\$ 1,105
Expected return	62	52
Contributions by employer	159	149
Benefits paid	(150)	(92)
Net actuarial gains	17	20
Exchange rate differences	124	30
Balance at December 31,	\$ 1,476	\$ 1,264

- f. The principal assumptions underlying the defined benefit plan:

	Year ended December 31,	
	2013	2012
	%	
Discount rate of the plan liability	4.75	4.42
Expected rate of return on plan assets	4.75	4.42
Future salary increases	4.2	4.2

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 12:- CONTINGENT LIABILITIES AND COMMITMENTS

- a. The facilities of the Company are rented under an operating lease for a period ending June 2015. Future minimum lease commitments as of December 31, 2013 are as follows:

Year ended December 31, 2013

2014	\$	252
2015		126
	\$	<u>377</u>

- b. The Company rents motor vehicles under an operating lease agreement, for a monthly aggregate fee of \$ 14.
- c. The Company is obligated to pay royalties to the Government of Israel through the OCS, at the rates of 3% to 5% on sales proceeds from products developed with the grants received from the OCS. The maximum amount of royalties payable to the Government of Israel is limited to 100% of the grants received, linked to the dollar and bearing interest at the LIBOR rate. The obligation to pay these royalties is contingent on actual sales of the products and in the absence of such sales, no payment is required.

Management concluded that it is not reasonable assured that the grants from OCS will be repaid in the foreseeable future, based on the current development status of NiCord®, no liability related to OCS was recorded as of December 31, 2013.

As of December 31, 2013, the Company's aggregate contingent obligations for payments to OCS, based on royalty-bearing participation received or accrued amounted to \$ 11,433.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY

- a. Composition of share capital:

	December 31, 2013		December 31, 2012	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary Share of NIS 0.01 par value	10,343,690	490,000	10,343,690	490,000
Ordinary B Share of NIS 0.01 par value	1,400,073	199,898	1,400,073	199,898
	11,743,763	689,898	11,743,763	689,898
Series Preferred A Share of NIS 0.01 par value	600,000	600,000	600,000	600,000
Series Preferred B Share of NIS 0.01 par value	1,547,170	1,453,846	1,547,170	1,453,846
Series Preferred C Share of NIS 0.01 par value	2,971,667	2,541,061	2,971,667	2,541,061
Series Preferred D Share of NIS 0.01 par value	1,800,000	1,743,375	1,800,000	1,743,375
Series Preferred E1 Share of NIS 0.01 par value	600,000	571,478	600,000	571,478
Series Preferred E2 Share of NIS 0.01 par value	1,300,000	655,021	1,300,000	655,021
	8,818,837	7,564,781	8,818,837	7,564,781
Total	20,562,600	8,254,679	20,562,600	8,254,679

- b. Rights attached to the Shares:

1. Ordinary Shares:

Subject to Articles of Association (the "AOA") the holders of Ordinary Shares have the right to receive notices to attend and vote in general meetings, the right to share in dividends and a residual right upon liquidation subject to the liquidation rights of all preferred shareholders.

The Ordinary B Shares confer on the holders thereof substantially all rights accruing to holders of Ordinary Shares in the Company, provided however, that until the initial Public Offering (the "IPO"), Ordinary B Shares shall not entitle the holders thereof to participate in, nor to vote on any matter submitted to, the meetings of the Company's shareholders.

2. Preferred shares:

The holders of All Preferred Shares are entitled to the same rights, preferences and privileges conferred by the Ordinary Shares and in addition the following rights:

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (Cont.)

Conversion rights - Each Preferred Share shall be convertible at the option of the respective holder, at any time after the date of issuance of such share, into such number of Ordinary Share as is determined by dividing its then applicable original issue price by its then applicable conversion price which may be adjusted upon the occurrence of certain scenarios of recapitalization and pursuant to anti-dilution and other adjustments provisions as set below.

Anti dilution protection - The conversion price of the applicable Series of Preferred Shares (except Series Preferred A Shares) shall be reduced, concurrently with issuance of additional shares (as defined in the AOA) without consideration or for a consideration per share less than the applicable conversion price of any series of Preferred Shares in effect immediately prior to such issue.

Dividend - The holders of Preferred shares shall be entitled to participate in the distribution of all dividends.

Liquidation preference - In the event of voluntary or involuntary winding up, liquidation or dissolution, distribution or consummation of merger, consolidation, reorganization or sale of substantially all of the Company's shares or assets (the "Deem Liquidation"), the holders of Preferred Shares shall be entitled to receive (subject to preference of distribution as determined in the AOA) an amount equal to the sum of the original issuance price per Series that actually paid by each Preferred shareholder plus interest of eight percent per annum on such original issuance price, from the date of the issuance, compounded annually less any amounts previously paid in preference.

As of December 31, 2013 and 2012 the aggregate liquidation preference amounted \$ 107,835 and \$ 99,847, respectively.

Preemptive rights - Until the earlier of the consummation of a IPO or a Deem Liquidation, each holder of Preferred Shares, holding at least one and half percent of the issued and outstanding share capital of the Company on a fully diluted and as converted basis, shall have the right of preemption to purchase its pro-rata share of all new securities (as defined in the AOA) that the Company may, from time to time, propose to sell and issue.

Subject to the rights, preferences and privileges aforementioned the Preferred Shares were classified as part of the Company's shareholders' equity under IAS 32.

- c. On May 14, 2012 (the "Effective Date"), the Company's Board of Directors and the shareholders approved the share purchase agreement (the "SPA") with certain existing investors, pursuant to which the Company issued to such investors 655,021 Series Preferred E2 Shares of the Company, nominal value NIS 0.01 each, in exchange for an aggregate gross consideration of up to \$ 6,000, at a price per share of \$ 9.16.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (Cont.)

At the Effective Date, \$ 4,000 and the related accrued interest of \$ 189, under Convertible Bridge Loan Agreement (the "Agreement") dated September 15, 2011, have been converted into the 571,478 Series Preferred E1 Shares of the Company on the terms and conditions set in the SPA. Such number of Preferred E1 Shares that have been issued to each investor, reflecting a conversion price per share equal to \$ 7.33, subject to embedded discount terms as defined in the Agreement.

In addition, the Company granted to each investor who purchases Preferred E1 Shares and/or Preferred E2 Shares warrants to purchase such number of additional 556,165 Preferred E2 Shares of the Company, nominal value NIS 0.01, at a exercise price of \$ 9.16, which is subject to certain non-standard anti-dilution protection and cashless exercise mechanism (see also Note 11b).

As a result of the issuance of Series Preferred E2 Shares as mentioned above, an additional 33,455 of Ordinary Shares were reserved for issuance upon exercise of Preferred D Shares granted to investors as the result of triggering an anti-dilution feature of such Preferred Shares.

d. Share option plan:

1. On July 23, 2003 the Company's Board of Director approved the 2003 Stock Option Plan (the "2003 Plan"), provide for the grant of options to the Company's officers, directors, employees and consultants. Pursuant to the Plans, the Company reserved for issuance 1,353,231 Ordinary Shares. The exercise price of the options granted under the plans may not be less than the nominal value of the shares into which the options are exercised. The options vest primarily over three to four years. Any options, which are forfeited or not exercised before expiration, become available for future grants. There are no cash settlement alternatives. As of December 31, 2013, an aggregate of 672,043 options are still available for future grant.

The Company estimates the fair value of stock options granted using the Binominal option-pricing model. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon historical volatilities of similar entities in the related sector index. The expected term of the options granted is derived from output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (Cont.)

The total compensation cost related to all of the Company's equity-based awards, recognized during years ended December 31, 2013 and 2012 was comprised as follows:

	Year ended December 31,	
	2013	2012
Research and development expenses, net	\$ 65	\$ 1
General and administrative expenses	9	48
	<u>\$ 74</u>	<u>\$ 49</u>

Transactions related to the grant of options to employees, directors and non employees under the above Plans were as follows:

	Year ended December 31,			
	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	587,520	\$ 3.57	593,020	\$ 3.56
Granted	-	\$ -	-	\$ -
Forfeited	(23,000)	\$ 3.61	(5,500)	\$ 6.00
Outstanding at end of year	<u>564,520</u>	<u>\$ 3.57</u>	<u>587,520</u>	<u>\$ 3.57</u>
Exercisable options	<u>564,520</u>	<u>\$ 3.57</u>	<u>587,104</u>	<u>\$ 3.56</u>

The options outstanding as of December 31, 2013, have been separated into ranges of exercise price, as follows:

Exercise price	Options outstanding and exercisable as of December 31, 2013	Weighted average remaining contractual life (years)
1.41	291,819	1.6
4.8	29,877	2.2
6	<u>242,824</u>	1.4
	<u>564,520</u>	

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- SHAREHOLDERS' EQUITY (Cont.)

2. During the years ended December 31, 2012 and 2013, the Company's Compensation Committee approved to extend the exercise period of options which were previously granted to the Company's Chief Executive Officer by three years and certain other employees, by up to three years. The Company accounted for the extension of options' terms pursuant to IFRS 2, "Share-Based Payment" as a modification. Accordingly, additional compensation was calculated using the Binominal option-pricing model by a third party appraiser as the fair value of the modified award in excess of the fair value of the original award measured immediately before its terms have been modified based on current circumstances and recorded incremental fair value as an immediate expense amounted of \$ 74 and \$ 48 for the years ended December 31, 2013 and 2012, respectively.

NOTE 14:- TAXES ON INCOME

- a. Tax rates applicable to the income of the Company:

1. Taxable income of the Company is subject to the Israeli corporate at the tax rate as follows: 2011 - 24% and 2012 - 25%.
2. On July 30, 2013, the Israeli Parliament (the Knesset) approved the second and third readings of the Economic Plan for 2013-2014 ("Amended Budget Law") which includes, among others, raising the Israeli corporate tax rate from 25% to 26.5%.

- b. Tax benefits under the Law for the Encouragement of Capital Investments, 1959 ("the Law"):

In 2000, the Company's production facilities in Israel have been granted "Approved Enterprise" status under the Law. The Law provides that capital investments in a production facility (or other eligible assets) may be designated as an Approved Enterprise. Until 2005, the designation required advance approval from the Investment Center of the Israel Ministry of Economy (formerly named the Ministry of Industry, Trade and Labor). Each certificate of approval for an Approved Enterprise ("certificate of approval") relates to a specific investment program.

Under the Law a company elected to receive an alternative package comprised of tax benefits ("Alternative Track") pursuant to which the Company's undistributed income derived from an Approved Enterprise is exempt from corporate tax for an initial period of two to ten years (depending on the geographic location of the Approved Enterprise within Israel which begins in the first year that the Company realizes taxable income from the Approved Enterprise following the year of operation. After expiration of the initial tax exemption period, the Company is eligible for a reduced corporate tax rate of 10% to 25% for the following five to eight years, depending on the extent of foreign investment in the company. The benefits period is limited to 12 years from the year of operation, or 14 years from the year in which the certificate of approval was obtained, whichever is earlier. Such limitation does not apply to the exemption period.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 14:- TAXES ON INCOME

As of December 31, 2013 the period in which the Company will be entitled to benefit under the Law has not been started.

- c. The Law for the Encouragement of Industry (Taxation), 1969:

The Company has the status of an "industrial company", under this law. According to this status and by virtue of regulations published thereunder, the Company is entitled to claim a deduction of accelerated depreciation on equipment used in industrial activities, as determined in the regulations issued under the Inflationary Law. The Company is also entitled to amortize a patent or a patent or knowhow usage right that are used in the enterprise's development or promotion, to deduct listed share issuance expenses and to file consolidated financial statements under certain conditions.

- d. Net operating losses carryforward:

The Company has accumulated losses and deductions and capital loss for tax purposes as of December 31, 2013, in the amount of approximately \$ 46,500 and \$ 475, respectively, which may be carried forward and offset against taxable income in the future for an indefinite period.

- e. Final tax assessments:

The Company's tax assessments through the 2009 tax year are considered final.

- f. Deferred taxes:

The Company did not recognize deferred tax assets in the Company's financial statements for the years ended December 31, 2013 and 2012 for carryforward losses and other temporary differences because their utilization in the foreseeable future is not probable.

- g. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income and expenses, gains and losses in the statement of income were taxed at the statutory tax rate and the taxes on income recorded in profit or loss, does not provide significant information and therefore was not presented.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 15:- SELECTED STATEMENTS OF COMPREHENSIVE INCOME DATA

- a. Research and development expenses, net:

	Year ended December 31,	
	2013	2012
Salaries and social benefits	\$ 1,303	\$ 944
Subcontractors	1,530	1,712
Materials	648	680
Rent and maintenance	126	124
Travel and trade shows	171	86
Depreciation	58	45
Other	31	53
	<u>3,867</u>	<u>3,644</u>
Less royalty bearing grants	<u>(1,265)</u>	<u>(1,352)</u>
Total research and development expenses, net	<u>\$ 2,602</u>	<u>\$ 2,292</u>

- b. General and administrative expenses:

	Year ended December 31,	
	2013	2012
Salaries and social benefits	\$ 281	\$ 307
Professional services	117	138
Rent and maintenance	118	126
Other	41	(76)
	<u>557</u>	<u>495</u>
Total general and administrative expenses	<u>\$ 557</u>	<u>\$ 495</u>

- c. Finance expenses:

	Year ended December 31,	
	2013	2012
Bank charges, interest expense and other	\$ 16	\$ 12
Accrued interest and amortization of embedded discount on the convertible bridge loan (see also Note 14c)	-	705
Issuance cost related to warrants to investors	-	17
Foreign currency translation adjustments	111	157
	<u>127</u>	<u>891</u>
Total finance expenses	<u>\$ 127</u>	<u>\$ 891</u>

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 15:- SELECTED STATEMENTS OF COMPREHENSIVE INCOME DATA (Cont.)

d. Finance income:

	Year ended December 31,	
	2013	2012
Interest income	\$ 8	\$ 71
Revaluation of financial derivatives	665	54
Foreign currency translation adjustments	102	121
Total finance income	<u>\$ 775</u>	<u>\$ 246</u>

NOTE 16:- LOSS PER SHARE

The loss and the weighted average number of shares used in computing basic and diluted loss per share for the years ended December 31, 2013 and 2012, is as follows:

	Year ended December 31,	
	2013	2012
Net loss used for the computation of basic and diluted loss per share	<u>7,926</u>	<u>11,966</u>

	December 31,	
	2013	2012
Weighted average number of Ordinary Shares used in the computation of basic and diluted loss per share	<u>689,898</u>	<u>689,898</u>

The net loss used for the computation of basic and diluted loss per share include the compounded interest of eight percent per annum which shall be distributed to shareholders in case of distributable assets determined in the AOA under the liquidation preference right. During the years ended December 31, 2013 and 2012 the related annual interest amounted of \$ 7,988 and \$ 7,157, respectively.

Convertible securities such as warrants to purchase Series Preferred E1 Shares, options to grantees under the Plans and convertible bridge loan, have not been taken into account due to anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 17:- OPERATING SEGMENTS

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Company and its JV are organized into two operating segments based on the products and services of such business units as follows:

- StemEx® - Development as treatment for patients with hematological malignancies such as leukemia and lymphoma.
- NiCord® - Development as treatment for patients with hematological malignancies and patients with sickle cell disease.

Segment performance (segment loss) is evaluated based on net income (loss) in the financial statements.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly the Company's headquarter assets, general and administrative costs and financial costs (consisting of finance expenses and finance income and including fair value adjustments of financial instruments), are managed on a Company basis. Capital expenditures consist of additions to Property and equipment and intangible assets.

Refer also to Note 9 in connection with the financial information of JV.

NOTE 18:- RELATED PARTY TRANSACTIONS

On June 18, 2006, the Company entered into services agreement (the "Agreement") with the JV pursuant to which the Company agrees to provide from time to time with services, as defined in the Agreement.

It was further agreed that the Company shall provide the services under the Agreement at cost.

The balances with the related parties were as follows:

- a. Balances with related party:

	December 31,	
	2013	2012
Related Parties - receivables *)	\$ 788	\$ -
Related Parties - payables *)	\$ -	\$ 506

- *) The balance is unlinked and bears no interest.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 18:- RELATED PARTY TRANSACTIONS (Cont.)

- b. Benefit to key executive personnel:

	Year ended December 31,	
	2013	2012
Short-term benefits	\$ 919	\$ 879
Other long-term benefits	60	56
Share-based payment	27	49
	<u>\$ 1,006</u>	<u>\$ 984</u>

- c. Transactions with related party:

	Year ended December 31,	
	2013	2012
Research and development services of JV	\$ 1,951	\$ 3,228
General and administration services of JV	\$ 974	\$ 959

NOTE 19:- SUBSEQUENT EVENTS

On January 2, 2014 (the "Effective Date"), the Company's Board of Directors and the shareholders approved the share purchase agreement (the "SPA") with certain existing investors, pursuant to which the Company issued to such investors 316,593 Series Preferred E2 Shares of the Company, nominal value NIS 0.01 each, in exchange for an aggregate gross consideration of \$ 2,900, at a price per share of \$ 9.16.

In addition, the Company granted to such investors 158,296 warrants to purchase the same amount of additional Preferred E2 Shares of the Company, nominal value NIS 0.01, at a exercise price of \$ 9.16, which is subject to certain non-standard anti-dilution protection and cashless exercise mechanism and therefore will be accounted for as a financial liability which is measured at fair value through profit or loss.

GAMIDA CELL LTD.
INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2014
U.S. DOLLARS IN THOUSANDS
UNAUDITED
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CONDENSED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	March 31, 2014 <u>Unaudited</u>	December 31, 2013 <u></u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,047	\$ 1,381
Other current assets	109	481
Related parties	447	788
<u>Total</u> current assets	<u>3,603</u>	<u>2,650</u>
NON-CURRENT ASSETS:		
Investment in joint venture	1,433	1,687
Property and equipment, net	192	249
Other assets	369	121
<u>Total</u> non-current assets	<u>1,994</u>	<u>2,057</u>
Total assets	<u>\$ 5,597</u>	<u>\$ 4,707</u>

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands (except share and per share data)

	March 31, 2014 <u>Unaudited</u>	December 31, 2013 <u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 528	\$ 483
Accrued expenses and other payables	705	995
	<u>1,233</u>	<u>1,478</u>
NON-CURRENT LIABILITIES:		
Warrants presented at fair value	1,514	1,084
Employee benefit liabilities, net	53	53
	<u>1,567</u>	<u>1,137</u>
CONTINGENT LIABILITIES AND COMMITMENTS		
SHAREHOLDERS' EQUITY:		
Share capital -		
Common Shares of NIS 0.01 par value -		
Authorized: 13,643,763 and 11,743,763 shares at March 31, 2014 (unaudited) and December 31, 2013, respectively; Issued and outstanding: 689,898 shares at March 31, 2014 (unaudited) and December 31, 2013;	2	2
Preferred Shares of NIS 0.01 par value -		
Authorized: 10,718,837 and 8,818,837 shares at March 31, 2014 (unaudited) and December 31, 2013 and, respectively; Issued and outstanding: 7,881,374 and 7,564,781 shares at March 31, 2014 (unaudited) and December 31, 2013, respectively; Aggregate liquidation preference of \$ 112,856 and \$ 107,835 at March 31, 2014 (unaudited) and December 31, 2013, respectively	20	19
Share premium	54,122	51,614
Capital reserve due to actuarial gains	12	12
Accumulated deficit	<u>(51,359)</u>	<u>(49,555)</u>
Total shareholders' equity	<u>2,797</u>	<u>2,092</u>
Total liabilities and shareholders' equity	<u>\$ 5,597</u>	<u>\$ 4,707</u>

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except share and per share data)

	Three months ended	
	March 31,	
	2014	2013
	Unaudited	
Operating expenses:		
Research and development expenses, net	\$ 1,309	\$ 805
General and administrative expenses	183	121
Operating loss	1,492	926
Financial expenses	71	430
Financial income	(14)	(41)
Loss before taxes on income	1,549	1,315
Share of loss of joint venture	255	762
Net Loss	\$ 1,804	\$ 2,077
Other comprehensive loss:		
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial net loss of defined benefit plans	-	-
Total comprehensive loss	\$ 1,804	\$ 2,077
<u>Loss per share attributable to equity holders of the Company:</u>		
Basic and diluted loss for the period	\$ 5.7	\$ 5.8

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands (except per share data)

	Ordinary Shares		Preferred Shares		Share	Capital reserve due to Actuarial	Accumulated	Total
	Number	Amount	Number	Amount	premium	gain (loss)	deficit	Equity
Balance as of January 1, 2013	689,898	\$ 2	7,564,781	\$ 19	\$ 51,540	\$ (22)	\$ (49,617)	\$ 1,922
Net income	-	-	-	-	-	-	62	62
Other comprehensive income	-	-	-	-	-	34	-	34
Total comprehensive income	-	-	-	-	-	34	62	96
Share-based compensation	-	-	-	-	74	-	-	74
Balance as of December 31, 2013	689,898	2	7,564,781	19	51,614	12	(49,555)	2,092
Net loss	-	-	-	-	-	-	(1,804)	(1,804)
Total comprehensive loss	689,898	2	7,564,781	19	51,614	12	(51,359)	288
Issuance of units consists of Series E Preferred Shares and warrants, net of issuance cost	-	-	316,593	1	2,508	-	-	2,509
Balance as of March 31, 2014 (unaudited)	<u>689,898</u>	<u>\$ 2</u>	<u>7,881,374</u>	<u>\$ 20</u>	<u>\$ 54,122</u>	<u>\$ 12</u>	<u>\$ (51,359)</u>	<u>\$ 2,797</u>

The accompanying notes are an integral part of the financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31,	
	2014	2013
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net loss	\$ (1,804)	\$ (2,077)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	66	17
Change in employee benefit liabilities, net	-	2
Share-based compensation	-	14
Issuance cost realted to warrants to investors	(2)	-
Revaluation of financial derivatives	58	372
Decrease (increase) in other current and non-current assets	124	(57)
Increase (decrease) in trade payables	45	(415)
Increase (decrease) in accrued expenses and other payables	(290)	(32)
Decrease in related parties	340	1,319
Share of losses of joint venture	256	762
Financial expenses, net	(4)	(10)
Net cash used in operating activities	(1,211)	(105)
Cash paid and received during the year for:		
Interest received	-	5
	(1,211)	(100)
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(9)	(8)
Investment in joint venture	-	(1,230)
Net cash provided by (used in) investing activities	(9)	(1,238)
<u>Cash flows from financing activities:</u>		
Issuance of units consists of Series E Preferred Shares and warrants, net of issuance cost	2,882	-
Net cash provided by financing activities	2,882	-
Exchange differences on balances of cash and cash equivalents	4	10
Decrease in cash and cash equivalents	1,666	(1,328)
Cash and cash equivalents at beginning of period	1,381	5,551
Cash and cash equivalents at end of period	\$ 3,047	\$ 4,223

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL

- a. Gamida Cell Ltd. (the "Company"), founded in 1998, is a clinical-stage biopharmaceutical company focused on developing and commercializing cell therapeutic product candidates for treatment of patients with blood cancer and severe genetic blood diseases. The Company uses its proprietary platform technology to expand, in culture, highly functional cells derived from umbilical cord blood, bone marrow or peripheral blood, to enhance the potential therapeutic efficacy of these cells.

The lead product candidate, NiCord®, is in clinical development (Phase I/II) for potential use as a hematopoietic (blood) stem cell (HSC) transplantation product in patients with hematological malignancies (blood cancer) such as leukemia and lymphoma, and serious genetic blood diseases such as sickle cell disease (SCD) and thalassemia. HSC transplantation from bone marrow (also called bone marrow transplantation) is currently the standard of care treatment for many of these patients, but there is a significant unmet need for patients who cannot find a fully matched bone marrow donor. NiCord® is derived from a unit of umbilical cord blood whose HSC have been expanded in culture using our NAM platform technology. Clinical results obtained to date suggest that NiCord® may effectively address this unmet need.

On February 14, 2013 the Company announced the successful results of the Phase I/II study of its product candidate NiCord®, for patients with hematological malignancies. An additional phase I/II clinical study in patients with SCD is ongoing. On September 9, 2013 the Company announced the successful transplantation of the first patient in the Company's Phase I/II study of NiCord® using a single unit of cord blood. Additional indications and products are in development for cancer, hematological diseases, autoimmune diseases and regenerative medicine.

The Company's product candidate StemEx® completed a phase II/III clinical study in hematological malignancies and was developed through the Gamida Cell-Teva Joint Venture Ltd. (the "JV") between the Company and Teva Pharmaceutical Industries Ltd. (the "Shareholder").

A Phase II/III study of StemEx® compared the use of StemEx® as part of a transplantation regimen to a historical control group in the treatment of patients with blood cancer, such as leukemia and lymphoma. The study reached its primary endpoint of improving overall survival at 100 days post transplantation.

On August 19, 2012, the joint venture met with the United States Food and Drug Administration ("FDA"), for the purpose of discussing the regulatory path to approval of StemEx®. Following this meeting, the Special Protocol Assessment ("SPA"), as originally formulated, shall not constitute as binding. In July 2013, the FDA advised JV that the JV would need to conduct a randomized Phase III clinical trial in order to apply for marketing approval. In light of these discussions, the Company understood that the control group of the Phase III Clinical Trial that was carried out should be modified. JV decided not to pursue the development and commercialization of StemEx® in the United States or Europe without a strategic partner.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL (Cont.)

Consequently, the probability of recognizing revenue from the sale of StemEx® was reduced due to significant investment that will be required and the possibility that the Company will not enter into a strategic partnership for commercialization of StemEx®.

- b. Since inception, the Company sustained operating losses and has used cash in its operations. During the three months period ended March 31, 2014 the Company used cash in operating activities of \$ 1,211 and had an accumulated deficit in the amount of \$ 51,359 as of March 31, 2014. The Company's ability to continue to operate is dependent upon receiving additional financial support. There are no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development of its products. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying interim financial statements do not include any adjustments to the assets and liabilities of the Company that may result from the outcome of this uncertainty.

- c. Definitions:

In these interim financial statements:

The Company - Gamida Cell Ltd.

Joint Venture - A type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture as defined in IFRS 11 and is accounted for using the equity method.

Related Parties - As defined in IAS 24

Dollar - U.S. dollar

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

- a. Basis of preparation of the interim financial statements:

The interim financial statements have been prepared in condensed format as of March 31, 2014 and for the three months period then ended ("Interim Financial Statements") in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting".

The Interim Financial Statements should be read in conjunction with the Company's annual financial statements as of December 31, 2013 and for the year then ended ("Annual Financial Statements").

The significant accounting policies and methods of computation adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Annual Financial Statements, unless otherwise stated.

- b. Changes in accounting policies and disclosure due to new and amended standards:

IAS 32 - Financial Instruments:

The IASB issued certain amendments to IAS 32 regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter.

The effects on financial position and performance of the Company for all periods presented were immaterial.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. Warrants to purchase Series Preferred E2 Shares:

1. On May 14, 2012 (the "Effective Date") the Company entered into share purchase agreement (the "SPA") with certain investors for issuance of units of securities consisting of 571,478 and 655,021 Series Preferred E1 Shares and Series Preferred E2 Shares of the Company, nominal value NIS 0.01 each, respectively, and warrants to purchase 556,165 Preferred E2 Shares of the Company, in exchange for an aggregate gross purchase price of up to \$ 10,000.

The warrants may be exercised, in part or in whole, from time to time, during the period from the Effective Date until the earlier of (i) May 14, 2015, or (ii) immediately prior to the consummation of an IPO or Deemed Liquidation, whichever comes first. As of March 31, 2014 and December 31, 2013 no warrants were exercised.

2. On January 2, 2014 (the "Effective Date"), the Company's Board of Directors and the shareholders approved the share purchase agreement (the "SPA") with certain existing investors, pursuant to which the Company issued to such investors 316,593 Series Preferred E2 Shares of the Company, nominal value NIS 0.01 each, in exchange for an aggregate gross consideration of \$ 2,900, at a price per share of \$ 9.16.

In addition, the Company granted to such investors 158,296 warrants to purchase the same amount of additional Preferred E2 Shares of the Company, nominal value NIS 0.01, at a exercise price of \$ 9.16. The warrants may be exercised, in part or in whole, from time to time, during the period from the Effective Date until the earlier of (i) January 14, 2017, or (ii) immediately prior to the consummation of an IPO or Deemed Liquidation, whichever comes first. As of March 31, 2014 no warrants were exercised.

The aforesaid warrants to purchase Preferred E2 Shares are subject to non-standard anti-dilution protection provisions and cashless exercise mechanism and therefore accounted for as a financial liability which is measured at fair value through profit or loss.

The Company measures the fair value of the warrants by using Monte Carlo valuation method. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected warrants term. Expected volatility was calculated based upon historical volatilities of similar entities in the related sector index. The expected warrants term represents the period in which liquidation event will be occurred subject to the Company's expectations. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

- b. Changes in the fair value of warrants classified as Level 3 in the fair value hierarchy:

	Fair value of warrants
Balance at January 1, 2013	\$ 1,749
Revaluation of financial derivatives	<u>(665)</u>
Balance at December 31, 2013	1,084
Issuance of warrants to purchase Preferred E2 Shares	374
Revaluation of financial derivatives	<u>56</u>
Balance at March 31, 2014 (unaudited)	<u><u>\$ 1,514</u></u>

- c. The carrying amounts of cash and cash equivalents, other current assets, trade payables and other accounts payable approximate their fair value due to the short-term maturity of such instruments.

GAMIDA CELL-TEVA JV LTD.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2013

IN U.S. DOLLARS

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**AUDITOR'S REPORT
To the Shareholders and Board of Directors of**

GAMIDA CELL-TEVA JV LTD.

We have audited the accompanying financial statements of Gamida Cell-Teva JV Ltd. (the "Company") which comprise the financial position as of December 31, 2013 and 2012, and the related statements of comprehensive income, changes in equity (deficiency) and cash flow for the years then ended and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards ("IFRS"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in conformity with IFRS as issued by the International Accounting Standards Board ("IASB").

The Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1b to the financial statements, the Company has incurred recurring losses from operations and has accumulated deficit that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Tel-Aviv, Israel
June 12, 2014

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

		December 31,	
	Note	2013	2012
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$ 1,473	\$ 2,319
Other current assets	5	708	724
Related Parties	13	188	506
<u>Total</u> current assets		<u>2,369</u>	<u>3,549</u>
NON-CURRENT ASSETS:			
Property and equipment, net	6	174	269
Intangible asset	7	1,669	1,669
<u>Total</u> non-current assets		<u>1,843</u>	<u>1,938</u>
<u>Total</u> assets		<u>\$ 4,212</u>	<u>\$ 5,487</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands (except per share data)

	Note	December 31, 2013	2012
CURRENT LIABILITIES:			
Trade payables and accrued expenses		\$ 51	\$ 223
Related parties	13	788	730
<u>Total</u> current liabilities		839	953
OTHER LIABILITY	8	-	8,767
CONTINGENT LIABILITIES AND COMMITMENTS			
SHAREHOLDERS' EQUITY (DEFICIENCY):	10		
Share capital -			
Common Shares of NIS 0.01 nominal value -			
Authorized: 1,000,000 shares at December 31, 2013 and 2012;			
Issued and outstanding: 14,242 and 13,914 shares at December			
31, 2013 and 2012, respectively;		*) -	*) -
Share premium		56,815	54,355
Accumulated deficit		(53,442)	(58,588)
<u>Total</u> shareholders' equity (deficiency)		3,373	(4,233)
<u>Total</u> liabilities and shareholders' equity (deficiency)		\$ 4,212	\$ 5,487

*) Represents an amount lower than \$ 1.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands

	Note	Year ended December 31,	
		2013	2012
Operating income:			
Research and development income, net	12a	\$ (7,210)	\$ (566)
General and administrative expenses	12b	<u>996</u>	<u>990</u>
Operating (income) loss		<u>(6,214)</u>	<u>424</u>
Financial expenses	12c	1,165	2,481
Financial income	12c	<u>(97)</u>	<u>(151)</u>
Loss (Net Income)		<u>(5,146)</u>	<u>2,754</u>
Total comprehensive (income) loss		<u><u>\$ (5,146)</u></u>	<u><u>\$ 2,754</u></u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

U.S. dollars in thousands (except per share data)

	Common Share		Share	Accumulated	Total equity
	Number	Amount	premium	deficit	(deficiency)
Balance at January 1, 2012	13,284	\$ *) -	\$ 49,630	\$ (55,834)	\$ (6,204)
Issuance of ordinary shares	630	*) -	4,725	-	4,725
Total comprehensive loss	-	-	-	(2,754)	(2,754)
Balance at December 31, 2012	13,914	*) -	54,355	(58,588)	(4,233)
Issuance of ordinary shares	328	*) -	2,460	-	2,460
Total comprehensive income	-	-	-	5,146	5,146
Balance at December 31, 2013	14,242	\$ *) -	\$ 56,815	\$ (53,442)	\$ 3,373

*) Represents an amount lower than \$ 1.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2013	2012
<u>Cash flows from operating activities:</u>		
Net income (loss)	\$ 5,146	\$ (2,754)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	101	128
Decrease in other current assets	16	934
Decrease in trade payables and accrued expenses	(172)	(291)
Increase in related parties, net	376	2,625
Decrease in other liabilities	(8,767)	(4,164)
Financial expenses, net	59	49
Net cash used in operating activities	(3,241)	(3,473)
Cash received during the year for:		
Interest received	-	8
Net cash used in operating activities	(3,241)	(3,465)
<u>Cash flows from investing activities:</u>		
Proceeds from maturity of short-term bank deposits	-	397
Purchase of property and equipment	(6)	(4)
Net cash provided by (used in) investing activities	(6)	393
<u>Cash flows from financing activities:</u>		
Issuance of Ordinary Shares	2,460	4,725
Net cash provided by financing activities	2,460	4,725
Exchange differences on balances of cash and cash equivalents	(59)	(49)
Increase (decrease) in cash and cash equivalents	(846)	1,604
Cash and cash equivalents at beginning of year	2,319	715
Cash and cash equivalents at end of year	\$ 1,473	\$ 2,319

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL

- a. Gamida Cell-Teva JV Ltd. (the "Company") was founded on May 6, 2005 as a joint venture between Gamida Cell Ltd. (the "Gamida") and one of the Company's shareholders, Teva Pharmaceutical Industries Ltd. (the "Shareholder"). The Company is a clinical stage biopharmaceutical company focused on developing and commercializing StemEx®, a cell therapeutic product based on Copper Chelator technology for the treatment of Hematological diseases. As of December 31, 2013 and 2012 Gamida and the Shareholder each owned 50% of the voting rights of the Company.

A Phase II/III study of StemEx® compared the use of StemEx® as part of a transplantation regimen to a historical control group in the treatment of patients with blood cancer, such as leukemia and lymphoma. The study reached its primary endpoint of improving overall survival at 100 days post transplantation.

On August 19, 2012, the joint venture met with the United States Food and Drug Administration ("FDA"), for the purpose of discussing the regulatory path to approval of StemEx®. Following this meeting, the Special Protocol Assessment ("SPA"), as originally formulated, shall not constitute as binding. In July 2013, the FDA advised JV that the JV would need to conduct a randomized Phase III clinical trial in order to apply for marketing approval. In light of these discussions, the Company understood that the control group of the Phase III Clinical Trial that was carried out should be modified. JV decided not to pursue the development and commercialization of StemEx® in the United States or Europe without a strategic partner.

Consequently, the probability of recognizing revenue from the sale of StemEx® was reduced due to significant investment that will be required and the possibility that the Company will not enter into a strategic partnership for commercialization of StemEx® (See also note 8).

- b. Since the Company's inception, the Company has sustained operating losses and has used cash in its operations. During the year ended December 31, 2013 the Company used cash in operating activities of \$ 3,241, and had an accumulated deficit in the amount of \$ 53,442 as of December 31, 2013. The Company will have to obtain additional capital resources to maintain its research and development activities. There are no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development of its products. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

- c. Definitions:

In these financial statements:

The Company	- Gamida Cell-Teva JV Ltd.
Related Parties	- As defined in IAS 24
Dollar	- U.S. dollar

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's financial statements have been prepared on a cost basis. The Company has elected to present profit or loss items using the function of expense method.

The preparation of the financial statements requires management to make critical accounting estimates as well as exercise judgment in the process of adopting significant accounting policies.

The operating cycle of the Company is one year.

b. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The presentation currency of the financial statements is the U.S. dollars.

The functional currency is the currency that best reflects the economic environment in which the Company operates and conducts its transactions. Most of the Company's costs are incurred in U.S. dollars. In addition, the Company's financing activities are incurred in U.S. dollars. The Company's management believes that the functional currency of the Company is the U.S. dollar.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

c. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Property and equipment:

Property and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants and excluding day-to-day servicing expenses.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life is as follows:

	<u>%</u>
Machinery	15

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

e. Intangible asset:

Separately acquired intangible assets are measured upon initial recognition at cost including directly attributable costs. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses.

Amortization of the asset will begin when development is complete and the asset is available for use. It will be amortized over the period of expected future benefit. During the development period, the asset is tested for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

During the years ended December 31, 2013 and 2012 no impairment losses were recorded.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Research and development costs:

Research expenditures are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; intention to complete the intangible asset and use or sell it; ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and ability to measure reliably the expenditure attributable to the intangible asset during its development. Since the Company development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

g. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable and for the assets that are not yet available for use for annual basis. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount.

h. Government investment grants:

Government investment grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the related conditions.

Government investment grants received from the Office of the Chief Scientist in Israel (the "OCS") are recognized upon receipt as a liability if future economic benefits are expected from the project that will result in royalty-bearing sales.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a Government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

At the end of each reporting period, the Company evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid based on the best estimate of future sales and using the original effective interest method (see also Note 8).

i. Provisions:

A provision in accordance with IAS 37 is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j. Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands**NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

Estimates and assumptions:

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Government grants:

Government grants received from the OCS at the Ministry of Industry, Trade and Labor are recognized as a liability if future economic benefits are expected from the research and development activity that will result in royalty-bearing sales. There is uncertainty regarding the estimated future cash flows and the estimated discount rate used to measure the amount of the liability (See also Note 8).

- Impairment for intangible asset:

The Company assesses on annual basis if the intangible asset has been impaired and an impairment loss has been incurred. In evaluating impairment, the Company evaluates if changes in estimated projected cash flows and estimated discount rates, are liable to affect the fair value of the recoverable amounts of such intangible asset.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

IAS 32 - Financial Instruments:

The IASB issued certain amendments to IAS 32 regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter.

The Company estimates that the amendments to IAS 32 are not expected to have a material impact on its financial statements.

IFRS 9 - Financial Instruments:

1. The IASB issued IFRS 9, "Financial Instruments", the first part of Phase 1 of a project to replace IAS 39, "Financial Instruments: Recognition and Measurement".
2. The IASB issued certain amendments to the Standard regarding de-recognition and financial liabilities (Phase 2).
3. In 2013 IASB issued Phase 3 of IFRS 9. Phase 3 includes new requirements regarding hedge accounting.

The Company believes that IFRS 9 is not expected to have a material effect on the financial statement. The effective date has yet been determined, early adoption is permitted.

NOTE 5:- OTHER CURRENT ASSETS

	December 31,	
	2013	2012
Government authorities	\$ 332	\$ 278
Grants receivable	369	446
Other	7	-
	<u>\$ 708</u>	<u>\$ 724</u>

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 6:- PROPERTY AND EQUIPMENT, NET

Composition and movement:

2013:

	<u>Machinery</u>
Cost:	
Balance at January 1, 2013	\$ 1,026
Acquisitions	<u>6</u>
Balance at December 31, 2013	<u>1,032</u>
Balance at January 1, 2013	757
Depreciation	<u>101</u>
Balance at December 31, 2013	<u>858</u>
Property and equipment, net at December 31, 2013	<u><u>\$ 174</u></u>

2012:

	<u>Machinery</u>
Cost:	
Balance at January 1, 2012	\$ 1,022
Acquisitions	<u>4</u>
Balance at December 31, 2012	<u>1,026</u>
Balance at January 1, 2012	629
Depreciation	<u>128</u>
Balance at December 31, 2012	<u>757</u>
Property and equipment, net at December 31, 2012	<u><u>\$ 269</u></u>

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 7:- INTANGIBLE ASSET

On July 11, 2008 (the "Effective Date"), Gamida entered into a non-exclusive license agreement (the "Agreement") with a licensor to license patent rights to use three hematopoietic growth factors (the "Factors") related to StemEx® technology. According to the Agreement, Gamida will pay total amount of \$ 2,000, comprise of: \$ 1,000 upfront non-refundable in cash; issuance of 104,602 of its Preferred D Shares of NIS 0.01 nominal value and grant 19,881 warrants to purchase its Preferred D1 Shares of NIS 0.01 nominal value at exercise price of \$ 15.09 per share. In addition, Gamida will pay up to \$ 60,000 upon achieving certain milestones and royalties in a range of 3% to 5% from future revenues from this project for a term of the later of (a) ten years after the first commercial sale from the project, or (b) the expiration of the last to expire patent right used in the project (all together the "Fees").

Following the aforementioned Agreement, on the Effective Date Gamida signed a sublicense agreement with the Company (the "Sublicense Agreement") pursuant to which Gamida will transfer the Company the rights under the agreement. In consideration, the Company will pay the \$ 1,000 directly to the vendor and will compensate Gamida for the value of the Preferred D Shares and the grant of warrants. All milestones and royalties payments will be paid directly by the Company to the vendor.

One factor of the above Factors was pending consent from a third party on the Effective Date. The aforesaid Fees were reduced by third; non-refundable payment amounted to \$ 667 in cash; issuance of 69,735 Preferred D Shares of NIS 0.01 nominal value and 13,254 warrants to purchase Preferred D1 Shares of NIS 0.01 nominal value and the obligation for payment upon achieving certain milestones adjusted to \$ 40,000 and royalties from future revenues adjusted to 4%.

Initially, the Company recorded the Factors as intangible assets in the total amount of \$ 1,669 based on the upfront non-refundable cash payment of \$ 667 and the fair value of the 69,735 Preferred D Shares of NIS 0.01 nominal value and related 13,254 warrants which amounted to \$ 1,002.

The recoverable amount of the Factors component amounted to \$ 2,000 and \$ 22,700 as of December 31, 2013 and 2012 and was determined based on cash flow projections for a twenty-year period. The projected cash flows have been updated due to SPA cancellation in August 2012 and FDA notice in July 2013, as described in Note 1a. The pre-tax discount rate applied to cash flow projections were 13% and 12% as of December 31, 2013 and 2012, respectively. The probability rate for commercialization and sale of StemEx® applied to cash flow projections were 14% and 54% as of December 31, 2013 and 2012, respectively. As a result of this analysis no impairment loss was identified as of December 31, 2013 and 2012.

Among other terms, the Agreement stipulated that if the Company will not commercialize StemEx® within five years from the Effective Date, then the licensor can cancel the license. As of the date of the financial statements, the licensor has not indicated that it intends to cancel the license.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands**NOTE 8:- OTHER LIABILITY**

As a result of the SPA cancellation in August 2012, as further described in Note 1a, the liability in respect of Chief Scientist government grants was adjusted accordingly and an amount of \$ 7,485 was carried to profit or loss in 2012.

Due to the FDA notice in July 2013, as further described in Note 1a, the Company concluded that amount received from the OCS will not be repaid. Therefore, the liability related to OCS was reversed and an amount of \$ 9,895 was carried to profit or loss in 2013.

NOTE 9:- CONTINGENT LIABILITIES AND COMMITMENTS

- a. The Company is obligated to pay royalties to the Government of Israel through the OCS, at the rates of 3% to 5% on sales proceeds from products developed through the grants received from the OCS. The maximum amount of royalties payable to the Government of Israel is limited to 100% of the grants received, linked to the dollar and bearing interest at the LIBOR rate. The obligation to pay these royalties is contingent on actual sales of the products and in the absence of such sales, no payment is required.

As of December 31, 2013, the Company's aggregate contingent obligations for payments to OCS, based on grants received or accrued, amounted to \$ 22,814.

- b. On June 23, 1997 Gamida and Hadassit signed an agreement (the "Agreement") pursuant to which the Company financed the program which provided that Hadasit would take part in the development of a method of technology to increase the number of HSC in culture while preserving their functionality as stem and progenitor cells. The patents and other intellectual property related to this program are jointly owned by Hadassit and the Company.

According to the Agreement Gamida is obligated to pay Hadassit royalties at the rate of 2.5% of all net sales of products developed, whenever made by Gamida directly or by its licensees, as well as up to 30% of any license fee we receive with respect to the intellectual property or products related to this program.

The Agreement shall continue in full force and effect from the aforementioned date and until the date of expiry of the last of the patents to be issued in relation to the intellectual property.

On June 6, 2006 amendment to the Agreement was signed in which the Company has agreed to assume all the rights and financial obligations of Gamida to Hadassit under the Agreement. As of December 31, 2013 and 2012 the Company did not incur any obligation under the Agreement and Amendment.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 10:- SHAREHOLDERS' EQUITY (DEFICENCY)

- a. Composition of share capital:

	December 31, 2013		December 31, 2012	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary Share of NIS 0.01 nominal value	1,000,000	14,242,000	1,000,000	13,914,000

- b. Rights attached to Ordinary Shares:

Subject to the Articles of Association of the Company (the "AOA") the holders of Ordinary Shares have the right to receive notices of, and to attend, all general meetings, to one vote per each share held at all general meetings for all purposes, to purchase based on pro rata share basis of the issuance of new securities that might be offered by the Company, to participate and share equally, on a per share basis, in distribution of dividends, and to participate and share equally, on a per share basis, in distribution of surplus assets and funds in the Company.

- c. Upon formation of the Company, Gamida transferred technology licenses to the Company in exchange for the issuance of 5,000 Ordinary Shares of NIS 0.01 nominal value and the Shareholder has funded \$ 25,000 for issuance of 5,000 Ordinary Shares of NIS 0.01 nominal value.
- d. During the period starting mid 2009 through December 31, 2013, Gamida and the Shareholder entered into certain share purchase agreements to invest \$ 31,800 for the issuance of an additional 4,242 Ordinary Shares of NIS 0.01 nominal value.

During the years ended December 31, 2012 and 2013 the Company issued 630 and 328 Ordinary Shares of NIS 0.01 nominal value, respectively to Gamida and the Shareholder for consideration of \$ 4,725 and \$ 2,460, respectively.

NOTE 11:- TAXES ON INCOME

- a. Tax rates applicable to the income of the Company:

1. Taxable income of the Company is subject to the Israeli corporate at the tax rate as follows: 2012 - 24% and 2013 - 25%.
2. On July 30, 2013, the Israeli Parliament (the Knesset) approved the second and third readings of the Economic Plan for 2013-2014 ("Amended Budget Law") which includes, among others, raising the Israeli corporate tax rate from 25% to 26.5%.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- TAXES ON INCOME (Cont.)

- b. Tax benefits under the Law for the Encouragement of Capital Investments, 1959 ("the Law"):

In 2000, Gamida's production facilities in Israel have been granted "Approved Enterprise" status under the Law. The Law provides that capital investments in a production facility (or other eligible assets) may be designated as an Approved Enterprise. Until 2005, the designation required advance approval from the Investment Center of the Israel Ministry of Economy (formerly named the Ministry of Industry, Trade and Labor). Each certificate of approval for an Approved Enterprise ("certificate of approval") relates to a specific investment program.

Under the Law a company elected to receive an alternative package comprised of tax benefits ("Alternative Track") pursuant to which the Company's undistributed income derived from an Approved Enterprise is exempt from corporate tax for an initial period of two to ten years (depending on the geographic location of the Approved Enterprise within Israel which begins in the first year that the Company realizes taxable income from the Approved Enterprise following the year of operation. After expiration of the initial tax exemption period, the Company is eligible for a reduced corporate tax rate of 10% to 25% for the following five to eight years, depending on the extent of foreign investment in the company. The benefits period is limited to 12 years from the year of operation, or 14 years from the year in which the certificate of approval was obtained, whichever is earlier. Such limitation does not apply to the exemption period.

As of December 31, 2013 the period in which the Company will be entitled to benefit under the Law has not been started.

On February 28, 2007, Gamida submitted a request to the Investment Center for splitting and assigning an "Approved Enterprise" status and related benefits between Gamida and the Company. The request was approved in October 2007.

- c. The Law for the Encouragement of Industry (Taxation), 1969:

The Company has the status of an "industrial company", under this law. According to this status and by virtue of regulations published thereunder, the Company is entitled to claim a deduction of accelerated depreciation on equipment used in industrial activities, as determined in the regulations issued under the Inflationary Law. The Company is also entitled to amortize a patent or a patent or knowhow usage right that are used in the enterprise's development or promotion, to deduct listed share issuance expenses and to file consolidated financial statements under certain conditions.

- d. Net operating losses carryforward:

The Company has accumulated losses and deductions for tax purposes as of December 31, 2013, in the amount of approximately \$ 58,300, which may be carried forward and offset against taxable income in the future for an indefinite period.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- TAXES ON INCOME (Cont.)

- e. Final tax assessments:

The Company's tax assessments through the 2009 tax year are considered final.

- f. Deferred taxes:

The Company did not recognize deferred tax assets in the Company's financial statements for the years ended December 31, 2013 and 2012 for carryforward losses and other temporary differences because their utilization in the foreseeable future is not probable.

- g. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income and expenses, gains and losses in the statement of income were taxed at the statutory tax rate and the taxes on income recorded in profit or loss, does not provide significant information and therefore was not presented.

NOTE 12:- SELECTED STATEMENTS OF COMPREHENSIVE INCOME DATA

- a. Research and development income, net:

	Year ended December 31,	
	2013	2012
Salaries and social benefits	\$ 1,214	\$ 1,541
Subcontractors	1,588	5,234
Materials	210	912
Travel and trade shows	82	164
Depreciation	101	128
	<u>\$ 3,195</u>	<u>\$ 7,979</u>
Less royalty bearing grants	(510)	(1,060)
Less amounts carried to profit or loss (See also Note 8)	<u>(9,895)</u>	<u>(7,485)</u>
	<u>\$ (7,210)</u>	<u>\$ (566)</u>

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 12:- SELECTED STATEMENTS OF COMPREHENSIVE INCOME DATA (Cont.)

- b. General and administrative expenses:

	Year ended December 31,	
	2013	2012
Salaries and social benefits	\$ 425	\$ 380
Professional services	248	160
Rent and maintenance	284	394
Travel and car expenses	38	56
	<u>\$ 996</u>	<u>\$ 990</u>

- c. Financial expenses (income), net:

	Year ended December 31,	
	2013	2012
Income:		
Interest income	\$ -	\$ (8)
Foreign currency translation adjustments	(97)	(143)
	<u>(97)</u>	<u>(151)</u>
Expenses:		
Accretion related to OCS liability	1,135	2,372
Bank charges	4	7
Foreign currency translation adjustments	26	(49)
	<u>\$ 1,165</u>	<u>\$ 2,330</u>

NOTE 13:- RELATED PARTIES TRANSACTIONS

On June 18, 2006, the Company signed services agreements with the Shareholder and Gamida pursuant to which the Shareholder and Gamida agree to provide from time to time with services, as defined in the Agreement. It was further agreed that both Gamida and the Shareholder shall provide the services at cost.

The balances and expenses with the related parties were as follows:

- a. Balances with related parties:

	December 31,	
	2013	2012
Related Parties - receivables *)	\$ 188	\$ 506
Related Parties - payables *)	\$ 788	\$ 730

*) The balance is unlinked and bears no interest.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- RELATED PARTIES TRANSACTIONS (Cont.)

b. Expenses to related parties:

	Year ended December 31,	
	2013	2012
Research and development expenses to Gamida	\$ 1,951	\$ 3,228
General and administration expenses to Gamida	\$ 974	\$ 959
Research and development expenses to the Shareholder	\$ 50	\$ 2,252

GAMIDA CELL-TEVA JV LTD.
INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2014
IN U.S. DOLLARS
UNAUDITED
INDEX

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CONDENSED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	March 31, 2014 <u>Unaudited</u>	December 31, 2013 <u></u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,236	\$ 1,473
Other current assets	116	708
Related parties	188	188
<u>Total</u> current assets	<u>1,540</u>	<u>2,369</u>
NON-CURRENT ASSETS:		
Property and equipment, net	116	174
Intangible asset	1,669	1,669
<u>Total</u> non-current assets	<u>1,785</u>	<u>1,843</u>
<u>Total</u> assets	<u>\$ 3,325</u>	<u>\$ 4,212</u>

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands (except per share data)

	March 31, 2014 <u>Unaudited</u>	December 31, 2013 <u></u>
CURRENT LIABILITIES:		
Trade payables and accrued expenses	\$ 13	\$ 51
Related parties	449	788
<u>Total</u> current liabilities	462	839
CONTINGENT LIABILITIES AND COMMITMENTS		
SHAREHOLDERS' EQUITY:		
Share capital -		
Common Shares of NIS 0.01 nominal value -		
Authorized: 1,000,000 shares at March 31, 2014 and		
December 31, 2013; Issued and outstanding: 14,242		
shares at March 31, 2014 and December 31, 2013;	*) -	*) -
Share premium	56,815	56,815
Accumulated deficit	(53,952)	(53,442)
<u>Total</u> shareholders' equity	2,863	3,373
<u>Total</u> liabilities and shareholders' equity	\$ 3,325	\$ 4,212

*) Represents an amount lower than \$ 1 thousand.

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands

	Three months ended	
	March 31,	
	2014	2013
	Unaudited	
Operating expenses:		
Research and development, net	\$ 207	\$ 889
General and administrative	301	270
Operating loss	508	1,159
Financial expenses	6	379
Financial income	(4)	(14)
Net loss	\$ 510	\$ 1,524
Total comprehensive loss	\$ 510	\$ 1,524

The accompanying notes are an integral part of the interim financial statements.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands (except per share data)

	Common Share		Share	Accumulated	Total equity
	Number	Amount	premium	deficit	(deficiency)
Balance at January 1, 2013	13,914	\$ *) -	\$ 54,355	\$ (58,588)	\$ (4,233)
Issuance of ordinary shares	328	*) -	2,460	-	2,460
Total comprehensive income	-	-	-	5,146	5,146
Balance at December 31, 2013	14,242	\$ *) -	\$ 56,815	\$ (53,442)	\$ 3,373
Net loss	-	-	-	(510)	(510)
Balance at March 31, 2014 (unaudited)	14,242	\$ *) -	\$ 56,815	\$ (53,952)	\$ 2,863

*) Represents an amount lower than \$ 1 thousand.

The accompanying notes are an integral part of the financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended	
	March 31,	
	2014	2013
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net loss	\$ (510)	\$ (1,524)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	58	30
Decrease in other current assets	592	53
Decrease in trade payables and accrued expenses	(37)	(144)
Increase (decrease) in related parties, net	(340)	(2,323)
Decrease (increase) in other liabilities	-	356
Financial expenses, net	1	(13)
Net cash used in operating activities	(236)	(3,565)
<u>Cash flows from financing activities:</u>		
Issuance of shares	-	2,460
Net cash provided by financing activities	-	2,460
Exchange differences on balances of cash and cash equivalents	(1)	13
Decrease in cash and cash equivalents	(237)	(1,092)
Cash and cash equivalents at beginning of period	1,473	2,319
Cash and cash equivalents at end of period	\$ 1,263	\$ 1,227

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1:- GENERAL

- a. Gamida Cell-Teva JV Ltd. (the "Company") was founded on May 6, 2005 as a joint venture between Gamida Cell Ltd. (the "Gamida") and one of the Company's shareholders, Teva Pharmaceutical Industries Ltd. (the "Shareholder"). The Company is a clinical stage biopharmaceutical company focused on developing and commercializing StemEx®, a cell therapeutic product based on Copper Chelator technology for the treatment of Hematological diseases. As of December 31, 2013 and 2012 Gamida and the Shareholder each owned 50% of the voting rights of the Company.

A Phase II/III study of StemEx® compared the use of StemEx® as part of a transplantation regimen to a historical control group in the treatment of patients with blood cancer, such as leukemia and lymphoma. The study reached its primary endpoint of improving overall survival at 100 days post transplantation.

On August 19, 2012, the joint venture met with the United States Food and Drug Administration ("FDA"), for the purpose of discussing the regulatory path to approval of StemEx®. Following this meeting, the Special Protocol Assessment ("SPA"), as originally formulated, shall not constitute as binding. In July 2013, the FDA advised JV that the JV would need to conduct a randomized Phase III clinical trial in order to apply for marketing approval. In light of these discussions, the Company understood that the control group of the Phase III Clinical Trial that was carried out should be modified. JV decided not to pursue the development and commercialization of StemEx® in the United States or Europe without a strategic partner.

Consequently, the probability of recognizing revenue from the sale of StemEx® was reduced due to significant investment that will be required and the possibility that the Company will not enter into a strategic partnership for commercialization of StemEx®.

- b. Since the Company's inception, the Company has sustained operating losses and has used cash in its operations. During the three months period ended March 31, 2014 the Company used cash in operating activities of \$ 236, and had an accumulated deficit in the amount of \$ 53,952 as of March 31, 2014. The Company will have to obtain additional capital resources to maintain its research and development activities. There are no assurances, however, that the Company will be successful in obtaining an adequate level of financing needed for the long-term development of its products. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

- c. Definitions:

In these financial statements:

The Company	- Gamida Cell-Teva JV Ltd.
Related Parties	- As defined in IAS 24
Dollar	- U.S. dollar

NOTES TO FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of preparation of the interim financial statements:

The interim financial statements have been prepared in condensed format as of March 31, 2014 and for the three months period then ended ("Interim Financial Statements") in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting".

The Interim Financial Statements should be read in conjunction with the Company's annual financial statements as of December 31, 2013 and for the year then ended ("Annual Financial Statements").

The significant accounting policies and methods of computation adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Annual Financial Statements, unless otherwise stated.

- b. Changes in accounting policies and disclosure due to new and amended standards:

IAS 32 - Financial Instruments:

The IASB issued certain amendments to IAS 32 regarding the offsetting of financial assets and liabilities.

The amendments to IAS 32 are to be applied retrospectively commencing from the financial statements for periods beginning on January 1, 2014, or thereafter.

The effects on financial position and performance of the Company for all periods presented were immaterial.



PROSPECTUS

Book Running Manager

Aegis Capital Corp.

The date of this prospectus is ____, 2014.

Until and including ____, 2014 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

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. We intend that our articles of association, immediately following consummation of this offering will 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 according to 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:
 - o no indictment was filed against such office holder as a result of such investigation or proceeding; and
 - o 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 or as a monetary sanction; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the Company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for 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.
-

An Israeli company may not, however, 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 interests of 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 unlawful personal benefit; or
- a fine, monetary sanction, penalty or forfeit levied against the office holder.

The Israeli Securities Law provides that a company cannot obtain insurance against or indemnify a third party (including its officers and/or employees) for any administrative procedure conducted by the Israeli Securities Authority and/or monetary fine (other than for certain legal expenses and payments of damages to an injured party). The Israeli Securities Law permits insurance coverage and/or indemnification for certain liabilities incurred in connection with an administrative procedure, such as reasonable legal fees and certain compensation payable to injured parties for damages suffered by them, provided that such insurance and/or indemnification is permitted under the company's articles of association. We intend that our articles of association immediately following consummation of this offering will contain such a provision.

Under the Israeli Companies Law, indemnification and insurance of office holders must be approved by our compensation committee, our Board of Directors and, in certain circumstances, by our shareholders.

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, Securities Law and our articles of association. In addition, intend to enter into indemnification agreements with each of our directors 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.

The Israeli Securities Law provides that a company cannot obtain insurance against or indemnify a third party (including its officers and/or employees) for any administrative procedure conducted by the Israeli Securities Authority and/or monetary fine (other than for certain legal expenses and payments of damages to an injured party). The Israeli Securities Law permits insurance coverage and/or indemnification for certain liabilities incurred in connection with an administrative procedure, such as reasonable legal fees and certain compensation payable to injured parties for damages suffered by them, provided that such insurance and/or indemnification is permitted under the company's articles of association. We intend to include in our amended and restated articles of association and in our compensation policy, to be brought for approval of the shareholders (and as required under the Companies Law) applicable provisions with respect to directors' and officers' liability insurance for the benefit of our office holders, as well as with respect to indemnification of office holders.

Item 7. Recent Sales of Unregistered Securities

Set forth below are the sales of all securities by the Company since January 1, 2011.

On May 14, 2012, we issued an aggregate of 571,478 series E-1 preferred shares at a price of \$7.33, and an aggregate of 655,021 series E-2 preferred shares at a price of \$9.16 per share, and issued warrants to purchase up to an aggregate of 556,165 series E-2 preferred shares with an exercise price of \$9.16 per share, which shall expire immediately prior to the closing of this offering. Each Series E preferred share will convert into one ordinary share upon the closing of this offering.

On January 14, 2014, we issued an additional 316,593 series E-2 preferred shares and warrants to purchase up to an additional 158,296 series E-2 preferred shares on the same terms that applied under the May 2012 Series E Preferred Share Purchase Agreement.

We granted options to employees, directors and consultants under our equity incentive plans covering an aggregate of 686,188 ordinary shares, with exercise prices ranging from \$1.41 to \$6.0. As of the date of this registration statement, 116,668 ordinary shares have been issued upon the exercise of these options; During 2013, an additional amount of 11,000 options have been forfeited and cancelled without being exercised, thus returned to the option pool.

No underwriters were employed in connection with any of the securities issuances set forth in this Item 7.

Item 8. Exhibits and Financial Statement Schedules.

The exhibit index attached hereto is incorporated herein by reference.

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter 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 foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) 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.
- (2) 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, 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 _____, State of _____, on _____, 2014.

GAMIDA CELL LTD.

By: _____
Yael Margolin
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
_____ Dr. Yael Margolin	President and Chief Executive Officer (Principal Executive Officer) and Director	_____
_____ Naftali Brikashvili	Chief Financial Officer (Principal Financial and Accounting Officer)	_____
_____ Ruben Krupik	Director, Chairman of the Board of Directors	_____
_____ Mordechay Zisser	Director	_____
_____ Hadar Ron	Director	_____

Signature of Authorized Representative in the United States

Pursuant to the Securities Act of 1933, as amended, the undersigned, _____, the duly authorized representative in the United States of Gamida Cell Ltd., has signed this registration statement on _____, 2014.

[Name of authorized representative]

By: /s/ _____

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1*	Form of Underwriting Agreement by and among the Company and the underwriters named therein
3.1	Memorandum of Association of the Company
3.2	Amended and Restated Articles of Association of the Company, as currently in effect
3.3*	Articles of Association of the Company, to be in effect upon completion of this offering
5.1*	Opinion of Amit, Pollak, Matalon & Co., Israeli counsel to the Company, as to the validity of the ordinary shares being offered (including consent)
10.1	2003 Stock Option Plan
10.2*	Form of Indemnification Agreement
10.3.1	Employment agreement with Yael Margolin
10.3.2	Employment agreement with Toni Peled, and amendments
10.3.3	Employment agreement with Naftaly Brikashvili, and amendments
10.3.4	Employment agreement with Dorit Harati, and amendments
10.3.5	Employment agreement with David Snyder
10.4	Lease agreement and 2010 appendix
10.5	Form of grant letter from the Israeli Office of the Chief Scientist (OCS) and table of grants
10.6**	Process Development and Clinical Supply Agreement with Lonza Walkersville, Inc.
21.1	List of Subsidiaries
23.1*	Consent of Kost Forer Gabbay & Kasierer (a Member of Ernst & Young Global)
23.2*	Consent of Amit, Pollak, Matalon & Co. (included in Exhibit 5.1)
24.1*	Power of Attorney (included on the signature page of the Registration Statement)

* To be filed by amendment.

** Subject to a Confidential Treatment Request to be submitted.

[Translated from Hebrew]

The Companies Ordinance [new version] 5743-1983

Limited Liability Company

MEMORANDUM OF ASSOCIATION

Of

GAMIDA CELL LTD.

1. The Company's name – Gamida Cell Ltd.

In this Memorandum Of Association the following terms shall have the following meanings:

“Person” – including a company or a corporation.

“Company” – including, provided that this term does not refer to the Company, any other company, cooperative association or any other association, a governmental, public or legal entity, partnership or any group of persons, whether or not incorporated.

“Real Estate” – including any right or entitlement in land or in relation to it, whether or not such right is registerable, and including buildings, plants and any other attachment to the land.

2. The purposes for which the company is formed are:

- (a) To purchase by signing, buying, exchanging or in any other way, shares, stocks, bonds, bond stocks, stock certificates, collateral securities, guaranties, pledges, and securities that were granted or issued by any company, corporation, government, public entity or administration, whether central, municipal or local, either in the state of Israel or in any other place, to hold, to manage, to pledge, to guarantee, to transfer, to trade and to deal in any way in such shares, stocks, bonds, bond stocks, stock certificates, collateral securities, guaranties, pledges, and securities, to offer them for public underwriting, to assist in their sale, and pledge for their equity, dividend and interest.
 - (b) To invest funds in industry, real estate, agriculture, development enterprises, transportation, shipping, aviation, banking, commerce, and in any other investments whatsoever, whether by way of purchase or against collateral of shares, share stocks, debentures, debenture stocks, promissory notes, notes, covenants, collaterals, or securities of any type.
 - (c) To lend monies, to grant advances or credit and to pledge for debts and liabilities of those persons, companies and corporations, and specifically to clients and others who may conduct business with the company under terms deemed appropriate by the Company, and to receive from such persons, companies or corporations various types of guarantees and collaterals, as the company may deem appropriate, including without limitation, mortgages, pawns, floating and fixed charges, on any assets, whether portable or not, and to release and waive any such guarantee or collateral and redeem them under such terms as the Company shall deem appropriate.
-

- (d) To manage a trust company business and any of its branches, to take any role of a trustee, estate manager, will executor, manager, agent, representative, locum tenens, treasurer and any other duty of trust or confidence position, and to perform any and all the related duties and actions, and to generally engage in any business of trusts or agency, whether for consideration or otherwise.
- (e) To engage in any business of entrepreneurs and founders of enterprises, companies and corporations, financiers, concessionaires, contractors, capital owners, property owners, merchants, agents, envoys, commission agents and representatives, and to take upon itself and to perform any action or transaction which may assist, directly or indirectly, in the accomplishment of such purposes, in whole or in part.
- (f) To initiate, found, establish, incorporate, manage, participate and control any enterprises, companies or corporations, and to act as manager of any company or corporation, in the framework of the purposes of the Company.
- (g) To borrow, acquire and secure payment of any amount of money in the form and terms deemed appropriate by the Company, including by way of issuance of bonds, series of bonds and bond stocks, secured by all or part of the Company's assets, including real estate and tangible property, inclusive of current or future unpaid share capital and to purchase, redeem and release any security; in addition, the Company shall be allowed to pledge for the removal of its debts by mortgage and by grant of floating, fixed and special charges, and by granting collaterals of part or all of its real property and its other assets, either in present time or in future time and to redeem and remove any such mortgage, charge or collateral.
- (h) To purchase, take on long lease or by barter, take on short lease or otherwise acquire and hold, manage, develop, utilize, and trade any property or beneficial interest, in all manner of land, buildings, rights, privileges, concessions, licenses, machinery, plant, merchandise and all manner of movable or immovable property which are needed by the company or suitable for the purposes of its business; to engage in any such business of production, processing, developing, trading, importing, exporting, shipping, supplying, distributing, utilizing, brokering, and handling technical and mechanical equipment, tools, preparations, instruments, machines, accessories, containers, packing, raw materials, products, necessities, merchandise and materials of any kind and for any manner of use, as deemed appropriate by the Company for the purpose of obtaining all or some of its purposes.

- (j) To engage in any such enterprise searching, developing and utilizing natural resources, to establish, hold and manage institutions, stations and experimental farms, laboratories and research institutions and to fund, organize and employ, equip and send delegations, committees and experts.
- (k) To purchase, request, register or otherwise acquire and obtain usage rights or to examine, protect, extend and renew, in the State of Israel or in any other jurisdiction, all manner of patents, patent rights, invention rights, copyrights, licenses, protections and concessions (hereinafter together referred to as “patent rights”) which might be deemed beneficial by the Company, and to exercise patent rights, to work pursuant thereto, to utilize, to exercise any agreement and to act in any such way in respect to patent rights and to sell and transfer in any other way patent rights and to grant licenses and privileges in connection therewith.
- (l) To engage in any scientific, technical, structural or other examinations, trials and experiments, including for the purpose of improving or attempting to improve any invention and patent rights to which the Company may be entitled, or entitled to use, or shall be acquired or deemed desirable for acquisition by the Company.
- (m) To request, obtain, acquire, hold, utilize, sell and transfer, in any territory, patterns, production processes, knowledge, trade secrets, permits, licenses, franchises, leasing, entitlements and privileges which entitle, allow or permit the Company to engaged in any of its authorized businesses.
- (n) To enter into agreements with any government or authority, whether central, municipal, local or other, in any territory, in a manner deemed to be instrumental for all or part of the purposes of the Company, and to obtain from any Government or authority any decree, right, privilege or franchise deemed beneficial by the Company and to acquire, execute, utilize and act in accordance with any such any decree, right, privilege or franchise.
- (o) To take any measure deemed appropriate by the Company to make its actions and enterprise public, particularly by press or radio advertisement, or in any other manner, by memorandums, exhibitions, and by granting prizes and awards.
- (p) To purchase or acquire in any other manner and to accept any business – existing or otherwise – and any property, assets, reputation, rights and obligations of any person, company or corporation if such action may be beneficial to the Company or promote any matter within the Company’s purposes

- (q) To establish or found, or participate in the establishing or the founding of any company or corporation so that such entity shall purchase or accept all or part of the Company's property, rights and debts, and for any other purpose which, deemed by the company to potentially, directly or indirectly, promote the achievement of any of the purposes of the company.
- (r) To merge with any company.
- (s) To enter into a partnership or an agreement for the purpose of distribution of profits, union of profits, or cooperating with any person or company who perform or is entitled to perform any business that the Company is authorized to perform.
- (t) To sell and transfer the Company's enterprise, in portions or entirely, for any same consideration deemed appropriate by the Company, and especially in consideration of shares, bonds or any other securities, to another company whose purposes, in whole or in part, are similar to those of the Company.
- (u) To engage in any contract, agreement or undertaking of any kind and to sign on any document, deed, contract and agreement within the framework of its purposes.
- (v) To insure the Company, its property, facilities and activities, in whole or in part, against any damages, loss, risk or liability.
- (w) To invest and use the Company's monies which are not immediately required for its businesses in a manner to be decided by the Company.
- (x) To divide in kind or in any other manner in accordance with the Companies Ordinance [new version] 5743-1983, between its members, the property of the Company, entirely or a portion thereof, subject to the approval of an applicable court.
- (y) To grant allowances, grants, and prizes to the Company's employees and management, or to those who were its employees and management, and to their families. In addition, the Company may found or support and assist with the opening of schools, education or science establishments and trade companies, whether such institutions and companies are related to the Company's business or not. In addition, the Company may found and maintain clubs or other institutions for the benefit of its business or its employees and management.
- (z) To perform any of the activities listed in the second addendum of the Companies Ordinance, and it is hereby declared that any purpose or permission that shall be added to the second addendum of the Ordinance shall be deemed to be added explicitly to this Memorandum of Association. However, any such purpose or permission that shall be omitted from the second addendum of the Ordinance pursuant to any amendment to the Ordinance shall not be deemed to be omitted from this Memorandum of Association and shall remain deemed to be included, unless such purpose or permission is prohibited by Israeli law.

- (aa) To perform any activities related to, connected to or deemed by the Company to be related to or connected to the purposes included in this Memorandum of Association, whether directly or indirectly, or likely to promote the achievement of all or part of any such purposes.
- (ab) To perform any such activity, whether in Israel or in any other territory, whether as principals, agents, owners, trustees, contractors or in any other manner, whether solely or by partnership with others and by principals, agents, owners, trustees, contractors or in any other manner.
- (ac) To perform any legal act which a corporation may legally preform.
- (ad) It is hereby agreed and clarified, unless explicitly mentioned otherwise in this Memorandum of Association, that each and any purpose and permission to act detailed in each of these subsections, including the provisions of subsection (z) of this section, is primary and independent of any other purpose thereof, and is not to be limited or narrowed by any other subsection of this section, by the Company's name, or by reliance thereon.
4. The members' liability is limited.
5. The capital of the Company shall be as set forth in the Company's Articles of Association as may be in effect from time to time. *[amended on September 28, 2006]*
6. We the undersigned wish to become incorporated in accordance with this Memorandum of Association and each agree to accept the number of shares in the company's capital appearing against our respective names.

Subscribers' Names	Address	I.D. number	No. of shares taken	Signature
G.L.A Trust Services Ltd.	2 Iben Gvirol, Tel-Aviv	51-149358-7	99	/s/ G.L.A Trust Services Ltd.
G.L.A Trust Services Ltd.	2 Iben Gvirol, Tel-Aviv	51-149358-7	1	/s/ G.L.A Trust Services Ltd.

Dated this 28th day of January 1998

Fourth Amended and Restated Articles of Association

Pursuant to the Companies Law, 5759-1999

of

GAMIDA CELL LTD.

A Private, Limited Liability Company, Registered In Israel

1. Definition and Interpretation

1.1. The following terms in these Articles of Association shall have the respective meanings ascribed to them below:

<i>"Affiliate"</i>	Shall mean, with respect to any person, any Permitted Transferee of such a person (as defined below), and any person that, directly or indirectly, through one or more intermediaries, either alone or through or together with any other Affiliate, controls, is controlled by, or is under common control with, such person.
<i>"Articles"</i>	The Articles of Association of the Company, as set forth herein, as may be amended.
<i>"as-converted basis"</i>	Shall mean a calculation that assumes the theoretical conversion of all issued and outstanding Preferred Shares into Ordinary Shares, at the then applicable conversion ratios of such Preferred Shares.
<i>"Bonus Shares"</i>	As defined in the Companies Law.
<i>"Board"</i>	The Board of Directors of the Company.
<i>"Business Day"</i>	Sunday to Thursday, inclusive, with the exception of holidays and official days of rest in the State of Israel.
<i>"Companies Law"</i>	The Companies Law, 1999, as may be amended from time to time.
<i>"Companies Regulations"</i>	Regulations issued pursuant to the Companies Law.
<i>"Company"</i>	Gamida Cell Ltd.
<i>"control"</i>	Shall have the meaning ascribed to such term under the Israeli Securities Law of 1968.
<i>"Conversion Price"</i>	As defined in Article 5.3.5.1.1.
<i>"Convertible Securities"</i>	As defined in Article 5.3.5.6.4 below.
<i>"Director" or "director"</i>	A Director of the Company in accordance with the definition of the Companies Law.

<i>"Distribution"</i>	As defined in the Companies Law, except for Bonus Shares or share dividend distributed pro-rata on an as-converted basis with respect to all Company's shares then issued and outstanding, and payable in additional Ordinary Shares (or other securities or rights convertible, exercisable or exchangeable, directly or indirectly, for or into additional Ordinary Shares), and except for repurchase of shares from employees, directors, consultants or service providers to the Company or its subsidiaries (if any) pursuant to any incentive share option plan, arrangement or agreement, in the context of termination of employment or service.
<i>"Dividend"</i>	As defined in the Companies Law.
<i>"Fully Diluted Basis"</i>	The number of Ordinary Shares issued and outstanding as of the time of applicable calculation, treating for this purpose as outstanding, the maximum number of Ordinary Shares issuable upon exercise, exchange or conversion of all Options and Convertible Securities outstanding as of such time (or, in the case of Convertible Securities and Options therefor, upon conversion or exchange of such Convertible Securities), as set forth in the instrument relating to such Options and Convertible Securities (assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number), <u>while treating as outstanding</u> all shares then reserved for issuance (whether or not Options therefor were allocated) to employees, directors, consultants or service providers of the Company or its subsidiaries (if any) pursuant to any incentive share option plan, arrangement or agreement, regardless of whether or not any Options therefor are then actually outstanding or promised.
<i>"General Meeting"</i>	An annual or special meeting of the Shareholders of the Company in accordance with the Companies Law.
<i>"2014 Joinder"</i>	Shall mean that certain Addendum & Joinder to Series E Preferred Share Purchase Agreement dated as of January 14, 2014, by and among the Company and the Participating Investors listed therein.
<i>"Law" or "law"</i>	The provisions of any law ("din") as defined in the Interpretation Law, 1981.
<i>"IPO"</i>	The closing of a public offering of the Ordinary Shares of the Company, on the New York Stock Exchange or NASDAQ or other stock exchange acceptable to the Board, pursuant to an effective registration statement under the United States Securities Act 1933 or other applicable securities act or law, as amended.

<i>"New Securities"</i>	As defined in Article 10.5.2.
<i>"NIS"</i>	New Israeli Shekels.
<i>"Office"</i>	Shall mean the registered office of the Company in accordance with Section 123 of the Companies Law.
<i>"Ordinary Majority"</i>	More than fifty percent (50%) of the voting power represented by the then issued and outstanding shares of the Company held by the Shareholders who are entitled to vote and who voted in a General Meeting in person or by means of a proxy, excluding abstaining votes.
<i>"Ordinary Shares"</i>	Ordinary Shares of the Company nominal value NIS0.01 each.
<i>"Ordinary B Shares"</i>	Ordinary B Shares of the Company nominal value NIS0.01 each.
<i>"Original Issue Date"</i>	With respect to each series of Preferred Shares - the date on which a share of such series of Preferred Share was first issued by the Company.
<i>"Original Issue Price"</i>	Shall mean: (i) US\$ 3.33 per each Preferred A Share; (ii) US\$5.09 per each Preferred B Share; (iii) US\$6.6178 per each Preferred C Share, (iv) US\$ 9.56 per each Preferred D Share, (v) US\$7.33 per each Preferred E-1 Share, and (vi) US\$9.16 per each Preferred E-2 Share; in each case, subject to proportional adjustment upon the occurrence of a Recapitalization Event as a result of which the number of outstanding shares of such series of Preferred Shares is proportionately increased or decreased.
<i>"Permitted Transferee"</i>	<p>All of the following:</p> <p>(A) With respect to any Shareholder who is a natural person - (i) such Shareholder's spouse or lineal descendant; (ii) such Shareholder's transferee by operation of law or by will; (iii) a trustee for the benefit solely of such a Shareholder, its spouse or lineal descendant; (v) with respect to a Shareholder who is a trustee – the Person for the benefit of whom the shares or other securities were held in trust, as disclosed to the Company;</p> <p>(B) With respect to any Shareholder which is a limited partnership or a corporate entity: (i) any corporate entity which controls, is controlled by, or is under common control with, such Shareholder; (ii) in the case of a Shareholder which is a partnership – its partners; (iii) in the case of a Shareholder which is a limited liability company – any of its shareholders (or members, as applicable); (iv) the surviving entity in the merger of such Shareholder with another company, or the entity succeeding to all or substantially all of the assets of such Shareholder, or the entity acquiring all or substantially all of the portfolio of such Shareholder's holdings in technology companies; (v) in a Transfer resulting from the liquidation of a Shareholder - the successors in interest to such liquidated Shareholder; (vi) the limited and general partners of such Shareholder and the limited and general partners of, and any person or entity controlling (either directly or through an entity controlled by such person or entity), such limited or general partners, or (vii) any entity over which such Shareholder or its affiliates exercises investment discretion or act as a principal investment advisor, (viii) any Affiliate of any of the above managed by the same management company or managing general partner or by an entity which controls, is controlled by, or is under common control with such management company or managing general partner, or any shareholder, partner or member of such Affiliate;</p> <p>(C) as to a transfer by Israel HealthCare Ventures 2 LP Incorporated ("<u>IHCV</u>"), and without derogating from the above, all persons and entities for whom IHCV's management company acts as a manager of their investments.</p>

<i>"Preferred A Shares"</i>	Series A Preferred Shares of the Company nominal value NIS0.01 each.
<i>"Preferred B Shares"</i>	Series B Preferred Shares of the Company, nominal value NIS 0.01 each.
<i>"Preferred C Shares"</i>	Series C Preferred Shares of the Company, nominal value NIS 0.01 each.
<i>"Preferred D Shares"</i>	Series D Preferred Shares of the Company, nominal value NIS 0.01 each.
<i>"Preferred E Shares"</i>	Series E-1 Preferred Shares and Series E-2 Preferred Shares.
<i>"Preferred Director "</i>	Shall mean each Director whose appointment was effected through the utilization of voting power, at least 80% of which was a voting power that was represented by Preferred Shares that were issued and outstanding as of the time of appointment.
<i>"Preferred Shares"</i>	Preferred A Shares, Preferred B Shares, Preferred C Shares, Preferred D Shares and Preferred E Shares.
<i>"Preferred Majority"</i>	The holders of at least a majority of the voting power represented by the then issued and outstanding Preferred Shares (treated together as a single class, on an as-converted basis).

<i>"Qualified IPO"</i>	An IPO yielding gross proceeds of at least US\$30,000,000 at a pre-money valuation of at least US\$150,000,000.
<i>"Qualified Shareholder"</i>	Any holder of Preferred Shares, holding 1.5% or more of the share capital of the Company calculated on a Fully Diluted Basis.
<i>"Recapitalization Event"</i>	Any event of share combination or subdivision, share split, reverse share split, share dividend, distribution of Bonus Shares or any other reclassification, reorganization or recapitalization of the Company's share capital or other similar events on the basis of a Shareholder's pro-rata share of all outstanding shares of the Company on an as-converted to Ordinary Shares basis.
<i>"Restructure"</i>	As defined in Article 6A.
<i>"Series E-1 Preferred Shares"</i>	Series E-1 Preferred Shares of the Company, nominal value NIS 0.01 each.
<i>"Series E-2 Preferred Shares"</i>	Series E-2 Preferred Shares of the Company, nominal value NIS 0.01 each.
<i>"2012 SPA"</i>	Shall mean that certain Series E Preferred Share Purchase Agreement dated as of May 14, 2012, by and among the Company and the Investors listed therein.
<i>"Shareholder"</i>	Any person or entity registered in the Shareholder Register of the Company as a holder of Ordinary Shares or Preferred Shares.
<i>"Shareholder Register"</i>	Shall mean the register of shareholders to be kept in accordance with of the Companies Law.
<i>"Transfer"</i>	As defined in Article 18.1 below.

1.2. Any capitalized term used but not otherwise defined in these Articles shall have the meaning ascribed to it in the Companies Law

1.3. The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

1.4. The specific provisions of these Articles shall supersede the provisions of the Companies Law to the extent permitted under the Companies Law. Unless the subject or the context otherwise requires, each word and expression used but not specifically defined herein and defined in the Companies Law as in effect on the date when these Articles first became effective, shall have the same meaning ascribed to them therein, and to the extent that no meaning is attached to it in the Companies Law, the meaning ascribed to it in the Companies Regulations, and if no meaning is ascribed thereto in the Companies Regulations, the meaning ascribed to it in the Securities Law, 1968 or the regulations promulgated thereunder.

1.5. Words and expressions importing the singular shall include the plural and vice versa, words and expressions importing the masculine gender shall include the feminine gender and words and expressions importing persons shall include corporate entities.

1.6. All shares held (beneficially or of record), at the time of applicable calculation, by Shareholders who are Permitted Transferees of each other, shall be aggregated together for the purpose of determining the availability to such holders of any rights under these Articles, and such rights – to the extent they are determined to be available at such time - may be exercised (up to the maximum extent so determined to be available in the aggregate to all such Shareholders) by any, some or all of such Shareholders who are Permitted Transferees of each other.

2. Private Company

The Company is a private company as defined in the Companies Law, and accordingly:

2.1. The number of Shareholders of the Company at all times (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were, while in such employment, and have continued after termination of such employment to be, Shareholders of the Company), shall not exceed fifty (50), but where two or more persons jointly own one or more shares in the Company, they shall, for the purposes of this Article, be treated as a single Shareholder;

2.2. Any invitation to the public to subscribe for any shares, Convertible Securities or Options of the Company is hereby prohibited; and

2.3. The right to Transfer shares in the Company shall be restricted as hereinafter provided.

3. The Objects of the Company:

The objects of the Company are:

3.1. to carry out any lawful business or activity.

3.2. to perform any legal activity permitted under any law.

The Company may donate reasonable amounts and/or Options to acquire Ordinary Shares or Convertible Securities (representing up to 1% (one percent) of the Company's issued and outstanding share capital) to worthy purposes, as the Board may determine in its discretion, even if such donations are not made on the basis or within the scope of business considerations of the Company.

4. Limited Liability

The liability of the Shareholders of the Company is limited, each one up to the unpaid portion, if any, of the full amount which was undertaken to be paid to the Company in consideration or upon subscription for the shares held by such Shareholder.

Share Capital

5. Share Capital

5.1. The registered share capital of the Company is NIS 243,626, divided into 12,243,690 Ordinary Shares, 1,400,073 Ordinary B Shares, 600,000 Preferred A Shares, 1,547,170 Preferred B Shares, 2,971,667 Preferred C Shares, 1,800,000 Preferred D Shares, 600,000 Series E-1 Preferred Shares, and 3,200,000 Series E-2 Preferred Shares.

5.2. Ordinary Shares; Ordinary B Shares

5.2.1. Ordinary Shares. The Ordinary Shares shall confer upon the holders thereof all the rights attached to the Ordinary Shares in these Articles, including, without limitation, the rights to receive notices of, and to attend, all General Meetings, to vote thereat with each Ordinary Share held entitling the holder thereof to one vote, to participate and share equally, on a per share basis, in distribution of dividends (subject to the provisions of Article 5.3.1 (*'Dividend Provisions'*)), and to participate and share equally, on a per share basis, in distribution of surplus assets and funds in the Company (subject to the provisions of Articles 5.3.2) (*'Distribution Preference'*) in the event of a voluntary or involuntary winding up, liquidation, dissolution or a Deemed Liquidation (as defined in Article 5.3.2.3 below), and no other rights except as may be expressly provided for herein or mandated under the Companies Law.

5.2.2. Ordinary B Shares. The Ordinary B Shares shall rank pari passu with the Ordinary Shares for all intents and purposes under these Articles, and shall confer upon the holders thereof all the rights attached to the Ordinary Shares in these Articles, including, without limitation, the rights to participate and share equally, on a per share basis, in distribution of dividends (subject to the provisions of Article 5.3.1 (*'Dividend Provisions'*)), and to participate and share equally, on a per share basis, in distribution of surplus assets and funds in the Company (subject to the provisions of Articles 5.3.2) (*'Distribution Preference'*) in the event of a voluntary or involuntary winding up, liquidation, dissolution or a Deemed Liquidation (as defined in Article 5.3.2.3 below), and no other rights except as may be expressly provided for herein or mandated under the Companies Law; provided however, that:

5.2.2.1.1. Until an IPO, the Ordinary B Shares shall not confer upon the holders thereof any rights to receive notices of, and to attend, any General Meetings, nor to vote thereat;

5.2.2.1.2. Immediately prior to and conditioned upon the consummation of an IPO, each issued and outstanding Ordinary B Share shall automatically be converted into one issued and outstanding Ordinary Share (and each then outstanding right, option or warrant to subscribe for, purchase or otherwise acquire, directly or indirectly an Ordinary Share, shall automatically become convertible, exercisable or exchangeable solely for and into one Ordinary Share). The aforesaid automatic conversion shall be deemed to have taken place automatically regardless of whether the certificates representing such shares have been tendered to the Company, but from and after such conversion any such certificates not tendered to the Company shall be deemed to evidence solely the Ordinary Shares received upon such conversion and the right to receive a certificate for such Ordinary Shares. The Company shall, as soon as practicable after conversion and tender of the certificate for the Ordinary B Shares converted, issue and deliver to such holder of such Ordinary B Shares or to the nominee or nominees of such holder of Ordinary B Shares, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid. In the event that the certificate(s) representing the Ordinary B Shares to be converted as aforesaid are not delivered to the Company, then the Company shall not be obligated to issue any certificate(s) representing the Ordinary Shares issued upon such conversion, unless the holder of such Ordinary B Shares notifies the Company in writing that such certificate(s) have been lost, stolen or destroyed;

5.2.2.1.3. In order to continuously maintain the aforesaid 1:1 conversion ratio of the Ordinary B Shares into Ordinary Shares, the Company shall not subdivide, consolidate or make any other Recapitalization Event in respect of the Ordinary Shares or the Ordinary B Shares, unless the same subdivision, consolidation or other Recapitalization Event is made simultaneously in respect of the Ordinary B Shares or the Ordinary Shares, respectively;

5.2.2.1.4. The Company shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of Ordinary Shares upon conversion of Ordinary B Shares pursuant to this Article 5.2.2. The Company shall not, however, be required to pay any tax which may be payable in respect of any Transfer involved in the issuance and delivery of Ordinary Shares in a name other than that in which the Ordinary B Shares so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid;

5.2.2.1.5. In the event the Company, at any time or from time to time, shall make or issue, or fix a record date for the determination of holders of Ordinary Shares entitled to receive, a dividend or other distribution payable in securities of the Company (other than distribution of Ordinary Shares or Ordinary B Shares covered by other provisions of these Articles) or in cash or other property (other than distribution of cash out of earnings or earned surplus, determined in accordance with generally accepted accounting principles, covered by other provisions of these Articles), then and in each such event provision shall be made so that the holders of Ordinary B Shares shall receive upon conversion thereof in addition to the number of Ordinary Shares receivable thereupon, the amount of securities of the Company that they would have received had such Ordinary B Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of such Ordinary B Shares; provided, however, that no such provision shall be made with respect to any series of Ordinary B Shares if the holders of such Ordinary B Shares simultaneously receive a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding Ordinary B Shares had been converted into Ordinary Shares on the date of such event.

5.2.2.1.6. The Company shall, as of immediately prior to the consummation of an IPO, reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the then outstanding Ordinary B Shares (and all then outstanding Options and other rights convertible, exchangeable or exercisable into Ordinary B Shares), such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all such outstanding and issuable Ordinary B Shares; and if, as of such time, the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding or issuable Ordinary B Shares, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase the number of its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

5.3. Preferred Shares

The Preferred Shares confer upon the holders thereof all rights attached to the Ordinary Shares in these Articles (including, without limitation, the rights to receive notices of, to attend and to vote at, all General Meetings), and, in addition, the rights, preferences and privileges granted to the Preferred Shares in these Articles, and no other rights except as may be expressly provided for herein or mandated under the Companies Law.

5.3.1. Dividend Provisions

The Company shall not declare, pay or set aside any Dividends or make any Distribution on, in respect of any class or series of shares of the Company (other than Bonus Shares) unless (in addition to the obtaining of any consents required elsewhere in these Articles) such Dividends or other distributable property distributed in such Distribution, are allocated among the holders of share capital of the Company in accordance with Article 5.3.2 below.

5.3.2. Distribution Preference

5.3.2.1. In the event of (i) the Company's voluntary or involuntary winding up, liquidation or dissolution in accordance with applicable law (each, a "Liquidation"), (ii) the consummation of a Deemed Liquidation (as defined below), or (iii) a Distribution, then, in each such event, the assets or proceeds available under applicable law for distribution among the Shareholders or the Dividends so distributed, as the case may be (the "Distributable Assets"), shall be distributed to the Shareholders in the following order and preference:

5.3.2.1.1. First, the holders of Preferred E Shares shall be entitled to receive for each Preferred E Share held by them, prior and in preference to any distribution in respect of the Preferred D Shares, the Preferred C Shares, the Preferred B Shares, the Preferred A Shares, the Ordinary B Shares and the Ordinary Shares, an amount equal to the sum of (i) the Original Issue Price of such Preferred E Share, *plus* interest at the rate of 8% per annum on such Original Issue Price, compounded annually, calculated thereon from the date of issuance of such Preferred E Share to the date of such distribution, *less* (ii) any amounts previously paid in preference on such Preferred E Share in accordance with this Article 5.3.2.1.1 (the resulting sum under this sub-Article 5.3.2.1.1 - the "Preference E Amount"). In the event that the Distributable Assets are insufficient to pay in full the Preference E Amounts in respect of all Preferred E Shares then issued and outstanding, then all of such Distributable Assets shall be distributed among the holders of the Preferred E Shares in proportion to the respective full Preference E Amounts such holders would otherwise be then entitled to receive under this Article 5.3.2.1.1.

5.3.2.1.2. Second, after payment in full of the Preference E Amounts in respect of all Preferred E Shares then outstanding, the holders of Preferred D Shares shall be entitled to receive for each Preferred D Share held by them, prior and in preference to any distribution in respect of the Preferred C Shares, the Preferred B Shares, the Preferred A Shares, the Ordinary B Shares and the Ordinary Shares, an amount equal to the Original Issue Price of such Preferred D Share, *plus* interest at the rate of 8% per annum on such Original Issue Price, compounded annually, calculated thereon from the date of issuance of such Preferred D Share to the date of such distribution, less any amounts previously paid in preference on such Preferred D Share in accordance with this Article 5.3.2.1.2 (the resulting sum under this sub-Article 5.3.2.1.2 - the "Preference D Amount"). In the event that the remaining Distributable Assets available for distribution after the payment in full of the Preference D Amounts, shall be insufficient to pay in full the Preference D Amounts in respect of all Preferred D Shares then issued and outstanding, then all of such remaining Distributable Assets, if any, shall be distributed among the holders of the Preferred D Shares in proportion to the respective full Preference D Amounts such holders would otherwise then be entitled to receive under this Article 5.3.2.1.2.

5.3.2.1.3. Third, after payment in full of the Preference E Amounts and the Preference D Amounts in respect of all Preferred E Shares and Preferred D Shares then outstanding, the holders of Preferred C Shares shall be entitled to receive for each Preferred C Share held by them, prior and in preference to any distribution in respect of the Preferred B Shares, the Preferred A Shares, the Ordinary B Shares and the Ordinary Shares, an amount equal to the Original Issue Price of such Preferred C Share, *plus* interest at the rate of 8% per annum on such Original Issue Price, compounded annually, calculated thereon from the date of issuance of such Preferred C Share to the date of such distribution, less any amounts previously paid in preference on such Preferred C Share in accordance with this Article 5.3.2.1.3 (the resulting sum under this sub-Article 5.3.2.1.3 - the "Preference C Amount"). In the event that the remaining Distributable Assets available for distribution after the payment in full of the Preference E Amounts and Preference D Amounts, shall be insufficient to pay in full the Preference C Amounts in respect of all Preferred C Shares then issued and outstanding, then all of such remaining Distributable Assets, if any, shall be distributed among the holders of the Preferred C Shares in proportion to the respective full Preference C Amounts such holders would otherwise then be entitled to receive under this Article 5.3.2.1.3.

5.3.2.1.4. Fourth, after payment in full of the Preference E Amounts, the Preference D Amounts and the Preference C Amount in respect of all Preferred E Shares, Preferred D Shares and Preferred C Shares then outstanding, the holders of Preferred B Shares shall be entitled to receive for each Preferred B Share held by them, prior and in preference to any distribution in respect of the Preferred A Shares, the Ordinary B Shares and the Ordinary Shares, an amount equal to the Original Issue Price of such Preferred B Share, *plus* interest at the rate of 8% per annum on such Original Issue Price, compounded annually, calculated thereon from the date of issuance of such Preferred B Share to the date of such distribution, less any amounts previously paid in preference on such Preferred B Share in accordance with this Article 5.3.2.1.4 (the resulting sum under this sub-Article 5.3.2.1.4 - the "Preference B Amount"). In the event that the remaining Distributable Assets available for distribution after the payment in full of the Preference E Amounts, the Preference D Amounts and the Preference C Amounts, shall be insufficient to pay in full the Preference B Amounts in respect of all Preferred B Shares then issued and outstanding, then all of such remaining Distributable Assets, if any, shall be distributed among the holders of the Preferred B Shares in proportion to the respective full Preference B Amounts such holders would otherwise then be entitled to receive under this Article 5.3.2.1.4.

5.3.2.1.5. Fifth, after payment in full of the Preference E Amounts, the Preference D Amounts, the Preference C Amount and the Preference B Amounts in respect of all Preferred E Shares, Preferred D Shares, Preferred C Shares and Preferred B Shares then outstanding, the holders of Preferred A Shares shall be entitled to receive for each Preferred A Share held by them, prior and in preference to any distribution in respect of the Ordinary B Shares and the Ordinary Shares, an amount equal to the Original Issue Price of such Preferred A Share, *plus* interest at the rate of 8% per annum on such Original Issue Price, compounded annually, calculated thereon from the date of issuance of such Preferred A Share to the date of such distribution, less any amounts previously paid in preference on such Preferred A Share in accordance with this Article 5.3.2.1.5 (the resulting sum under this sub-Article 5.3.2.1.5 - the "Preference A Amount"). In the event that the remaining Distributable Assets available for distribution after the payment in full of the Preference E Amounts, the Preferred D Amounts, the Preference C Amounts and the Preferred B Amounts, shall be insufficient to pay in full the Preference A Amounts in respect of all Preferred A Shares then issued and outstanding, then all of such remaining Distributable Assets, if any, shall be distributed among the holders of the Preferred A Shares in proportion to the respective full Preference A Amounts such holders would otherwise then be entitled to receive under this Article 5.3.2.1.5.

5.3.2.1.6. Sixth, after payment in full of the Preference E Amounts, the Preference D Amounts, the Preference C Amount, the Preference B Amounts and the Preference A Amounts in respect of all Preferred E Shares, Preferred D Shares, Preferred C Shares, Preferred B Shares and Preferred A Shares then outstanding, in accordance with Articles 5.3.2.1.1 through 5.3.2.1.5 above, the remaining Distributable Assets, if any, shall be distributed among the holders of Ordinary Shares, Ordinary B Shares and Preferred Shares on a pro rata, pari passu, and as-converted basis.

5.3.2.2. Cap on Distribution Preference. Notwithstanding anything to the contrary contained in these Articles, in the event that a distribution of the Distributable Proceeds in accordance with Articles 5.3.2.1.1 through 5.3.2.1.6 would yield to the holder of any Preferred Share an amount per such share which, when combined with the aggregate amounts previously paid with respect to such share pursuant to this Article 5.3.2, exceeds four (4) times the respective Original Issue Price of such Preferred Share (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification, or similar event affecting such share) (the "Maximum Participation Amount"), then the holder of such Preferred Share shall not be treated in respect of such Preferred Share in accordance with Articles 5.3.2.1.1 through 5.3.2.1.6 above, but shall instead be entitled to receive an amount per such Preferred Share that amount which, when combined with the aggregate amounts previously paid with respect to such share pursuant to Articles 5.3.2.1.1 through 5.3.2.1.6 above, would equal the greater of (i) the Maximum Participation Amount and (ii) the amount such holder would have received if such Preferred Share had been converted into Ordinary Shares immediately prior to such distribution.

5.3.2.3. A "Deemed Liquidation" shall mean any of the following: (a) the merger or consolidation or other reorganization (other than a Recapitalization Event) of the Company with or into any other corporate entity; or (b) a sale or other irrevocable disposition of all or of substantially all of the Company's shares or assets; except, in each case, any such transaction in which the voting power represented by the shares of the Company outstanding immediately prior to such transaction continues to represent, or is converted into or exchanged for shares conferring voting power that represents, or is held in such proportions by Shareholders who directly or indirectly hold (in such same proportions), immediately following such transaction, at least a majority, by voting power, of the share capital of (1) the surviving, acquiring or resulting corporation or (2) if the surviving, acquiring or resulting corporation is a wholly owned subsidiary of another corporation immediately following such transaction, the parent corporation of such surviving, acquiring or resulting corporation. In the event of a Deemed Liquidation, the proceeds received by the Company and/or the Shareholders in such Deemed Liquidation shall be distributed pursuant to the provisions of Article 5.3.2.1.

5.3.2.4. Notwithstanding anything to the contrary contained in these Articles, (i) the holders of 70% or more of the voting power represented by the then issued and outstanding Preferred Shares on an as-converted basis, consenting or voting together as a single class may waive the treatment of a transaction as a Liquidation, Deemed Liquidation or a Distribution for all intents and purposes whatsoever, provided that if such transaction results in the actual distribution of cash, shares or other assets to the Shareholders, then such waiver shall be deemed revoked and the provisions of Article 5.3.2.1 shall apply; and (ii) in addition, the holders of a majority of the voting power of each series of Preferred Shares (the holders of each such series consenting as a separate class) may waive treatment, fully or in part, of a transaction as a Liquidation or a Deemed Liquidation or a Distribution in accordance with Article 5.3.2.1, in which case all Distributable Assets shall be distributed pro-rata (treating the Preferred Shares on an as-converted basis) among the holders of the Preferred Shares and Ordinary Shares on a pari-passu, no preference basis.

5.3.2.5. If the amount deemed paid or distributed under this Article 5.3.2, or any part thereof, is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined in good faith by the Board.

5.3.3. Voting Rights

Subject to any provision of these Articles conferring special rights as to voting or expressly restricting the right to vote, each holder of Preferred Shares shall have one vote for each Ordinary Share into which the Preferred Shares held by such holder could then be converted (as provided in Article 5.3.5 below), on every resolution without regard to whether the vote thereon is conducted by a show of hands, by written ballot or by any other means. The Preferred Shares shall vote together with the Ordinary Shares of the Company, together as a single class and not as a separate class in all shareholders meetings, except as required by law and by these Articles.

5.3.4. Special Voting Provisions

5.3.4.1. Veto Rights (Preferred 70% Majority). Notwithstanding any other provision of these Articles, until the earlier of an IPO or a Deemed Liquidation and in addition to any other vote or consent (if any) required under these Articles or applicable law, the Company shall not, and shall exercise its control over its subsidiaries, if any, in order that such subsidiaries shall not, take any action or adopt any resolution on any of the following matters without the consent or vote of the holders of 70% or more of the voting power represented by the then issued and outstanding Preferred Shares on an as-converted basis, consenting or voting together as a single class:

5.3.4.1.1. Creation or issuance of share capital, rights, options or warrants to purchase share capital or other securities convertible into or exchangeable for share capital, having rights equal or senior to those of the Preferred E Shares, excluding shares of Gamida Cell- Teva JV Ltd. which may be issued to Teva Pharmaceuticals Industries Ltd. ("Teva") in accordance with the Founders Agreement between the Company, Teva and Gamida Cell- Teva JV Ltd., dated as of February 12, 2006, and any ancillaries and schedules thereof;

5.3.4.1.2. Amendment or change of the rights, preferences, privileges or restrictions of the Preferred Shares, provided such amendment or change is correspondingly made in respect of the rights, preferences, privileges or restrictions of all series of Preferred Shares;

5.3.4.1.3. Any Distribution, Liquidation or Deemed Liquidation, an IPO or a Restructure;

5.3.4.1.4. Grant of an irrevocable and exclusive license to all or substantially all of the intellectual property rights of the Company, except any such transaction in which the Company or its Shareholders retain control over the recipient entity as of immediately following the consummation of such transaction;

5.3.4.1.5. Increase the maximum number of directors which may be appointed to the Board, to exceed 7 Directors.

5.3.4.1.6. Any transaction with any officer, Director, Shareholder of the Company or any of its subsidiaries, if any, any other interested party (as defined in the Companies Law), or any other party related, directly or indirectly, to any of them;

5.3.4.2. Veto Rights (Preferred Class Majority). Notwithstanding any other provision of these Articles, until the earlier of an IPO or a Deemed Liquidation and in addition to any other vote or consent (if any) required under these Articles or applicable law, the Company shall not amend or change any of the specific rights, preferences, privileges or restrictions granted or imposed under these Articles in respect of any series of the Preferred Shares with respect to liquidation and other distribution preferences, anti-dilution protection and similar rights, without the consent or vote of the holders of a majority of the voting power represented by the then issued and outstanding shares of such series of Preferred Shares on an as-converted basis, consenting or voting together as a single class.

5.3.4.3. Veto Rights (Preferred Directors Majority). Notwithstanding any other provision of these Articles, until the earlier of an IPO or a Deemed Liquidation and in addition to any other vote or consent (if any) required under these Articles or applicable law, the Company shall not, and shall exercise its control of its subsidiaries in order that such subsidiaries shall not take any action or adopt any resolution on any of the following matters without the consents of at least a majority of the Preferred Directors (*or – except with respect to Sub-Article 5.3.4.3.1 below, in case there is an even number of incumbent Preferred Directors - 50% thereof*):

5.3.4.3.1. Any fundamental change in the business of the Company;

5.3.4.3.2. Any transaction out of the ordinary course of business not contemplated by the Company's budget then in effect;

5.3.4.3.3. Issuance of Options other than pursuant to an approved incentive share option plan, arrangement or agreement, or an increase of the aggregate number of Shares reserved for issuance to employees, directors, consultants or service providers of the Company or its subsidiaries (if any) pursuant to any incentive share option plan, arrangement or agreement.

5.3.5. Conversion Rights

5.3.5.1. Right to Convert, Automatic Conversion

5.3.5.1.1. Each Preferred Share shall be convertible at the option of the respective holder thereof, at any time after the date of issuance of such share, at the office of the Company, into such number of Ordinary Shares as is determined by dividing its then applicable Original Issue Price by its then applicable Conversion Price (as defined hereinafter). The conversion price for each Preferred Share (*other than Preferred D Shares*) shall initially be the Original Issue Price of such share, and the conversion price of each Preferred D Share shall initially be US\$9.38; and provided further, that the applicable conversion price of each series of Preferred Shares (i) shall be subject to proportional adjustment upon the occurrence of any Recapitalization Event as a result of which the number of outstanding shares of such series of Preferred Shares is proportionately increased or decreased, and (ii) shall be subject to adjustment pursuant to the anti-dilution and other adjustment provisions set forth below in this Article 5.3.5 (the initial conversion price of a Preferred Share, as may be adjusted pursuant to the provisions of these Articles, the "Conversion Price").

5.3.5.1.2. Anything in these Articles to the contrary notwithstanding, upon the earlier of: (i) immediately prior to and conditioned upon the consummation of a Qualified IPO; or (ii) the date specified in a written consent of the holders of at least 70% of voting power represented by the then issued and outstanding Preferred Shares (voting together as one class, on an as-converted basis), including the consent of the holders of at least a majority of each of the series of Preferred Shares (other than the Series A Preferred Shares) then outstanding, delivered to the Company, all issued and outstanding Preferred Shares shall automatically be converted into such number of issued and outstanding Ordinary Shares as is determined by dividing the then applicable Original Issue Price by the then applicable Conversion Price of each such series of Preferred Shares (and all then outstanding rights, options or warrants to subscribe for, purchase or otherwise acquire, directly or indirectly, Preferred Shares, shall automatically become convertible, exercisable or exchangeable solely for and into such number of Ordinary Shares as is determined by dividing the then applicable Original Issue Price by the then applicable Conversion Price of the series of Preferred Shares underlying such rights, options or warrants).

5.3.5.1.3. Without derogating from any other conversion provisions set out herein, upon the date specified in a written consent of the holders of at least 60% of voting power represented by the then issued and outstanding shares of a certain series of Preferred Shares (i.e. Preferred A Shares, Preferred B Shares, Preferred C Shares, Preferred D Shares or Preferred E Shares) (with the shares of such series of Preferred Shares voting together as one class, on an as-converted basis), delivered to the Company, all issued and outstanding shares of such series of Preferred Shares shall automatically be converted into such number of issued and outstanding Ordinary Shares as is determined by dividing the then applicable Original Issue Price by the then applicable Conversion Price of such series of Preferred Shares (and all then outstanding rights, options or warrants to subscribe for, purchase or otherwise acquire, directly or indirectly, shares of such series of Preferred Shares, shall automatically become convertible, exercisable or exchangeable solely for and into such number of Ordinary Shares as is determined by dividing the then applicable Original Issue Price by the then applicable Conversion Price of the series of Preferred Shares underlying such rights, options or warrants).

5.3.5.2. Mechanics of Conversion; Effect; Taxes

5.3.5.2.1. Before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company, and (in the case of a conversion at the option of the holder) shall give written notice to the Company of the election to convert the same and shall state therein the name or names of any nominee for such holder in which the certificate or certificates for Ordinary Shares are to be issued. In the case of a conversion at the option of the holder, such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate representing the Preferred Shares to be converted, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares as of such date. If the conversion is in connection with an IPO of the shares of the Company, the conversion may, at the option of any holder tendering the Preferred Shares for conversion, be conditioned upon the closing of the sale of securities pursuant to such IPO, in which event the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of the Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such offer of securities. If the conversion is in connection with an IPO or other automatic conversion pursuant to Article 5.3.5.1 above, then the conversion shall be deemed to have taken place automatically regardless of whether the certificates representing such shares have been tendered to the Company, but from and after such conversion any such certificates not tendered to the Company shall be deemed to evidence solely the Ordinary Shares received upon such conversion and the right to receive a certificate for such Ordinary Shares. The Company shall, as soon as practicable after conversion and tender of the certificate for the Preferred Shares converted, issue and deliver to such holder of Preferred Shares or to the nominee or nominees of such holder of Preferred Shares, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid. In the event that the certificate(s) representing the Preferred Shares to be converted as aforesaid are not delivered to the Company, then the Company shall not be obligated to issue any certificate(s) representing the Ordinary Shares issued upon such conversion, unless the holder of such Preferred Shares notifies the Company in writing that such certificate(s) have been lost, stolen or destroyed.

5.3.5.2.2. All Preferred Shares which shall have been surrendered (or deemed surrendered) for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate at the conversion time, except only the right of the holders thereof to receive Ordinary Shares in exchange therefor and to receive payment of any dividends declared but unpaid thereon.

5.3.5.2.3. The Company shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of Ordinary Shares upon conversion of Preferred Shares pursuant to this Article 5.3.5. The Company shall not, however, be required to pay any tax which may be payable in respect of any Transfer involved in the issuance and delivery of Ordinary Shares in a name other than that in which the Preferred Shares so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5.3.5.3. Adjustments for Share Splits and Combinations

5.3.5.3.1. If the Company shall, at any time or from time to time after the Original Issue Date of any series of Preferred Shares (i) effect a subdivision of the outstanding Ordinary Shares without a comparable subdivision of all shares of such series of Preferred Shares, or (ii) combine the outstanding shares of any series of Preferred Shares without a comparable combination of the Ordinary Shares, then, and in each such event, the applicable Conversion Price of any series of Preferred Shares not comparably subdivided in the case of 5.3.5.3.1(i) or not comparably combined in the case of Article 5.3.5.3.1(ii) in effect immediately before that subdivision or combination, shall be proportionately decreased so that the number of Ordinary Shares issuable on conversion of each share of such series of Preferred Shares shall be - in the case of Article 5.3.5.3.1(i) - increased in proportion to such increase in the aggregate number of Ordinary Shares outstanding, or shall be - in the case of Article 5.3.5.3.1(ii) - proportionately increased in reversed proportion to such decrease in the aggregate number of shares of such applicable series of Preferred Shares outstanding.

5.3.5.3.2. If the Company shall, at any time or from time to time after the Original Issue Date of any series of Preferred Shares (i) combine the outstanding Ordinary Shares without a comparable combination of the shares of any series of Preferred Shares, or (ii) effect a subdivision of the outstanding shares of any series of Preferred Shares without a comparable subdivision of the Ordinary Shares, then the applicable Conversion Price of any series of Preferred Shares not comparably combined in the case of Article 5.3.5.3.2(i) or not comparably subdivided in the case of Article 5.3.5.3.2(ii) then in effect immediately before such combination or subdivision, shall be proportionately increased so that the number of Ordinary Shares issuable on conversion of each share of such series of Preferred Shares shall be - in the case of Article 5.3.5.3.2(i) - decreased in proportion to such decrease in the aggregate number of Ordinary Shares outstanding, or shall be - in the case of Article 5.3.5.3.2(ii) - proportionately decreased in reversed proportion to such increase in the aggregate number of shares of such series of Preferred Shares.

5.3.5.3.3. If the Company shall, at any time or from time to time after the Original Issue Date of any series of Preferred Shares, effect a subdivision of the outstanding Ordinary Shares with a comparable subdivision of the shares of any series of Preferred Shares, or combine the outstanding shares of any series of Preferred Shares with a comparable combination of the Ordinary Shares, then the applicable Conversion Price of such series of Preferred Shares in effect immediately before that subdivision or combination shall be proportionately adjusted so that the number of Ordinary Shares issuable on conversion of each share of such series of Preferred Shares shall not be changed as a result of such increase or decrease, as the case may be, in the aggregate numbers of Ordinary Shares and shares of such applicable series of Preferred Shares outstanding.

5.3.5.3.4. Any adjustment under this Article 5.3.5.3 shall become effective on the time on which such subdivision or combination becomes effective.

5.3.5.4. Adjustments for Dividends and Distributions.

5.3.5.4.1. Adjustment for Certain Dividends and Distributions. If the Company at any time or from time to time after the Original Issue Date of any series of Preferred Shares, makes or issues, or fixes a record date for the determination of holders of Ordinary Shares entitled to receive, a dividend or other distribution payable in additional Ordinary Shares, then, and in each such event, the Conversion Price of such series of Preferred Shares in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, to that price determined by multiplying the applicable Conversion Price then in effect by a fraction:

(a) the *numerator* of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to such issuance or the close of business on such record date, and

(b) the *denominator* of which shall be the total number of Ordinary Shares issued and outstanding immediately prior to such issuance or the close of business on such record date, plus the number of Ordinary Shares issuable in payment of such dividend or distribution;

provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, such Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of the applicable series of Preferred Shares simultaneously receive a dividend or other distribution of Ordinary Shares in a number equal to the number of Ordinary Shares as they would have received if all outstanding shares of such Preferred Shares had been converted into Ordinary Shares on the date of such event.

5.3.5.4.2. Adjustments for Other Dividends and Distributions. Subject always to Articles 5.3.1 and 5.3.2 (and only if said Articles are deemed not applicable), in the event the Company, at any time or from time to time after the Original Issue Date of any series of Preferred Shares, shall make or issue, or fix a record date for the determination of holders of Ordinary Shares entitled to receive, a dividend or other distribution payable in securities of the Company (other than distribution of Ordinary Shares or Preferred Shares covered by other provisions of these Articles) or in cash or other property (other than distribution of cash out of earnings or earned surplus, determined in accordance with generally accepted accounting principles, or otherwise pursuant to a Deemed Liquidation, which are covered by other provisions of these Articles), then and in each such event provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof in addition to the number of Ordinary Shares receivable thereupon, the amount of securities of the Company that they would have received had such Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of such Preferred Shares; provided, however, that no such provision shall be made with respect to any series of Preferred Shares if the holders of such series of Preferred Shares simultaneously receive a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding shares of such series of Preferred Shares had been converted into Ordinary Shares on the date of such event.

5.3.5.5. Adjustment for Merger or Reorganization, etc. Subject to the provisions of Article 5.3.2, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Company in which the Ordinary Shares (but not the Preferred Shares) are converted into or exchanged for securities, cash or other property (other than a transaction covered by Article 5.3.5.4 or Article 5.3.2), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each such Preferred Share shall thereafter be convertible in lieu of the Ordinary Shares into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of Ordinary Shares issuable upon conversion of one such Preferred Share immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Article 5.3 with respect to the rights and interests thereafter of the holders of such Preferred Shares to the end that the provisions set forth in this Article 5.3 (including provisions with respect to changes in and other adjustments of the Conversion Price of such Preferred Shares) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of such Preferred Shares.

5.3.5.6. Sale of Shares below Share Conversion Price (Anti-dilution Protection (*all Preferred except Preferred A Shares*)).

5.3.5.6.1. If, after the Series E-2 Original Issue Date (as defined below), the Company issues, or is deemed by the express provisions of this Article 5.3.5.6 to have issued Additional Shares (as hereinafter defined) without consideration or for a consideration per share less than the applicable Conversion Price of any series of Preferred Shares (other than the Preferred A Shares) in effect immediately prior to such issue, then, and in each such case, the Conversion Price of such applicable series of Preferred Shares shall be reduced, concurrently with such issue, for no consideration, to a price (calculated to the nearest cent with half a cent being rounded up) determined by multiplying such Conversion Price by a fraction (A) the numerator of which shall be (1) the number of Ordinary Shares issued and outstanding immediately prior to such issuance of Additional Shares (treating for this purpose as outstanding all Ordinary Shares issuable upon exercise, exchange or conversion of all Options and Convertible Securities outstanding immediately prior to such issue, *but without taking into account any additional Ordinary Shares that became issuable solely as a result of the adjustment of any Conversion Price pursuant to this Article 5.3.5.6.1 immediately prior to such specific issuance of Additional Shares*), plus (2) the number of Ordinary Shares which the aggregate consideration received by the Company for the total number of Additional Shares so issued would purchase at such Conversion Price in effect immediately prior to such issuance of Additional Shares, and (B) the denominator of which shall be (1) the number of Ordinary Shares issued and outstanding immediately prior to such issuance of Additional Shares (treating for this purpose as outstanding all Ordinary Shares issuable upon exercise, exchange or conversion of all Options and Convertible Securities outstanding immediately prior to such issue, *but without taking into account any additional Ordinary Shares that became issuable solely as a result of the adjustment of any Conversion Price pursuant to this Article 5.3.5.6.1 immediately prior to such specific issuance of Additional Shares*), plus (2) the number of such Additional Shares so issued.

For the foregoing case set forth in this Article 5.3.5.6.1, the formula can be expressed algebraically as follows:

$$P' = \frac{(N * P) + C}{N + n}$$

where:

P = Conversion Price of such Preferred Shares in effect immediately prior to such issuance of Additional Shares.

P' = New adjusted Conversion Price of such Preferred Shares in effect after such issuance of Additional Shares.

N = Total number of Ordinary Shares outstanding immediately prior to such issuance of Additional Shares (treating for this purpose as outstanding all Ordinary Shares issuable upon exercise, exchange or conversion of all Options and Convertible Securities outstanding immediately prior to such issue).

n = Number of Additional Shares issued.

C = Total amount of consideration received by the Company for the Additional Shares.

5.3.5.6.2. Determination of Consideration. For the purpose of this Article 5.3.5.6, the consideration received or receivable by the Company for any issue or sale of Additional Shares shall be computed as follows:

(A) Cash and Property: Such consideration shall (1) to the extent it consists of cash, be computed at the gross amount of cash received or receivable by the Company in consideration for such issuance or sale, (2) to the extent it consists of property other than cash, be computed at the fair value of that property as reasonably determined in good faith by the Board, and (3) if Additional Shares are issued or sold together with other shares or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received or receivable, computed as provided in clauses (1) and (2) above, that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares.

(B) Options and Convertible Securities. The consideration per share received by the Company for Additional Shares deemed to have been issued pursuant to Article 5.3.5.6.3, relating to Options and Convertible Securities, shall be determined by dividing

(x) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

5.3.5.6.3. Deemed Issue of Additional Shares.

(A) If the Company, at any time or from time to time after the Series E-2 Original Issue Date until the IPO, shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(B) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of any series of Preferred Shares pursuant to the terms of Article 5.3.5.6.1 above, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of Ordinary Shares issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, then such Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (B) shall have the effect of increasing such Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares (other than deemed issuances of Additional Shares as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(C) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of any series of Preferred Shares pursuant to the terms of Article 5.3.5.6.1 above (either because the consideration per share (determined pursuant to Article 5.3.5.6.2) of the Additional Shares subject thereto was equal to or greater than such Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series E-2 Original Issue Date), are revised after the Series E-2 Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of Ordinary Shares issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares subject thereto (determined in the manner provided in Article 5.3.5.6.3(A)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(D) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of any series of Preferred Shares pursuant to the terms of Article 5.3.5.6.1 above, such Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(E) If the number of Ordinary Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price of any series of the Preferred Shares, if and as applicable, provided for in this Article 5.3.5.6.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (B) and (C) of this Article 5.3.5.6.3). If the number of Ordinary Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price of the Preferred Shares that would result under the terms of this Article 5.3.5.6.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

5.3.5.6.4. Certain Definitions. For purposes of these Articles, the following definitions shall apply:

- (A) “Options” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Ordinary Shares or Convertible Securities.
- (B) “Convertible Securities” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares, but excluding Options.
- (C) “Series E-2 Original Issue Date” shall mean the Original Issue Date of the Series E-2 Preferred Shares.
- (D) “Additional Shares” shall mean all Ordinary Shares issued (or deemed, by the express provisions of Article 5.3.5.6.3 above, to be issued) by the Company after the Series E-2 Original Issue Date, other than (a) the following Ordinary Shares and (b) Ordinary Shares deemed issued pursuant to the following Options and Convertible Securities (clauses (a) and (b), collectively, “Exempted Securities”):
- (1) Ordinary Shares, Options or Convertible Securities issued or issuable as a dividend or distribution on the Preferred Shares or Ordinary B Shares;
 - (2) Ordinary Shares issued or issuable by reason of a dividend, share split, split-up or other distribution on Ordinary Shares that is covered by Articles 5.2.2.1.3, 5.3.5.3, 5.3.5.4 or 5.3.5.5 hereof;
 - (3) Ordinary Shares (or Options with respect thereto) issued or issuable to officers, directors or employees of, or consultants or service providers to, the Company or its subsidiaries (if any) pursuant to an incentive share option plan, agreement or arrangement approved by the Board;
 - (4) Ordinary Shares or Convertible Securities that are actually issued upon the exercise of Options, and Ordinary Shares that are actually issued upon the conversion or exchange of Convertible Securities (*which term includes, inter alia, any Preferred Shares*), including without limitation, the Ordinary Shares or Convertible Securities issued or issuable pursuant to the warrants to purchase Series E-2 Preferred Shares that were granted pursuant to the 2012 SPA and pursuant to the 2014 Joinder; in each case, provided such issuance is made pursuant to the terms of such Option or Convertible Security, respectively, as in effect at the time of issuance of such Option or Convertible Security (*i.e. upon issuance of such Options or Convertible Securities, the Ordinary Shares issuable upon exercise, conversion or exchange thereof shall be considered Additional Shares for purpose of these Articles, unless exempted from such definition pursuant to other sub-Articles of this Article 5.3.5.6.4(D), and the provisions of Article 5.3.5.6.3 shall apply; accordingly, no further adjustment shall be made upon the actual issuance of Ordinary Shares or Convertible Securities pursuant to the exercise, conversion or exchange of such Options or Convertible Securities, except in accordance with Articles 5.3.5.6.3(B) through (E) above*);
 - (5) Ordinary Shares, Options or Convertible Securities issued or issuable in an IPO or thereafter;
 - (6) Ordinary Shares, Options or Convertible Securities issued or issuable with respect to which the Company receives written notice from the holders of at least a majority of the voting power represented by the then issued and outstanding Preferred Shares whose Conversion Price would have, absent the consent sought hereunder, been adjusted as a result of the issuance of such Additional Shares, agreeing that such Ordinary Shares, Options or Convertible Securities shall not constitute Additional Shares for purpose of this Article 5.3.5.6; and

(7) Ordinary Shares, Options or Convertible Securities issued or issuable in any bona fide acquisition of another corporation by the Company by way of a merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, as approved by the Board with the consent of at least a majority of the Preferred Directors (*or - in case there is an even number of incumbent Preferred Directors – 50% thereof*); and

(8) Ordinary Shares, Options or Convertible Securities issued or issuable in connection with research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board with the consent of at least a majority of the Preferred Directors (*or - in case there is an even number of incumbent Preferred Directors – 50% thereof*);

(9) Ordinary Shares, Options or Convertible Securities issued or issuable in connection with any equipment or real property lease or acquisition financing, venture or other form of lending or debt financing arrangement, or any other transactions entered into for primarily non-equity financing purposes approved by the Board with the consent of at least a majority of the Preferred Directors (*or - in case there is an even number of incumbent Preferred Directors – 50% thereof*).

For purposes of the definition of “Additional Shares”, the sale or other disposition of any shares or other securities of the Company theretofore held in its treasury shall be deemed to be an issuance thereof.

5.3.5.7. Impairment. Subject to the Company's power and authority to amend the Articles, restructure its capital, merge or enter into sale of assets transactions, dissolve itself or issue securities, the Company will not, by amendment of these Articles or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder in this Article 5.3.5 by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 5.3.5 and in taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Preferred Shares against impairment.

5.3.5.8. Fractional Shares. No fractional Ordinary Shares shall be issued upon conversion of the Preferred Shares, and the number of Ordinary Shares to be issued shall be rounded to the nearest whole share (with half a share rounded up to the nearest whole share). All Ordinary Shares (including fractions thereof) issuable upon conversion of more than one Preferred Share by a holder thereof shall be aggregated for purposes of determining the number of Ordinary Shares to be issued to such holder or whether the conversion would result in the issuance of any fractional share.

5.3.5.9. Certificate of Adjustment. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Article, the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and, at the request of any holder of Preferred Shares, prepare and furnish to such holder of Preferred Shares a certificate setting forth each adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The certificate shall set forth (A) the adjustment or readjustment, (B) the Conversion Price at the time in effect, and (C) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Shares.

5.3.5.10. Rounding of Calculations; Minimum Adjustment. Any provision of this Article 5.3.5 to the contrary notwithstanding, no adjustment of a Conversion Price shall be made if the amount of such adjustment would be less than \$0.01, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any such subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or more.

5.3.5.11. Adjustments Cumulative. Each of the adjustments pursuant to this Article 5.3.5 shall be applied individually and cumulatively upon the occurrence of any of the events specified therein, and shall apply from and after the date of these Articles of Association to all registered Preferred Shares.

5.3.5.12. Reservation of Shares Issuable. The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the then outstanding Preferred Shares (and all then outstanding options, warrants and other rights convertible, exchangeable or exercisable into Preferred Shares), such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all such outstanding and issuable Preferred Shares; and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding and issuable Preferred Shares, in addition to such other remedies as shall be available to the holders of such Preferred Shares, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase the number of its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

5.4. Increase of Share Capital

Subject to Article 5.3.4 above, the Company may, from time to time, by a resolution of the General Meeting adopted by an Ordinary Majority, whether or not all the shares then authorized have been issued, and whether or not all the shares theretofore issued have been called up for payment, increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts or of no nominal amount, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution of the General Meeting shall provide.

5.5. Except to the extent otherwise provided in such resolution of the General Meeting, in accordance with Article 5.3.4 above, such new shares shall be subject to all the provisions applicable to the shares of the original capital.

6. Special Rights; Modifications of Rights

6.1. Subject to Article 5.3.4 above, the Company may, from time to time, by a resolution of the General Meeting, authorize and/or issue shares having the same rights as existing shares or with such preferred or deferred rights or rights of redemption or different prices or other special rights and/or restrictions, whether with respect to liquidation, dividends, voting, conversion, repayment of share capital or otherwise, as may be stipulated in such resolution.

6.2. If at any time the share capital is divided into different classes of shares, the rights attached to any class may be modified or abrogated by the Company, unless otherwise provided by these Articles, by a resolution of the General Meeting adopted by an Ordinary Majority, provided that any modification that would directly adversely alter the rights attached to such class shall require the consent in writing of the holders of more than fifty percent (50%) of the issued shares of such class (without excluding shares held by Shareholders holding, in addition, shares of other classes in the Company, unless the law otherwise expressly prescribes) or the sanction of a resolution of a separate General Meeting of the holders of the shares of such class adopted by an Ordinary Majority. Any resolution required to be adopted pursuant to these Articles by a separate General Meeting of a certain class of shares, shall be voted upon and adopted by an Ordinary Majority of the holders of such class entitled to vote thereon, and no holder of a certain class shall be banned, unless the law otherwise expressly prescribes, from participating and voting in a separate General Meeting of such class by virtue of being a holder of more than one class of shares of the Company, irrespective of any conflicting interests that may exist between such different classes of shares. For illustration purposes, in the event that a certain Shareholder is the holder of a Preferred A Share and Preferred B Shares whilst another shareholder is the holder of Preferred A Shares only, the Shareholder holding two classes of shares shall not be banned from voting on a resolution which adversely affects the rights of the Series A Preferred Shares Series, irrespective of the affect such change shall have on the Series B Preferred Shares. Anything contained herein to the contrary notwithstanding, subject to any applicable law, a Shareholder shall not be required to refrain from participating in the discussion or voting on any resolution concerning the modification or abrogation of the rights attached to any class of shares held by such Shareholder, due to the fact that such Shareholder may benefit in one way or another from the outcome of such resolution; e.g. a Shareholder shall be entitled to vote on the modification of rights attached to shares held by such Shareholder in a way that may benefit such holder either directly or indirectly (such as in the case of an increased financial value gained by virtue of such change).

6.3. To the maximum extent permitted under applicable law, and unless otherwise explicitly provided by these Articles, including without limitation, Article 5.3.4, all shareholders of the Company shall vote together as a single class, on an as-converted basis, on any matter presented to the shareholders and all matters shall require an approval by the holders of a majority of the voting power of the Company represented at the meeting of all shareholders of all classes voting together as a single class, on an as-converted basis, including, without limitation, any amendment to these Articles, any issuance of securities of the Company, or any transaction under Sections 341, 342 or 350 of the Israeli Companies Law. Without derogating from the foregoing, unless otherwise provided by these Articles, it is hereby clarified that:

(a) The increase of the authorized and registered number of shares of an existing class of shares, or the issuance of additional shares thereof, or the creation of a new class of shares identical to an existing class of shares in all respects, except for the price per share paid for such shares, shall not be deemed, for purposes of these Articles, to directly adversely alter the rights attached to the previously issued shares of such class or of any other class;

(b) The authorization or the issuance of additional shares or other equity securities of the Company having certain rights, preferences or privileges over or relative to all other shares or equity securities of the Company (e.g., the Preferred E Shares, Preferred D Shares, Preferred C Shares, Preferred B Shares, Preferred A Shares, Ordinary B Shares and the Ordinary Shares), including, without limitation, shares that have rights at Liquidation, Deemed Liquidation or Distribution of Dividends that are senior to the rights with respect to such events of all existing Preferred Shares, shall not be deemed to be modifying or abrogating the rights, powers and privileges attached to the previously issued shares of any existing class, provided that the rights, preferences or privileges attached to such additional shares or other equity securities apply in the same manner vis-a-vis all other existing series or classes of shares, without a different application to different classes, even though the result of such equal application may be different with respect to different shareholders due to the number of shares held by them and/or even though such an issuance will change the economic value of the existing shares (but not the legal rights of such shares, as illustrated by the example set forth in sub-Article 6.2.2(c) below), and shall not be subject to the approval of a separate class vote of the holders of the shares of any particular class; and

(c) The authorization of a new series of shares or class of shares, or the issuance of such shares, shall not be deemed, for any purpose hereunder, to modify or abrogate the rights attached to an existing class of shares if the rights attached to the new class of shares apply in the same manner vis-a-vis all other existing series or classes of shares, without a different application to different classes, even though the result of such equal application may be different with respect to different Shareholders due to the number of shares held by them and/or even though such an issuance will change the economic value of the existing shares (but not the legal rights of such shares – for example, if (i) the holders of the Ordinary Shares are entitled to appoint one Director; (ii) the Board consists of 5 members; and (iii) the Company issues a new class of shares (Preferred F Shares) which are entitled to appoint a Director, and to enable such an appointment, the Articles are amended to provide that the Board may consist of 6 members, then, in such an event, such an act will not be deemed to change, modify or abrogate the rights and powers attached to the Ordinary Shares (as the holders thereof will continue to hold the power to appoint one Director), even if one may argue that the economic value of the Ordinary Shares was decreased by such an act (the holders can then appoint one out of three members to the Board).

6.4. The Preferred E Shares shall be deemed one class of shares irrespective to the Original Issue Price or Conversion Price applicable to each such share, and, notwithstanding the provisions of Section 20(c) of the Companies Law, (i) other than as specifically set forth in these Articles, the Series E-1 Preferred Shares and Series E-2 Preferred Shares shall, without limitation, have identical rights, preferences, privileges and restrictions for all intents and purposes; (ii) in the event that a vote of a series of Preferred E Shares is required under applicable law, the Series E-1 Preferred Shares and the Series E-2 Preferred Shares shall be deemed to constitute one series and shall vote together as one series on any matter which is subject to the vote of holders of the Series E-1 Preferred Shares or the Series E-2 Preferred Shares; and (iii) a separate class vote of each of the Series E-1 Preferred Shares and Series E-2 Preferred Shares shall not be required in order to amend or waive the rights, preferences, privileges and restrictions granted to and imposed upon the Series E-1 Preferred Shares and/or Series E-2 Preferred Shares, respectively, if such amendment or waiver is made in respect of the rights, preferences, privileges or restrictions of one of such series of Preferred E Shares (e.g. the Series E-1 Preferred Shares or the Series E-2 Preferred Shares) while correspondingly amending or waiving the rights, preferences, privileges or restrictions of the other of such series of Preferred E Shares (i.e. the Series E-2 Preferred Shares or the Series E-1 Preferred Shares, respectively); provided however, that in the event that any proposed amendment or waiver would alter or change the rights, preferences, privileges or restrictions of 1 series of Preferred E Shares so as to affect them adversely or favorably, but shall not so affect the entire class of Preferred E Shares, then (A) the shares of the 1 series so affected adversely or favorably by such amendment or waiver (such affected series together, as a single class) shall be considered for such purpose as a separate class (the "Differently Affected First Class"), and such amendment or waiver shall require a separate class vote of such Differently Affected First Class, and (B) the shares of the other series not so affected adversely or favorably by such amendment or waiver (such unaffected series together, as a single class) shall be considered for such purpose as a separate class (the "Differently Affected Second Class"), and such amendment or waiver shall require a separate class vote of such Differently Affected Second Class.

6A. Restructure of Share Capital.

(a) Subject to Article 5.3.4, if at any time, a restructure of the Company's issued or unissued share capital is effectuated (a "Restructure"), and as a result of such Restructure the rights attached to one or more classes of shares are modified or abrogated, then, such Restructure shall require the consent of the holders of the majority of the issued and outstanding shares of such affected class (or classes as the case may be), which shall be obtained at a separate General Meeting of such class (in addition to such other approvals requires under these Articles or applicable law).

(b) Subject to Article 5.3.4, in the event that such Restructure can be consummated in more than one manner (such as by means of arrangement proceedings approved by a court of law, or alternatively by means of amendment of the Company's corporate documents), the sole and absolute discretion in determining the manner by which such Restructure shall be consummated shall vest in the Company's Board of Directors.

7. Consolidation, Subdivision, Cancellation and Reduction of Share Capital

7.1. The Company may, from time to time, by a resolution of the General Meeting and subject to the provisions of Article 5.3.4 above:

(a) Consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares;

(b) Subdivide its shares (issued or unissued) or any of them into shares of smaller nominal value than is fixed by these Articles (subject to the provisions of the Companies Law), and the resolution whereby any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

(c) Cancel any shares which, at the date of the adoption of such resolution of the General Meeting, have not been allotted, so long as the Company is not under an obligation to allot these shares, and diminish the amount of its share capital by the amount of the shares so cancelled; or

(d) Reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by Law.

7.2. With respect to any consolidation of issued shares, and with respect to any other action which may result in fractional shares, including upon conversion of any Preferred Shares, the Board may settle any difficulty which may arise with regard thereto, as it deems appropriate, including, inter alia, resort to one or more of the following actions:

(a) Determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each consolidated share;

(b) Allot, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(c) Redeem, in the case of redeemable shares, and subject to applicable Law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(d) Cause the transfer of fractional shares by certain Shareholders to other Shareholders, who are the Permitted Transferees thereof, so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this Article 7.2, without regard to any restriction or limitation that may apply to the transfer of such shares, as may be provided herein.

Shares

8. Issuance of Share Certificates; Replacement of Lost Certificates

8.1. The Company shall maintain a Shareholder Register, to be administered by the corporate secretary of the Company, subject to the oversight of the Board.

8.2. Share certificates shall be issued under the stamp of the Company and shall bear the signatures of one Director or of any other person or persons authorized therefor by the Board;

8.3. Each Shareholder shall be entitled to one certificate for all the shares of the same class registered in his name, and if the Board so approves, to several certificates, each for one or more of such shares. Each certificate may specify the serial numbers of the shares represented thereby and may also specify the amount paid up thereon.

8.4. A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Shareholder Register in respect of such co-ownership.

8.5. If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board may deem appropriate.

9. Registered Holder

Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of any share (including any share held in trust, provided that the trustee notifies the Company of the identity of the beneficiary) as the absolute owner thereof, and, accordingly, the Company shall not, except as ordered by a court of competent jurisdiction, or as required by Law, be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person.

10. Issuance of Shares and other Securities

10.1. Subject to the provisions of these Articles, the Board may determine to issue shares and other securities of the Company, up to the limit of the Company's registered share capital. If the Company's share capital includes a number of classes of shares and securities, shares and securities exceeding the limit of the registered share capital of such class shall not be issued. In such regard, securities convertible or exercisable into shares shall be deemed to have been converted or exercised on the date of their issuance.

10.2. Subject to the provisions of Articles 5.3.4 above and 10.5 below, the unissued shares (if any) shall be under the control of the Board, who shall have the power to allot such unissued shares and other securities convertible or exchangeable into shares, or otherwise dispose of them to such persons, on such terms and conditions (including inter alia terms relating to calls as set forth in Article 12 below), and either at nominal value or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board may deem appropriate, and the power to give to any person the option to acquire from the Company, either at nominal value or at a premium, or, subject to the aforesaid, at a discount, any unissued shares during such time and for such consideration as the Board may deem appropriate. The Company shall not issue a share (other than Bonus Shares), all or part of the consideration for which is not to be paid in cash, unless the consideration for the share was specified in a written document.

10.3. The Board may determine to issue a series of bonds or other debt securities, as part of its authority to take a loan on behalf of the Company, and within the limits of such authority. The foregoing does not negate the authority of the Chief Executive Officer or someone authorized by him to take a loan on behalf of the Company, to issue debentures, promissory notes and bills of exchange, within the limits prescribed by the Board.

10.4. Subject to applicable Law, the Company is entitled to pay a commission, including underwriting fees, to any person, as determined by the Board. Payments, as stated in this Article 10.4, may be paid in cash or in securities of the Company, or in a combination thereof.

10.5. Preemptive Rights

10.5.1. Until the earlier of an IPO or a Deemed Liquidation, each Qualified Shareholder shall have the right of preemption to purchase its pro-rata share (or any part thereof) of all New Securities (as defined below) that the Company may, from time to time, propose to sell and issue. The pro-rata share of each such Qualified Shareholder shall be the ratio of the number of outstanding shares of the Company, on a Fully Diluted Basis, held by such Qualified Shareholder as of the date of the Rights Notice (as defined below) to the sum of the total number of outstanding shares of the Company as of such date on a Fully Diluted Basis ("Pro-rata Portion"). A Qualified Shareholder shall be entitled to freely assign this preemptive right and/or any part thereof to one of its Permitted Transferees, provided such assignment does not result in the Company having Shareholders in a number exceeding the maximum number set forth in Article 2.1 above, or in the offering constituting a public offering or a public distribution of the Company's shares. This preemptive right shall be subject to the following provisions:

10.5.2. “New Securities” shall mean all Ordinary Shares issued *(or deemed, by the express provisions of Article 5.3.5.6.3 above, to be issued)* by the Company other than (1) the following Ordinary Shares and (2) Ordinary Shares deemed issued pursuant to the following Options and Convertible Securities:

(a) Exempted Securities (as defined in Article 5.3.5.6.4 above, excluding sub-Article (6) thereof (*'exclusion by Preferred Majority'*));

(b) Ordinary Shares, Options or Convertible Securities issued to one or more strategic Investors who are determined as such by the Board, with the consent of at least a majority of the Preferred Directors *(or - in case there is an even number of incumbent Preferred Directors – 50% thereof)*;

(c) Ordinary Shares, Options or Convertible Securities issued or issuable, with respect to which the Company receives written notice from the holders of at least 70% of the voting power represented by the then issued and outstanding Preferred Shares, agreeing that such Ordinary Shares, Options or Convertible Securities shall not constitute New Securities for purpose of this Article 10.5.

10.5.3. In the event that the Company proposes to issue New Securities, it shall give the Qualified Shareholders written notice (“Rights Notice”) of its intention, describing the New Securities, the price, the terms upon which the Company proposes to issue them to the purchasers thereof, and the number of shares that each Qualified Shareholder has the right to purchase under this Article 10.5. Each Qualified Shareholder shall have 15 days from delivery of the Rights Notice to elect to purchase all or any part of its Pro-rata Portion of such New Securities and all or any part of the Pro-rata Portion of any other Qualified Shareholder entitled to such rights to the extent that such other Qualified Shareholder does not elect to purchase its full Pro-rata Portion, in each case, for the price and upon the terms specified in the Rights Notice, by giving written notice to the Company setting forth the quantity of New Securities to be purchased. If the Qualified Shareholders elect to purchase in the aggregate more than 100% of the New Securities, such New Securities shall be sold to such Qualified Shareholders in accordance with their respective Pro-rata Portions, but not exceeding the number of New Securities indicated in such Qualified Shareholder’s acceptance (and any excess shares, if any, shall be allocated among the Qualified Shareholders who have not received all the New Securities they indicated in the written acceptance notice submitted by them in accordance with the foregoing, in the same manner until the rights to purchase 100% of the total New Securities have been allocated as aforesaid).

10.5.4. If the Qualified Shareholders, or any of them, fail to exercise in full the preemptive right within the period specified in this Article 10.5, the Company shall have ninety (90) days after delivery of the Rights Notice to sell the remaining unsubscribed portion of such New Securities at a price and on terms no more favorable to the purchaser thereof than specified in the Rights Notice. If the Company does not sell the New Securities within the said ninety (90) day period, the Company shall not thereafter issue or sell any New Securities without first offering the same to the Qualified Shareholders in the manner provided in this Article 10.5.

11. Payment in Installments

If by the terms of issuance of any share, the whole or any part of the price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company by the then registered holder(s) of the share or the person(s) entitled thereto.

12. Calls on Shares

12.1. The Board may, from time to time, make such calls as it may deem appropriate upon Shareholders in respect of any sum unpaid in respect of shares held by such Shareholders which is not, by the terms of allotment thereof or otherwise, payable at a fixed or predetermined time, and each Shareholder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board (and in the notice referred to in Article 12.2), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

12.2. Notice of any call shall be given in writing to the applicable Shareholder(s) not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made; provided, however, that before the time for any such payment, the Board may, by notice in writing to such Shareholder(s), revoke such call in whole or in part, extend such time, or alter such designated person and/or place. In the event of a call payable in installments, only one notice thereof need be given.

12.3. If, by the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained with respect to calls shall apply to each such amount.

12.4. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.

12.5. Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and at such time(s) as the Board may prescribe.

12.6. A Shareholder shall not be entitled to his rights as shareholder, including dividend, unless he has paid all the amounts detailed in the calls made on him, together with interest and expenses, if any, unless otherwise prescribed by the Board.

12.7. Upon the allotment of shares, the Board may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

13. Prepayment

With the approval of the Board, any Shareholder may prepay to the Company any amount not yet payable in respect of his shares. Nothing in this Article 13 shall derogate from the right of the Board to make any call before or after receipt by the Company of any such advance.

14. Forfeiture and Surrender

14.1. If any Shareholder fails to pay any amount payable in respect of a call, or interest thereon as provided herein, on or before the day fixed for payment of the same, all or any of the shares in respect of which such call had been made may be forfeited by a resolution of the Board to that effect at any time thereafter, so long as such amount or interest remains unpaid. Any expense incurred by the Company in attempting to collect any such amount or interest, including, inter alia, attorneys' fees and costs of suit, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

14.2. Upon the adoption of a resolution of forfeiture, the Board shall cause notice thereof to be given to the Shareholder whose shares are the subject of such forfeiture, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Board), such shares shall be ipso facto forfeited, provided, however, that, prior to the expiration of such period, the Board may nullify such resolution of forfeiture, but no such nullification shall estop the Board from adopting a further resolution of forfeiture in respect of the non-payment of such amount.

14.3. Whenever shares are forfeited as herein provided, all distributions theretofore declared in respect thereof and not actually paid or distributed shall be deemed to have been forfeited at the same time.

14.4. The Company, by resolution of the Board, may accept the voluntary surrender of any share.

14.5. Any share forfeited or surrendered as provided herein shall become the property of the Company, and the same, subject to the provisions of these Articles and any applicable Law, may be sold, re-allotted or otherwise disposed of as the Board deems appropriate. Any such share not cancelled shall become a dormant share, shall not confer any rights, and shall not be considered part of the Company's issued and outstanding share capital for purpose of any calculation of a quorum or majority required under these Articles, so long as it is held by the Company.

14.6. Any Shareholder whose shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 12.5 above, and the Board, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board, may accelerate the date(s) of payment of any or all amounts then owing by the Shareholder in question (but not yet due) in respect of all shares owned by such Shareholder.

14.7. The Board may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems appropriate, but no such nullification shall estop the Board from re-exercising its powers of forfeiture pursuant to this Article 14.

14.8. In addition to the provisions of any applicable law, Board members appointed by a Shareholder (or its Permitted Transferee) whose shares are required by the Company to be forfeited under this Article 14 ("Forfeited Shares"), shall be deemed a "director with personal interest" (as specified in Section 278(a) of the Israeli Companies Law, 5759-1999) in respect of the Forfeited Shares ("Interested Director"). An Interested Director shall neither participate nor vote at any meetings, written consents or resolutions of the Board involving the Forfeited Shares, unless provided otherwise by the Companies Law.

15. Lien

15.1. Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each Shareholder which are not fully paid up (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts, liabilities and engagements arising from any cause whatsoever, solely or jointly with another, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to dividends and other all distributions from time to time declared in respect of such shares.

15.2. The Board may cause the Company to sell any shares subject to such lien when any such debt, liability or engagement has matured, in such manner as the Board may deem appropriate, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the Company's intention to sell shall have been served on such Shareholder, his executors or administrators.

15.3. The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such Shareholder (whether or not the same have matured), or any specific part of the same (as the Board may determine), and the balance, if any, shall be paid to the Shareholder, his executors, administrators or assigns.

16. Sale after Forfeiture or Surrender or in Enforcement of Lien

Upon any sale of shares after forfeiture or surrender or for enforcing a lien, the Board may appoint a person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Shareholder Register in respect of such shares, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Shareholder Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

17. Redeemable Shares

The Company may not issue redeemable shares.

18. Transfer of Shares

18.1.1. No sale, assignment, conveyance, pledge, hypothecation, grant of any security interest, or any other disposition or transfer by gift or otherwise, whether directly or indirectly (each, a "Transfer") of shares shall be effective nor registered unless the Transfer has been approved in good faith by the Board, and such Transfer is effected in compliance with the provisions of this Article 18. Any Transfer shall be conditioned upon an undertaking in writing signed by the transferee to assume and be bound by all obligations of the transferor under any instrument and agreement involving the transferor and the Company and applicable to such transferred shares. The Board may refuse to register a Transfer of shares, *inter alia*, (a) in the event that such a Transfer is to a competitor of the Company (either directly or indirectly), (b) in the event that such a Transfer would result in the Company having more than fifty (50) shareholders (calculated in accordance with the provisions of Article 2.1 above) or if it constitutes a public offering or public distribution of the Company's shares, and/or (c) in the event that such a Transfer is in violation of these Articles, and/or if the transferee does not agree, in writing, prior to such Transfer, to assume and be bound by all obligations of the transferor under any instrument and agreement involving the transferor and the Company and applicable to such transferred shares.

18.1.2. Prior to the registration of a Transfer of shares, the Board may require proof of compliance with the provisions of these Articles in respect of such Transfer.

18.1.3. Notwithstanding the above, any Transfer of shares by a shareholder to any of such shareholder's Permitted Transferees (as confirmed in writing to the Company by the transferor and transferee), shall not require the approval of the Board, provided that any such Permitted Transferee undertakes in writing towards the Company and the Shareholders, to the extent applicable, to assume and be bound by all obligations of the transferor under any instrument and agreement involving the transferor (in its capacity as Shareholder) and the Company, and provided, further, that such Permitted Transferee is not a competitor of the Company and that such a Transfer does not result in the Company having more than fifty (50) shareholders (calculated in accordance with the provisions of Article 2.1 above) or that it constitutes a public offering or public distribution of the Company's shares.

18.1.4. No Transfer of shares shall be registered unless the Company receives a deed of transfer or other proper instrument of transfer (in form and substance satisfactory to the Board), together with the share certificate(s) and such other evidence of title as the Board may reasonably require. Until the transferee has been registered in the Shareholder Register in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board may, from time to time, prescribe a fee for the registration of a Transfer. A deed of transfer shall be in the following form or in any substantially similar form, including any such form as is acceptable to the transfer agent for the Company's shares, or in any form otherwise approved by the Board.

Deed of Transfer

I, _____ (hereinafter: the “Transferor”) do hereby transfer to _____ (the “Transferee”), _____ share(s) of _____ Ltd. (hereinafter: the “Company”), NIS__ nominal value, standing in my name on the book of the Company, to be held by the Transferee and/or his executors, administrators and assigns, subject to the same terms and conditions under which I held the same at the time of execution hereof (including without limitation under the articles of association of the Company, as in effect from time to time) (in my capacity as a shareholder of the Company); and I, the Transferee, do hereby agree to accept the said share(s) in accordance with and subject to all aforesaid terms and conditions under which Transferor held the same at the time of execution hereof (in his, her or its capacity as a shareholder of the Company).

In witness whereof, we have signed this Deed of Transfer, to become effective as of _____.

The Transferor
Name: _____
Signature: _____

The Transferee
Name: _____
Signature: _____

18.1.5. Any attempted Transfer of shares or rights in breach of the provisions of this Article 18 shall be null and void.

18.1.6. Unless otherwise provided elsewhere, the provisions of this Article 18 shall also apply to other shares or other securities issued by the Company, *mutatis mutandis*.

18.2. First Refusal Right. Without derogating from the provisions of Article 18.1 above, until the earlier of an IPO or a Deemed Liquidation, whichever comes first, the following provisions shall govern any Transfer of shares in the Company, other than to a Permitted Transferee or in a transaction made in accordance with Articles 18.3 below (*'Bring Along'*):

18.2.1. Any shareholder proposing to Transfer all or any of its shares ("Offeror") shall first request the Company, by written notice (which shall contain all the following information: the number and class of shares for sale ("Offered Shares"), the proposed transferees, the price of the Offered Shares, the terms of payment and credit and any other term related to the Transfer), to offer the Offered Shares on the terms of the proposed Transfer to the Qualified Shareholders. The Company shall comply with such request by sending the Qualified Shareholders a written notice ("Offer") stating therein the proposed transferee(s) and the proposed terms of sale of the Offered Shares. Any Qualified Shareholder may accept such Offer in respect of all or any of the Offered Shares by giving the Company written notice to that effect within thirty (30) days after being served with the Offer ("Offer Period"). A Qualified Shareholders shall be entitled to freely assign this First Refusal Right to any of its Permitted Transferees, provided such assignment does not result in the Company having Shareholders in a number exceeding the maximum number set forth in Article 2.1 above.

18.2.2. If the acceptances, in the aggregate, have been received for a total number of shares equal to the number of all of the Offered Shares, the contract between the parties shall be created and the Qualified Shareholder(s) shall purchase the number of Offered Shares indicated in the acceptances submitted by each Qualified Shareholder and the Offeror must sell such Offered Shares to such Qualified Shareholder.

18.2.3. If the acceptances, in the aggregate, have been received regarding a total number of shares which is greater than the number of all the Offered Shares, each Qualified Shareholder shall only be entitled to purchase such portion of the Offered Shares to be determined according to each Qualified Shareholder's Pro-rata Portion in the Company's issued and outstanding share capital (calculated on an as-converted basis) but not exceeding the number of shares indicated in such Qualified Shareholder's acceptance (and any excess shares, if any, shall be allocated among the Qualified Shareholders who have not received all the shares they indicated in the acceptance submitted by them, in the same manner until the rights to purchase 100% of the total Offered Shares have been allocated as aforesaid).

18.2.4. If by the end of the Offer Period, no acceptances have been received or acceptances have been received for only part of the Offered Shares, then the Offeror shall not be required to sell any of the Offered Shares to any accepting Qualified Shareholder, but will be entitled during the 90 days following the end of the Offer Period to sell all (but not less than all) of the Offered Shares only to the proposed transferee mentioned in its Offer, provided such transferee is not a competitor of the Company as prohibited under Article 18.1, at a price that shall not be less than the price indicated in the Offer and under terms identical to those specified in the Offer, and provided that such proposed transferee has delivered to the Company's Board in advance a written document in which such transferee agrees to assume such shares and rights to, in connection with, or in respect of such shares subject to any and all obligations and restrictions pursuant to which the transferor held such securities.

18.2.5. The right of first refusal under this Article 18.2 will not apply to Transfers of shares of the Company by Shareholders (i) in the framework of a Deemed Liquidation, or (ii) to their respective Permitted Transferees or (iii) in a transaction made in accordance with Articles 18.3 below (*'Bring Along'*).

18.2.6. Any transfer taxes and documentary stamp taxes shall be paid by the Offeror.

18.3. Bring Along

18.3.1. Subject to Article 5.3.4 and notwithstanding Article 18.2 above, prior to an IPO, in the event that Shareholders holding at least 60% of the voting power represented by the then issued and outstanding shares of the Company on an as-converted basis ("Sale Approval Threshold" and the "Initiating Shareholders", respectively), acting together as a single class, accept and/or approve an offer from a potential buyer (the "Buyer") to effect a sale of the issued and outstanding shares of the Company or to merge or consolidate the Company with or into another entity or to sell all or substantially all of the assets of the Company (the "Proposed Transaction"), then such decision shall be binding upon the Company and all of the Shareholders, notwithstanding any no sale restriction, first refusal rights or other rights to which such Shareholders may be entitled or by which they may be bound, and the Shareholders will:

(i) vote all shares of the Company then held or controlled by such Shareholders or over which such Shareholders then hold voting power (in person, by proxy or by action by written consent, as applicable): (A) in favor of or to approve such Proposed Transaction and any matter that could reasonably be expected to facilitate such Proposed Transaction, and (B) against any proposal for any recapitalization, merger, sale of shares or assets or other business combination (other than the Proposed Transaction) between the Company and any person or entity (other than the Buyer) or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the definitive agreement(s) related to such Proposed Transaction, or which could result in any of the conditions to the Company's obligations under such agreement(s) not being fulfilled, or that would otherwise impair the ability of the Company to properly and timely consummate such Proposed Transaction;

(ii) waive any dissenting minority or similar rights in connection with such Proposed Transaction; and

(iii) execute the relevant documents (including without limitation any instruments of conveyance and transfer, purchase agreements, merger agreements, escrow agreements, indemnification agreements, etc.) in connection with, and shall otherwise take all actions necessary and reasonable to effect, such Proposed Transaction as requested by the Company and/or the Initiating Shareholders.

18.3.2. If the Proposed Transaction is conditioned upon the sale of all of the shares of the Company to the Buyer (a “Sale of Shares Transaction”), then all Shareholders shall, be required to sell their shares in the Sale of Shares Transaction, free and clear of any liens, claims or encumbrances, on the same terms and conditions as those Initiating Shareholders; provided that the proceeds received in the Sale of Shares Transaction shall be distributed in accordance with the provisions of Article 5.3.2 above;

18.3.3. Notwithstanding the provisions of Section 341 of the Companies Law, the aforesaid Sale Approval Threshold is hereby determined as the majority threshold applicable also for the purpose of Section 341 of the Companies Law (“Section 341”), but subject to Article 18.3.1(ii) above, the provisions of Section 341 concerning shareholders who object to a sale of shares shall apply to shareholders who do not comply with the provisions hereof.

18.3.4. Notwithstanding the provisions of applicable Law (including, without limitation, Section 341) but only to the extent permitted by applicable law, the price, terms and conditions of a Proposed Transaction shall be considered to apply in the same manner as to all shareholders, if the application of such price, terms and conditions to the respective shares of the Company held by each Shareholder is made based upon and in accordance with the rights, preferences and privileges conferred upon such shares under these Articles (e.g., if each such share receives the respective portion of the proceeds of such Proposed Transaction as determined pursuant to the provisions of Article 5.3.2 above). For the purpose of Section 341 the application of the distribution preference provisions, if any, set forth herein shall not be deemed to mean that the shareholders were offered different treatment or terms in the Proposed Transaction. Moreover, any bonus, retention payment, monetary incentive, management compensation and/or any similar payment or arrangement (the “Additional Compensation”), payable or offered in connection with the transaction by either the Company or the Buyer to any Shareholder of the Company separately from any payment or distribution to which such Shareholder is entitled by virtue of his ownership of shares in the Company, shall not be deemed contrary to the provisions of Section 341 and Shareholders not receiving any such separate payment shall not be deemed, for purposes of Section 341, to be treated unequally compared to any Shareholders receiving such payment, provided that such Additional Compensation is payable or offered bona-fide and for the aforesaid bonus, retention or similar purposes.

18.3.5. In the event that a Shareholder fails to surrender its certificate in connection with the consummation of said transaction, such certificate shall be deemed cancelled and the Company shall be authorized to issue a new certificate in the name of the Buyer and the Board shall be authorized to establish an escrow account, for the benefit of such Shareholder, as applicable, into which the consideration for such securities represented by such cancelled certificate shall be deposited and to appoint a trustee to administer such account.

18.3.6. Notwithstanding anything in these Articles or the law to the contrary, but to the extent permitted by the law, the approval of a Proposed Transaction shall not be subject to the approval of a separate class vote or interest vote of the holders of the shares of any particular class of shares. The foregoing shall not derogate in any manner from any consents required pursuant to Article 5.3.4 above.

18.3.7. Anything in these Articles to the contrary notwithstanding, in accordance with Section 50(a) of the Companies Law, the General Meeting shall, if requested by the Initiating Shareholders, assume the power and authority of the Board to discuss and approve, for all intents and purposes but subject to Article 5.3.4 above, the Proposed Transaction on behalf of the Company in accordance with this Article 18.3, effective as of the time on which the written request of the Initiating Shareholders to such an effect shall have been received by the Company.

18.3.8. In the event that the Sale Approval Threshold is met, any sale or other Transfer of Shares by the Shareholders, other than pursuant to the Proposed Transaction, shall be absolutely prohibited.

18.3.9. Each Shareholder recognizes and accepts that the powers granted to the Company and/or the Board as set forth in this Article 18.3 above are granted in order to ensure and protect the rights of the other Shareholders and that therefore, such powers, upon the use thereof shall be irrevocable with respect to such matter or action with respect to which the Board has exercised such powers.

18.3.10. The provisions of this Article 18.3, to the extent they apply to a Proposed Transaction that is structured as a Sale of Shares Transaction, are in addition to (but may not be acted upon simultaneously with) the provisions of Section 341 and not in substitution of such provisions and the Board (or, in accordance with Section 50(a) of the Companies Law, the General Meeting) at its sole discretion may elect whether to act upon the provisions of this Article 18.3 or of Section 341. No Shareholder shall be entitled to request the Company, the other Shareholders or any other party to the Proposed Transaction (e.g. the purchaser) to act upon the provisions of Section 341 and to object to the execution and delivery of any transaction documentation pertaining to the Proposed Transaction.

18.4. Transmission of Shares

18.4.1. Decedent's Shares Upon the death of a Shareholder, the Company shall recognize the custodian or administrator of the estate or executor of the will, and in the absence of such, the lawful heirs of the Shareholder, as the only holders of the right for the shares of the deceased Shareholder, after receipt of evidence to the entitlement thereto, as determined by the Board.

18.4.2. Receivers and Liquidators The Company may recognize the receiver or liquidator of any corporate Shareholder in liquidation or dissolution, or the receiver or trustee in bankruptcy of any Shareholder, as being entitled to the shares registered in the name of such Shareholder, after receipt of evidence to the entitlement thereto, as determined by the Board.

18.5. Suspension of Share Transfer Registration.

The Board may suspend the registration of share transfers during the fourteen (14) days immediately preceding the Annual Meeting

19. Bearer Share Certificates

The Company shall not issue bearer share certificates that grant the bearer rights in the shares specified therein.

General Meetings

20. Annual Meeting

20.1. An annual General Meeting shall be held once in every calendar year at such time within a period of not more than fifteen (15) months after the last preceding annual General Meeting and at such time and place as may be determined by the Board. These General Meetings shall be referred to as "Annual Meetings".

20.2. The agenda of an Annual Meeting shall include a discussion of the following issues:

20.2.1. The financial statements of the Company, as of the end of the fiscal year preceding the year of the Annual Meeting, and the report of the Board with respect thereto and

20.2.2. The report of the Board with respect to the fee paid to the Company's Auditor.

20.3. The agenda at an Annual Meeting may include the following issues, in addition to those referred to in Article 20.2:

20.3.1. The appointment of an Auditor or the renewal of his office; and

20.3.2. Any other issue, which was detailed in the agenda for the Annual Meeting.

21. Extraordinary Meetings

All General Meetings other than Annual Meetings shall be referred to as "Extraordinary Meetings." The Board may, whenever it deems fit, convene an Extraordinary Meeting at such time and place as may be determined by the Board. The Board shall be obliged to do so upon a request in writing in accordance with Section 63 of the Companies Law.

22. Class Meetings

The provisions of these Articles with respect to General Meetings shall apply, mutatis mutandis, to meetings of the holders of a particular class of shares of the Company (a "Class Meeting").

23. Notice of General Meetings

For the purpose of this Article 23, the term "General Meeting" shall include Annual and Extraordinary Meetings and any Class Meeting.

23.1. A notice of a General Meeting shall be sent at least 7 days prior to the date fixed for the General Meeting; provided however, that such notice shall not be sent more than forty five (45) days prior to the date fixed for the General Meeting. Notice shall be given to all members who are entitled to attend and vote at such meeting, if it were held on the date when such notice is issued. Subject to the provisions of any Law, each such notice shall specify the place, the day and hour of the meeting, the agenda of the meeting and a reasonable description of the proposed matters for discussion; provided however, that: (i) in the event that the agenda includes proposal to amend the Articles, the notice shall include the text of the proposed amendment(s); and (ii) with respect to a notice of an Annual Meeting, a copy of the financial statements of the Company shall be delivered, together with the notice of such Annual Meeting, to any Shareholder entitled to vote at such meeting. Anything herein to the contrary notwithstanding, with the written consent of all Shareholders entitled to vote thereon, a resolution may be proposed and passed at such meeting although a shorter notice than hereinabove prescribed has been given. A waiver by a Shareholder can also be made in writing after the fact and even after the convening of the General Meeting.

23.2. Any accidental omission with respect to the giving of a notice of a General Meeting to any Shareholder or the non-receipt of a notice with respect to a meeting or any other notice on the part of any Shareholder shall not invalidate the proceedings at such meeting.

24. The Agenda of General Meetings

24.1. The agenda of General Meetings shall be determined by the Board and shall also include issues for which an Extraordinary Meeting is being convened in accordance with Article 21 above, or as may be required upon the request of Shareholders in accordance with the provisions of the Companies Law.

24.2. The Board may, in its sole discretion, send to the Shareholders a recommendation in order to persuade them with respect to any matter, which is on the agenda of the General Meeting. Such recommendation shall be delivered at the expense of the Company.

25. Quorum

25.1. No business shall be transacted at a General Meeting unless a lawful quorum is present when the meeting proceeds to business and, without derogating from Article 5.3.4 above, no resolution shall be passed unless the requisite quorum is present when the resolution is voted upon.

25.2. Subject to the requirements of the Companies Law and the provisions of these Articles, any two or more shareholders (not in default in payment of any sum referred to in Article 12 hereof), present in person or by proxy, and who hold or represent in the aggregate at least fifty percent (50%) of the voting power of the Company (on an as-converted basis), shall constitute a lawful quorum at General Meetings, provided that for any resolution set forth in Article 5.3.4.1, said majority shall include the holders of at least 70 % of the voting power represented by the then issued and outstanding Preferred Shares on an as-converted basis. A Shareholder or his proxy, who also serves as a proxy for other Shareholder(s), shall be regarded as two or more Shareholders, in accordance with the number of Shareholders he is representing.

25.3. If within 30 minutes from the time appointed for the General Meeting a quorum is not present, the meeting shall stand adjourned to the same day, time and place in the next week (or the first Business Day thereafter), at the same time and place, or to a later date if so mentioned in the General Meeting's notice. At such adjourned meeting, a quorum shall be required in accordance with Article 25.2 above. If an adjourned General Meeting is convened in accordance with this Article 25.3 and a quorum is not present within 30 minutes of the announced time, the General Meeting shall commence with any number of shareholders present and, subject to and without derogating from the requirements of Article 5.3.4 above, all resolutions adopted shall be deemed binding upon the Company, further provided that such resolutions were in according with the agenda of matters to be discussed sent to shareholders with the notice of the General Meeting.

26. Chairman

The Chairman, if any, of the Board, or a director appointed by the Board for such purpose, shall preside as Chairman at every General Meeting, unless otherwise agreed between the Shareholders. If there is no such Chairman, or if the Chairman is not present within fifteen (15) minutes after the time fixed for holding such meeting or is unwilling to act as Chairman, the Shareholders present shall choose someone of their number to be Chairman. The Chairman of any General Meeting shall not be entitled to a second or casting vote and the position of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting (without derogating, however, from the rights of such Chairman to vote as a Shareholder or proxy of a Shareholder if, in fact, he is also a Shareholder or proxy, respectively).

27. Adjourned Meeting

A General Meeting at which a lawful quorum is present ("Original General Meeting"), may resolve by an Ordinary Majority to adjourn the General Meeting, from time to time, to another time and/or place ("Adjourned Meeting"), but no business shall be transacted at any Adjourned Meeting other than the business left unfinished at the meeting from which the adjournment took place. A notice of adjournment and of the matters to be included in the agenda of the Adjourned Meeting shall be given to all shareholders entitled to receive notices of General Meetings.

28. Adoption of Resolutions at General Meetings

28.1. All resolutions of the General Meeting shall be adopted by an Ordinary Majority except those to which Article 5.3.4 above applies, where the special majority and/or approval specified in Article 5.3.4 shall be required or except those matters with respect to which a greater majority is required by the Companies Law or otherwise specifically in these Articles.

28.2. Every matter submitted to a General Meeting shall be decided by a show of hands, but if a written ballot is demanded by any Shareholder, present in person or by proxy and entitled to vote at the meeting, the same shall be decided by such ballot. A written ballot may be demanded before the proposed resolution is voted upon or immediately after the declaration by the Chairman of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot. The demand for a written ballot may be withdrawn at any time before the same is conducted, in which event another Shareholder may then demand such written ballot. The demand for a written ballot shall not prevent the continuance of the meeting for the transaction of business other than the question on which the written ballot has been demanded.

28.3. A declaration by the Chairman of the meeting that a resolution has been adopted unanimously, or adopted by a particular majority, or rejected, and an entry to that effect in the minute book of the Company, shall be prima-facie evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

28.4. Validity of Acts despite Defects. Subject to the provisions of the Companies Law, a defect in convening or conducting the General Meeting, including a defect deriving from the non-fulfillment of any provision or condition laid down in the Law or these Articles, including with regard to the manner of convening or conducting the General Meeting, shall not disqualify any resolution passed at the General Meeting and shall not affect the discussions which took place thereat.

29. Resolutions in Writing

A resolution in writing signed by all Shareholders of the Company then entitled to attend and vote at General Meetings or to which all such Shareholders have given their written consent (by letter, facsimile, email or otherwise), or their oral consent by telephone (provided that a written summary thereof has been approved and signed by the Chairman of the Board) shall be deemed to have been unanimously adopted by a General Meeting duly convened and held. Such resolution could be stated in several counterparts of the same document, each of them signed by one Shareholder or by several Shareholders.

30. Conducting a General Meeting through Means of Communication

The Company may conduct a General Meeting through the use of any means of communication, provided all of the participating Shareholders can hear each other simultaneously. A resolution approved by use of means of communications as aforesaid, shall be deemed to be a resolution lawfully adopted at a General Meeting.

31. Voting Power

Subject to any provision of these Articles conferring special rights as to voting (including without limitation the provision of Article 5.3.4), or restricting the right to vote, every Shareholder shall have one vote for each share held by him of record, on every resolution, without regard to whether the vote thereon is conducted in person or by proxy, by a show of hands, by written ballot or by any other means.

32. Voting Rights

32.1. No Shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the lawful quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

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

32.3. Any Shareholder entitled to vote may vote either personally (or, if the Shareholder is a company or other corporate entity, by a representative authorized pursuant to Article 32.2) or by proxy (in accordance with the requirements of these Articles for proxy appointments).

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

33. Reserved

Proxies

34. Voting by Means of a Proxy

34.1. A Shareholder is entitled to appoint by deed of authorization a proxy (who is not required to be a Shareholder of the Company) to participate and vote in his stead, whether at a certain General Meeting or generally at General Meetings of the Company. Shareholders may also vote in writing, by delivery to the Company, prior to a General Meeting, of a written notice stating their affirmative or negative vote on an issue to be considered by such meeting.

34.2. In the event that the deed of authorization is not limited to a certain General Meeting, then the deed of authorization, which was deposited prior to a certain General Meeting, shall also be good for other General Meetings thereafter. This Article 34 shall also apply to a Shareholder, which is a corporation, appointing a person to participate and vote in a General Meeting in its stead.

35. A Deed of Authorization

35.1. The deed of authorization of a proxy shall be in writing and shall be substantially in the form specified below, or in any usual or common form or in such other form as may be approved by the Board. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate entity, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s). The Company may demand that it be given written confirmation to its satisfaction of the authority of those signing to bind such company.

Form of Deed of Authorization

Deed of Authorization

To: _____ Ltd. (the “Company.”)
Attn: Corporate Secretary

I _____ of _____
(Name of Shareholder) (I.D. of Shareholder)
being a registered holder of _____ (*) Ordinary Shares having a nominal value of NIS __ each, of the Company, hereby appoint
_____ I.D. no. _____ and/or
(Name of Proxy) (I.D. of Proxy) (**)
_____ I.D. no. _____
(Name of Proxy) (I.D. of Proxy)

as my proxy to participate and vote for me and in my stead and on my behalf at [mark one]:

☐ The General Meeting of the Company to be held on the _____ day of _____, 20__ and at any adjournment(s) thereof.

I direct that my vote(s) be cast on the resolutions as indicated by a ✓ in the appropriate space.

<u>Resolutions</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>
(***)	*	*	*

On the receipt of this form duly signed but without any specific direction on a particular matter, my proxy will vote or abstain at his/her discretion.

[Optional – mark one:]

☐ At any General Meeting of the Company, until I shall otherwise notify you.

Signed this _____ day of _____, 20__.

(Signature of Appointer)

(*) A registered shareholder may grant a number of proxy appointment instruments, each in relation to another quantity of the Company's shares held by him, provided that he does not grant proxy appointment instruments for a quantity of shares larger than the quantity held by him.

(**) Where the proxy does not have an Israeli identity document, the passport number and the country, which issued the passport, may be stated.

(***) Fill in the resolutions set forth in the agenda of the meeting and mark your vote with respect to each resolution.

35.2. The Company shall only accept an original proxy appointment instrument or a copy thereof.

35.3. The deed of authorization of a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall either be delivered to the Company (at its registered office or at such place as the Board may specify) not later than the time fixed for the meeting at which the person named in the deed of authorization proposes to vote, or presented to the Chairman at such meeting.

36. Effect of Death of Appointer or Revocation of Appointment

A vote cast pursuant to a deed of authorization of a proxy shall be valid notwithstanding the prior death, incapacity or bankruptcy, or if a company or other corporate entity, the liquidation, of the appointing Shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the revocation of the appointment or the transfer of the share in respect of which the vote is cast, provided no written notice of any such event shall have been received by the Company or by the Chairman of the General Meeting before such vote is cast and provided, further, that the appointing Shareholder, if present in person at said General Meeting, may revoke the appointment by means of a writing, oral notification to the Chairman, or otherwise.

37. The Disqualification of Deeds of Authorization

Subject to the provisions of applicable Law, the Company's Chief Executive Officer or President may, in his discretion, disqualify deeds of authorization and so notify the Shareholder who submitted deeds of authorization in the following cases:

37.1. If there is a reasonable suspicion that they are forged or falsified;

37.2. If they are not duly executed or completed;

37.3. If there is a reasonable suspicion that they are given with respect to shares for which one or more deeds of authorization have been given and not withdrawn;

37.4. If more than one choice is marked for the same resolution; or

Board of Directors

38. The Authority of the Board

38.1. The authority of the Board is as specified in the Companies Law and in the provisions of these Articles.

38.2. The Board may exercise any authority of the Company, which is not by the Companies Law, to be exercised by another organ of the Company.

38.3. Without derogating from the generality of Articles 5.3.4, 38.1 and 38.2 above and subject thereto, the Board's authority shall include the following:

38.3.1. The Board may, from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it deems appropriate, including, without limitation, by the issuance of bonds, perpetual or redeemable debentures or other securities, or any mortgages, charges, or other liens on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital;

38.3.2. The Board may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board, in its sole discretion, shall deem appropriate, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments, and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board may from time to time deem appropriate;

38.3.3. Subject to the provisions of any Law, the Board may, from time to time, authorize any person to be the representative of the Company with respect to those objectives and subject to those conditions and for that time period, as the Board deems appropriate, and may also grant any such representative the authority to delegate any or all of the authorities, powers and discretion given to him by the Board.

39. Board Meetings

39.1. Convening Meetings of the Board

The Chairman of the Board, or any Director, may at any time, convene a meeting of the Board, at any time or in any event that such meeting is required by the provisions of the Companies Law; provided that such a meeting is convened at least once a year.

39.2. Notice of a Meeting of the Board

39.2.1. Any notice with respect to a meeting of the Board shall be given in writing, so long as the notice is given at least two (2) days prior to the date fixed for the meeting, unless all members of the Board or their Alternate Directors (as defined in Article 43.1 below) or their representatives agree on a shorter time period. Such notice shall be delivered personally, by mail, or transmitted via facsimile or e-mail or through other means of communication, to the address, facsimile number or to the e-mail address or to an address where messages can be delivered through other means of communication, as the case may be, as the Director informed the Company in advance.

39.2.2. A notice with respect to a meeting of the Board shall include the venue, date and time of the meeting of the Board, the issues on its agenda and any other material that the Chairman of the Board, or the convening Director, requests to be included in the notice with respect to the meeting.

39.3. The Agenda of Board Meetings

The agenda of any meeting of the Board shall be as determined by the Chairman of the Board, and if there is no Chairman, by an ordinary resolution of the Board, and shall include the following matters:

39.3.1. Matters for which the meeting is required to be convened in accordance with the Companies Law;

39.3.2. Any matter requested by a Director or by the Chief Executive Officer to be included in the meeting within a reasonable time (taking into account the nature of the matter) prior to the date of the meeting;

39.3.3. Any other matter determined by the Chairman of the Board, or by any Director of the Company when there is no Chairman.

39.4. Quorum

39.4.1. No business shall be transacted at a meeting of the Board unless a lawful quorum is present when the meeting proceeds to business and, without derogating from Article 5.3.4 above, no resolution shall be passed unless the requisite quorum is present when the resolution is voted upon.

39.4.2. Unless otherwise unanimously decided by the Board, and subject to the requirements of Article 5.3.4 above, a quorum at a meeting of the Board shall be constituted by the presence of a majority of the Directors, then in office who are lawfully entitled to participate in the meeting.

39.4.3. If within 30 minutes from the time appointed for a meeting of the Board a quorum is not present, the meeting shall stand adjourned to the next business day thereafter. At such adjourned meeting, a quorum shall be required in accordance with Article 39.4.2 above. If an adjourned meeting is convened in accordance with this Article 39.4.3 and a quorum is not present within 30 minutes of the announced time, the meeting shall commence with any two (2) directors, Directors who are present at such adjourned meeting, and, subject to and without derogating from the requirements of Article 5.3.4 above, all resolutions adopted shall be deemed binding upon the Company as if a legal quorum was present, further provided that such resolutions were in accord with the agenda of matters to be discussed at the meeting before it was adjourned.

39.5. Conducting a Meeting Through Means of Communication

The Board may conduct a meeting of the Board through the use of any means of communication, provided all of the participating Directors can hear each other simultaneously. A resolution approved by use of means of communications as aforesaid, shall be deemed to be a resolution lawfully adopted at a meeting of the Board.

39.6. Voting in the Board

39.6.1. Unless otherwise provided by these Articles and without derogating from the requirements of Article 5.3.4 above, issues presented at meetings of the Board shall be decided upon by a majority of the votes of Directors present (or participating, in the case of a vote through a permitted means of communications) and lawfully entitled to vote thereon. Subject to the provision of Article 45 below, with respect to representatives of Directors that are companies, each Director shall have a single vote.

39.7. Written Resolution

Without derogating from the provisions of Article 39.5 above, a resolution in writing signed by all Directors then in office and lawfully entitled to vote thereon or to which all such Directors have given their consent (by letter, facsimile, e-mail or otherwise), shall be deemed to have been unanimously adopted by a meeting of the Board duly convened and held.

40. Composition of the Board; Election and Removal of Directors

40.1. The number of Directors shall not be less than 1 and shall not exceed 7 Directors.

40.2. The Directors shall be appointed, replaced and removed as follows:

40.2.1. Each Shareholder and its Permitted Transferees who hold, After the Original Issue Date of the Series E-2 Preferred Shares, an aggregate of at least 15% of voting power represented by the then issued and outstanding share capital of the Company on an as-converted basis, shall have the right to appoint, replace and remove one (1) Director. Except as stated above, there shall be no aggregation of shares or voting power and a Shareholder and its Permitted Transferees may not appoint more than one Director with respect to their holdings in the Company. A Shareholder and its Permitted Transferees who held the right to appoint, replace and remove a Director in accordance with the foregoing, and whose holdings in the Company were thereafter diluted to an aggregate of less than 15%, shall continue to hold such right until such time on which such Shareholder and its Permitted Transferees hold an aggregate of less than 8% of the voting power represented by the then issued and outstanding share capital on an as-converted basis.

40.2.2. In addition, the Chief Executive Officer of the Company shall be a Director, ex-officio.

40.3. Any appointment, dismissal or replacement of any Director, shall be made by written notice given to the Company by the party(ies) entitled to appoint such a Director.

40.4. Only those entitled to appoint, replace and remove Directors under Article 40.2 above shall be entitled to fill any vacancy, however created (including any position to which a Director was not elected), in the Board in respect of the Director they are entitled to appoint, replace and remove.

41. Qualification of Directors

No person shall be disqualified to serve as a Director (or an Alternate Director) by reason of his not holding shares in the Company or by reason of his having served as a Director in the past.

42. Directors Generally

Subject to the provisions of the Companies Law, and except for an accountant-auditor, a Director may hold another position in the Company.

43. Alternate Directors and Representative of a Director that is a Company

43.1. Alternate Directors

43.1.1. Subject to the provisions of the Companies Law, any Director may, by written notice to the Company, appoint an alternate for himself ("Alternate Director"), dismiss such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever, whether for a certain meeting or a certain period of time or generally. Any notice given to the Company pursuant to this Article shall be in writing, delivered to the Company and signed by the appointing or dismissing Director, and shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

43.1.2. Anyone who is not qualified to be appointed as a Director and/or anyone serving as a Director or as an existing Alternate Director may not be appointed and may not serve as an Alternate Director.

43.2. Representative of a Director that is a Company

43.2.1. A Director that is a company or other corporate entity shall appoint an individual, qualified to be appointed as a Director in the Company, in order to serve on its behalf, either for a certain meeting or for a certain period of time or generally and such company or other entity may also dismiss that individual and appoint another in his stead ("Director's Representatives"). Any notice given to the Company pursuant to this Article shall be in writing, delivered to the Company and signed by the appointing or dismissing body, and shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

43.2.2. Subject to Article 43.2.1 any person, whether or not a Director, may serve as a Director's Representative. One person may act as a Director's Representative of several Directors, and in such event he shall have a number of votes (and shall be treated as the number of persons for purposes of establishing a quorum) equal to the number of Directors for whom he acts as a Director's Representative. If a Director's Representative is also a Director in his own right, his rights as a Director's Representative shall be in addition to his rights as a Director.

43.3. Provisions with Respect to Alternate Directors and Director's Representatives

43.3.1. An Alternate Director and a Director's Representative shall have all the authority of the Director who appointed him, (except that neither an Alternate Director nor a director's Representative may appoint an alternate for himself, unless the instrument appointing him otherwise expressly provides), and provided however, that an Alternate Director shall have no standing at any meeting of the Board or any committee thereof while the Director who appointed him is present.

43.3.2. The office of an Alternate Director or a Director's Representative shall be vacated under the circumstances, mutatis mutandis, set forth in Article 44, and such office shall ipso facto be vacated if the Director who appointed such Alternate Director or Director's Representative ceases to be a Director.

44. Termination of the Term of a Director

The term of a Director shall terminate in any of the following cases:

44.1. If he resigned from his office by way of a signed letter, filed with the corporate secretary at the Company's office;

44.2. If he is declared bankrupt;

44.3. If he is declared by an appropriate court to be incapacitated;

44.4. Upon his death and, in the event of a company or other corporate entity, upon the adoption of a resolution for its voluntary liquidation or the issuance of a liquidation order;

44.5. If he is convicted of a crime requiring his termination pursuant to the Companies Law;

44.6. If his term of office is terminated in accordance with the provisions of the Companies Law; or

44.7. Upon dismissal or replacement carried out by the nominating shareholders of the director pursuant to Article 40.3.

45. Continuing Directors in the Event of Vacancies

In the event of one or more vacancies in the Board, the continuing Directors may continue to act in every matter, subject to applicable law and to the provisions of Article 5.3.4 above.

46. Compensation of Directors

46.1. Directors who do not hold other positions in the Company shall not receive any compensation from the Company, unless such compensation and its amount are approved by the General Meeting, subject to applicable Law.

46.2. The compensation of the Directors may be fixed, as an all-inclusive payment or as payment for participation in meetings or as any combination thereof.

46.3. The Company may reimburse expenses incurred by a Director in connection with the performance of his duties as a Director, to the extent provided in a resolution of the Board.

47. Personal Interest of a Director

Subject to compliance with the provisions of the Companies Law and the provisions of Article 5.3.4, the Company may enter into any contract or otherwise transact any business with any Director and may enter into any contract or otherwise transact any business with any third party in which contract or business a Director has a personal interest, directly or indirectly.

48. Committees of the Board of Directors

48.1. Subject to the provisions of the Companies Law and the provisions of these Articles, the Board may delegate its authorities or any part of them to committees, as it deems appropriate, and it may from time to time cancel the delegation of any such authority. Any such committee, while utilizing an authority as stated, is obligated to fulfill all of the instructions given to it from time to time by the Board.

48.2. Subject to the provisions of the Companies Law, each committee of the Board shall consist of at least two (2) Directors.

48.3. The provisions of these Articles with respect to meetings of the Board shall apply, mutatis mutandis, to the meetings and discussions of each committee of the Board, provided that no other terms are set by the Board in this matter, and provided that the lawful quorum for the meetings of the committee, as stated, shall be at least a majority of the members of the committee, unless otherwise required by Law.

49. Chairman of the Board

49.1. Appointment:

The Board may from time to time choose one of its members to serve as the Chairman of the Board, remove such Chairman from office and choose another in its place. The Chairman of the Board shall preside at every meeting of the Board, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting, or if he is unwilling to take the chair, the Board shall appoint one of the Directors present to preside at the meeting.

49.2. Authority

49.2.1. The Chairman of the Board shall preside over meetings of the Board and shall sign the minutes of the meetings.

49.2.2. In the event of deadlock vote, the Chairman of the Board shall not have an additional or casting vote.

50. Validity of Acts Despite Defects

Subject to the provisions of the Companies Law, all acts done bona fide at any meeting of the Board, or of a committee of the Board, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there was no such defect or disqualification.

Minutes

51. Minutes

51.1. Minutes of each General Meeting and of each meeting of the Board shall be recorded and duly entered in books provided for that purpose, which shall be kept in the Company's registered offices. Such minutes shall set forth all resolutions adopted at the meeting and, with respect to minutes of Board meetings, the names of the persons present at the meeting.

51.2. Any minutes as aforesaid, if purporting to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting, shall constitute prima facie evidence of the matters recorded therein.

Officers: Auditor

52. The Chief Executive Officer

52.1. The Board may appoint and dismiss a Chief Executive Officer, and may appoint more than one person for such a position. The Chief Executive Officer may be a Director. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board may from time to time (subject to the provisions of the Companies Law and of any contract between any such person and the Company) fix his or their salaries and emolument, remove or dismiss him or them from office and appoint another in his or their place.

52.2. The Authority of the Chief Executive Officer

52.2.1. The Chief Executive Officer is responsible for the day-to-day management of the affairs of the Company within the framework of the policies set by the Board and subject to its instructions.

52.2.2. The Chief Executive Officer shall have all managerial and operational authorities, which were not conferred by Law or pursuant to these Articles to any other organ of the Company, and he shall be under the supervision of the Board.

52.2.3. The Board may assume the authority granted to the Chief Executive Officer, either with respect to a certain issue or for a certain period of time.

52.2.4. In the event the Board appoints more than one Chief Executive Officer, the Board may determine the respective positions and functions of the Chief Executive Officers and allocate their authorities, as the Board may deem appropriate.

52.2.5. In the event that the Chief Executive Officer is unable to exercise his authority, the Board may exercise such authority in his stead, or authorize another to exercise such authority.

52.2.6. The Board may instruct the Chief Executive Officer how to act in a particular matter; if the Chief Executive Officer does not obey the instruction, the Board may exercise the power required to implement the instruction in his stead.

52.2.7. The Chief Executive Officer, with the approval of the Board, may delegate to his subordinates any of his authority.

52.2.8. Subject to the provisions of the Companies Law, the Board may delegate to the Chief Executive Officer powers which the Board has pursuant to these Articles, as it deems fit, and it may delegate these powers, or any of them, for such period and objects, on such conditions and with such restrictions as it deems fit. The Board may alter or cancel any delegation of powers as aforesaid.

52.2.9. In the event that the Company did not appoint a Chief Executive Officer, the Board shall have all the authorities of the Chief Executive Officer as detailed in this Article 52.

52.3. Chief Executive Officer's reporting duties

52.3.1. The Chief Executive Officer must notify all Board members of any exceptional matter, which is material to the Company, or of any material deviation of the Company from the policy prescribed by the Board.

52.3.2. The Chief Executive Officer shall submit reports to the Board on the matters, at the times and on the scale prescribed by the Board.

52.3.3. The Chief Executive Officer shall report to the Chairman of the Board, on his demand, on matters relating to the Company's business and the proper management thereof.

53. Other Officers of the Company

Subject to Article 5.3.4 above, the Board may appoint, in addition to the Chief Executive Officer, a Secretary to the Company and other Officers, personnel, agents and servants, define their positions and authorities, and set their compensation and terms of employment; and the Board may authorize the Chief Executive Officer to exercise any or all of its authorities stated in this Article 53.

54. The Auditor

54.1. Subject to the provisions of Article 5.3.4 above, the Shareholders at the Annual Meeting shall appoint an auditor for a period until the close of the following Annual Meeting or for a period not to extend beyond the close of the third Annual Meeting following the Annual Meeting in which he was appointed. Subject to the provisions of the Companies Law and to the provisions of Article 5.3.4 above, the General Meeting is entitled at any time to terminate the service of the auditor.

54.2. Subject to the provisions of Article 5.3.4 above, the Board shall fix the compensation of the Auditor of the Company for its auditing activities, and shall also fix the compensation of the Auditor for additional services, if any, which are not auditing activities, and, in each case, shall report thereon to the Annual Meeting.

55. General

The Company may effect a distribution to its Shareholders to the extent permitted by the Companies Law and subject to the other provisions of these Articles (including Articles 5.3.2 and 5.3.4 above). Except as permitted by the Companies Law or Companies Regulations, distribution shall not be made except from the profits of the Company legally available therefor.

56. Dividend and Bonus Shares

56.1. Right to Dividend or Bonus Shares

56.1.1. Subject to the other provisions of these Articles, a Shareholder shall be entitled to receive dividends or bonus shares, upon the resolution of the Company in accordance with Article 56.2 below, consistent with the rights attached to the shares held by such Shareholder and subject to this Article 56.

56.1.2. Subject to the provisions of Article 5.3, the Shareholders entitled to receive dividends or bonus shares shall be those who are registered in the Shareholder Register on the date of the resolution approving the distribution or allotment, or on such later date, as may be determined in such resolution.

56.1.3. Subject to Articles 5.3 above, in the event the Company pays a dividend or distributes bonus shares, then, in each such case, the holders of Preferred Shares shall be entitled to receive such distribution, *pari passu* with the Ordinary Shares, and the amount of dividends or number of bonus shares, as the case may be, that shall be distributed in respect of each Preferred Share shall be calculated on the basis of the number of Ordinary Shares into which such Preferred Share could then be converted; provided however, anything in these Articles to the contrary notwithstanding, prior to an IPO, in the event of any Distribution made in cash, cash equivalents, or, if applicable, securities, the assets and proceeds distributed in such Distribution shall be distributed to the Shareholders in accordance with the provisions of Article 5.3.2 above.

56.2. Resolution of the Company with Respect to a Dividend or Bonus Shares

The resolution of the Company with respect to the distribution of a dividend or bonus shares shall be adopted by the General Meeting in accordance with Articles 5.3.1, and 5.3.4 above, after presentation of the recommendation of the Board. The General Meeting may accept the Board's recommendation or decrease the amount recommended, but may not increase it, provided in each case the distribution is permitted in accordance with the provisions of the Companies Law.

56.3. Specific Dividend

Upon the recommendation of the Board approved by a resolution of the General Meeting adopted in accordance with Article 5.3.4 above and subject to Article 5.3 above, a dividend may be paid, in whole or in part, by the distribution of specific assets of the Company or by distribution of paid up shares, debentures or other securities of the Company or of any other companies, or in any combination thereof, the fair value of which shall be determined by the Board in good faith.

56.4. Deductions from Dividends

The Board may deduct from any distribution or other moneys payable to any Shareholder in respect of a share any and all sums of money then payable by him to the Company on account of calls or otherwise in respect of shares of the Company and/or on account of any other matter or transaction whatsoever.

56.5. Retention of Dividends

56.5.1. The Board may retain any dividend, bonus shares or other moneys payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or toward satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

56.5.2. The Board may retain any dividend, bonus shares or other moneys payable or property distributable in respect of a share in respect of which any person is, under these Articles, entitled to become a Shareholder, or which any person is, under said Articles, entitled to transfer, until such person shall become a Shareholder in respect of such share or shall transfer the same.

56.6. Mechanics of Payment

Any dividend or other moneys payable in cash in respect of a share, less the tax required to be withheld pursuant to the Law, may be paid by check sent by registered mail to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto as a result of the death or bankruptcy of the holder or otherwise, to any one of such persons or to his bank account), or to such person and at such address as the person entitled thereto may direct in writing. Every such check shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check by the banker upon whom it is drawn shall be a good discharge to the Company. Every such check shall be sent at the risk of the person entitled to the money represented thereby.

56.7. An Unclaimed Dividend

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The payment by the Board of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend, and any such other moneys or assets unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company; provided, however, that the Board may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

56.8. Receipt from a Joint Holder

If two or more persons are registered as joint holders of any share, or are entitled jointly thereto as a result of the death or bankruptcy of the holder or otherwise, any one of them may give effectual receipts for any dividend, bonus shares or other moneys payable or property distributable in respect of such share.

56.9. Manner of Capitalization of Profits and the Distribution of Bonus Shares

Upon the recommendation of the Board approved by a resolution of the General Meeting adopted in accordance with Article 5.3.4 above, and subject to the provisions of the Companies Law, the Company may cause any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for distribution, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed as capital among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, or may cause any part of such capitalized fund to be applied on behalf of such Shareholders in paying up in full as the resolution may provide, any unissued shares or debentures or other securities of the Company which shall be distributed accordingly, in payment, in full or in part, of the uncalled liability on any issued shares or debentures or other securities, and may cause such distribution or payment to be accepted by such Shareholders in full satisfaction of their interest in such capitalized sum.

56.10. The Board may settle, as it deems fit, and in accordance with Article 5.3.4 above, any difficulty arising with regard to the distribution of bonus shares, distributions referred to in Articles 56.3 and 56.9 hereof or otherwise, and in particular, to issue certificates for fractions of shares and sell such fractions of shares in order to pay their consideration to those entitled thereto, to set the value for the distribution of certain assets and to determine that cash payments shall be paid to the Shareholders on the basis of such value, or that fractions whose value is less than NIS 0.01 shall not be taken into account. The Board may pay cash or convey these certain assets to a trustee in favor of those people who are entitled to a dividend or to a capitalized fund, as the Board shall deem appropriate.

56.11. The provisions of this chapter shall also apply to the distribution of Securities.

56.12. Allotment for a consideration lower than the nominal value. Where the Company resolves to allot shares, which have a nominal value for a consideration lower than their nominal value, including bonus shares, it must convert into share capital part of its profits, from premium on shares or from any other source included in its equity, which are mentioned in its last financial statements, in an amount equal to the difference between the nominal value and the consideration. Notwithstanding the foregoing, the Company may, with the court's approval, allot shares for a consideration lower than their nominal value.

56.13. In the event of a contradiction or uncertainty arising with respect to the application of this Article 56 and Article 5.3 above, the provisions of Article 5.3 shall supersede and be executed with disregard to the provisions of this Article 56.

57. Acquisition of Shares

57.1. Subject to Article 5.3 above, the Company is entitled to acquire or to finance an acquisition, directly or indirectly, of shares of the Company or securities convertible or exercisable into shares of the Company, including incurring an obligation to take any of these actions, subject to the fulfillment of the conditions of a permitted distribution under the Companies Law and to the provisions of these Articles. In the event that the Company so acquired any of its shares, any such share that was not cancelled by the Company, shall become a dormant share, and shall not confer any rights, so long as it held by the Company.

57.2. A subsidiary or another company controlled by the Company is entitled to acquire or finance an acquisition, directly or indirectly, of shares of the Company or securities convertible or exercisable into shares of the Company, or incur an obligation with respect thereto, to the same extent that the Company may make a distribution, subject to the terms of, and in accordance with the Companies Law and these Articles. In the event a subsidiary or such controlled company so acquired any of the Company's shares, any such share shall not confer any voting rights, so long as it is held by such subsidiary or controlled company.

Insurance, Indemnification and Release of Office Holders

58. Definition of Office Holder

For purposes of Articles 59, 60 and 61 below, the term "*Office Holder*" shall have the meaning ascribed to such term in the Companies Law.

59. Insurance of Office Holders

The Company may, to the extent permitted by the Companies Law, enter into a contract for the insurance of the liability of an Office Holder of the Company, in respect of a liability imposed on him as a result of an act performed or an omission committed by such Office Holder in his/her/its capacity as an Office Holder of the Company, in any of the following:

59.1. a breach of his/her/its duty of care to the Company or to another person;

59.2. a breach of his/her/its fiduciary duty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that such act or omission would not harm the Company;

59.3. a monetary liability imposed on him/her/it in favor of another person.

60. Indemnification of Office Holders

60.1. Subject to applicable Law, the Company may, to the extent permitted by the Companies Law, indemnify an Office Holder with respect to any of the following liabilities and expenses, provided that such liabilities or expenses were imposed on, or incurred by such Office Holder in consequences of any act performed or omission committed by such Office Holder in his/her/its capacity as an Office Holder of the Company, as follows:

(A) any financial obligation imposed on such Office Holder in favor of another person by a court judgment, including a settlement or an arbitrator's award which were approved by court; or

(B) reasonable litigation expenses, including attorneys' fees, actually incurred by such Office Holders in connection with an investigation or proceeding which was conducted against such Office Holder by a competent authority which has been Terminated Without the Filing of an Indictment (*as such term is defined in the Companies Law*) against such Office Holder and without the Imposition on such Office Holders of a Monetary Liability In Lieu of a Criminal Proceeding (*as such term is defined in the Companies Law*), or which has been Terminated Without the Filing of an Indictment (*as such term is defined in the Companies Law*) against such Office Holder but with the Imposition on such Office Holder of a Monetary Liability in Lieu of a Criminal Proceeding (*as such term is defined in the Companies Law*) in respect of a crime which does not require the proof of *mens rea* (criminal thought) or in connection with a monetary sanction; or

(C) reasonable litigation expenses, including attorneys' fees, actually incurred by such Office Holder or charged to such Office Holder by a court, in a proceeding instituted against such Office Holder by the Company or on its behalf or by another person, or in any criminal proceeding in which such Office Holder was acquitted, or in any criminal proceedings in which such Office Holder was convicted of a crime which does not require the proof of *mens rea* (criminal thought).

60.2. The Company may, to the extent permitted by the Companies Law, undertake to indemnify an Office Holder as aforesaid:

(i) prospectively, provided that, in respect of Article 60.1, the undertaking shall be limited (A) to such events which, in the opinion of the Board, are anticipated in light of the Company's actual activities at the time the undertaking to indemnify is given, and (B) to such amounts and criteria which the Board has determined as being reasonable under the circumstances, and further provided that such undertaking to indemnify shall state (x) the events which, in the opinion of the Board, are anticipated in light of the Company's actual activities at the time the undertaking to indemnify was given, and (y) the amounts and criteria which the Board has determined as being reasonable under the circumstances, or

(ii) retroactively, as set forth in Articles 60.1(A) through 60.1(C).

61. Release of Office Holders

The Company may, to the extent permitted by the Companies Law, release an Office Holder of the Company, in advance, from his/her/its liability, in whole or in part, for damages resulting from the breach of his/her/its duty of care to the Company, provided however, that the Company may not exempt in advance a director from his/her/its liability for damages resulting from a breach of his/her/its duty of care to the Company in a "Distribution" (as defined in the Companies Law).

62. General

The provisions of Articles 59, 60 and 61 above are not intended, and shall not be interpreted, to restrict the Company in any manner in respect of the procurement of insurance and/or in respect of indemnification and/or release from liability in connection with any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder, or in connection with any Office Holder to the extent that such insurance and/or indemnification and/or release from liability is permitted under the Law.

Winding Up

63. Winding Up

If the Company is wound up, then, subject to applicable law and to the rights of the holders of Preferred Shares with preferential rights upon winding up, as set forth in Article 5.3.2 above, the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made.

Accounts

64. Books of Account

The Board shall cause accurate books of account to be kept in accordance with the provisions of the Companies Law and of any other applicable Law. Such books of account shall be kept at the registered office of the Company, or at such other place or places as the Board may deem appropriate, and they shall always be open to inspection by all Directors. Any Shareholders shall be entitled to receive a copy of the Audited financial statements with the opinion of the Company's auditor with respect to such financial statements.

65. Audit

Without derogating from the requirements of any applicable Law, at least once in every fiscal year the accounts of the Company shall be audited and the accuracy of the profit and loss account and balance sheet certified by one or more duly qualified auditors.

Rights of Signature

66. Rights of Signature

The Board shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority. The Board may determine separate signatory rights in respect of different matters of the Company and in respect of the amounts in respect of which such persons are authorized to sign.

67. Notices

67.1. Any written notice or other document may be served by the Company upon any Shareholder either personally or by sending it via facsimile (*facsimile would not be an applicable delivery method in the case of Clal Biotechnology Industries Ltd.*) or email, or mailed by registered or certified mail (airmail is sent to a place outside Israel), postage prepaid, or by prepaid express courier service, or otherwise delivered by hand or by messenger, addressed to such Shareholder at his address, facsimile number or email address, as the case may be, as set forth in the Shareholder Register (or such other address, facsimile number or email address as such Shareholder may have designated in writing for the receipt of notices and other documents). Any written notice or other document may be served by any Shareholder upon the Company either personally or by sending it via facsimile or email, or mailed by registered or certified mail (airmail is sent to a place outside Israel), postage prepaid, or by prepaid express courier service, or otherwise delivered by hand or by messenger, addressed to the corporate secretary (if there is such incumbent) or the Chief Executive Officer of the Company at the principal office of the Company, or at its or his facsimile number or email address, as the case may be. Any such notice or other document shall be deemed to have been received by the applicable addressee upon the earlier of (a) the date of personal delivery (or refusal to receive); (b) on the Business Day of its transmission by facsimile with electronic (or other) confirmation of transmission; (c) on the Business Day of its transmission via email, except where a notice is received stating that such email has not been successfully delivered; (d) one (1) Business Day after deposit with a return receipt express courier service; or (e) three (3) Business Days after deposit in local mail for registered or certified mail. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 67.1. Unless otherwise provided in these Articles, the provisions of this Article 67.1 shall also apply to written notices permitted or required to be given by the Company to any Director or by any Director or shareholder to the Company.

67.2. All notices to be given to the Shareholders shall, with respect to any share held by persons jointly, be given to whichever of such persons is named first in the Shareholder Register, and any notice so given shall be sufficient notice to the holders of such share.

67.3. Any Shareholder whose address is not described in the Shareholder Register, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

67.4. Any Shareholder and any Director may waive his right to receive notices generally or during a specific time period and he may consent that a General Meeting of the Company or a meeting of the Board, as the case may be, shall be convened and held notwithstanding the fact that he did not receive a notice with respect thereto, or notwithstanding the fact that the notice was not received by him within the required time, in each case subject to the provisions of any Law prohibiting any such waiver or consent.

68. Conflicting Provisions

68.1. These Articles hereby amend, restate and supersede in their entirety any previously adopted Articles of Association of the Company, and any such previous Articles of Association are hereby terminated and of no further force and effect.

68.2. In the event that a Hebrew version of these Articles is filed with any regulatory or governmental agency, including the Israeli Registrar of Companies (regardless of whether or not such Hebrew version contains signatures of shareholders), then such Hebrew version shall be considered solely a convenience translation and shall have no binding effect as among the Company, its Shareholders and, to the extent permitted by applicable law, any third party. The English version shall be the only version of these Articles that is binding as among the Company, its Shareholders and, to the extent permitted by applicable law, any third party, and in the event of any contradiction or inconsistency between the English version and the Hebrew version, the English version shall prevail and the Hebrew version shall be disregarded, shall have no binding effect and shall have no impact on the interpretation of these Articles as among the Company, its Shareholders and, to the extent permitted by applicable law, any third party.

**ISRAELI SHARE OPTION PLAN
FINAL**

Gamida Cell Ltd.

THE 2003 ISRAELI SHARE OPTION PLAN

(*In compliance with Amendment No. 132 of the Israeli Tax Ordinance, 2002)

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PREFACE

This plan, as amended from time to time, shall be known as the “Gamida Cell Ltd 2003 Israeli Share Option Plan” (the “**ISOP**”).

1. PURPOSE OF THE ISOP

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

2. DEFINITIONS

For purposes of the ISOP and related documents, including the Option Agreement, the following definitions shall apply:

- 2.1 “**Affiliate**” means any “employing company” within the meaning of Section 102(a) of the Ordinance.
- 2.2 “**Approved 102 Option**” means an Option granted pursuant to Section 102(b) of the Ordinance and held in trust by a Trustee for the benefit of the Optionee.
- 2.3 “**Board**” means the Board of Directors of the Company.
- 2.4 “**Capital Gain Option (CGO)**” as defined in Section 5.4 below.
- 2.5 “**Cause**” means, termination of Employee’s employment with Company as a result of the occurrence of any one of the following: (i) Employee has committed a dishonorable criminal offense; (ii) Employee is in breach of his duties of trust or loyalty to Company; (iii) Employee deliberately causes harm to Company’s business affairs; (iv) Employee breaches the confidentiality and/or non-competition and/or non-solicitation and/or assignment of inventions provisions of this Agreement; and/or (v) circumstances that do not entitle Employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.
- 2.6 “**Chairman**” means the chairman of the Committee.
- 2.7 “**Committee**” means a share option compensation committee appointed by the Board, which shall consist of no fewer than two members of the Board.

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- 2.8 **“Company”** means Gamida Cell Ltd, an Israeli company.
- 2.9 **“Companies Law”** means the Israeli Companies Law 5759-1999.
- 2.10 **“Controlling Shareholder”** shall have the meaning ascribed to it in Section 32(9) of the Ordinance.
- 2.11 **“Date of Grant”** means, the date of grant of an Option, as determined by the Board and set forth in the Optionee’s Option Agreement.
- 2.12 **“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.
- 2.13 **“Expiration date”** means the date upon which an Option shall expire, as set forth in Section 10.2 of the ISOP.
- 2.14 **“Fair Market Value”** means as of any date, the value of a Share determined as follows:
- (i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the NASDAQ National Market system, or the NASDAQ SmallCap Market of the NASDAQ Stock Market, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in the Wall Street Journal, or such other source as the Board deems reliable. Without derogating from the above, solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the Date of Grant the Company’s shares are listed on any established stock exchange or a national market system or if the Company’s shares will be registered for trading within ninety (90) days following the Date of Grant, the Fair Market Value of a Share at the Date of Grant shall be determined in accordance with the average value of the Company’s shares on the thirty (30) trading days preceding the Date of Grant or on the thirty (30) trading days following the date of registration for trading, as the case may be;
 - (ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination, or;
 - (iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board.
- 2.15 **“IPO”** means the underwritten initial public offering of the Company’s shares pursuant to a registration statement filed with and declared effective under the Israeli Securities Law, 1968, under the U.S. Securities Act of 1933, as amended, or under any similar law of any other jurisdiction.

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- 2.16 **“ISOP”** means this 2003 Israeli Share Option Plan.
- 2.17 **“ITA”** means the Israeli Tax Authorities.
- 2.18 **“Non-Employee”** means a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee.
- 2.19 **“Ordinary Income Option (OIO)”** as defined in Section 5.5 below.
- 2.20 **“Option”** means an option to purchase one or more Shares of the Company pursuant to the ISOP.
- 2.21 **“102 Option”** means any Option granted to Employees pursuant to Section 102 of the Ordinance.
- 2.22 **“3(i) Option”** means an Option granted pursuant to Section 3(i) of the Ordinance to any person who is Non- Employee.
- 2.23 **“Optionee”** means a person who receives or holds an Option under the ISOP.
- 2.24 **“Option Agreement”** means the share option agreement between the Company and an Optionee that sets out the terms and conditions of an Option.
- 2.25 **“Ordinance”** means the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.
- 2.26 **“Purchase Price”** means the purchase price for each Share underlying an Option.
- 2.27 **“Section 102”** means section 102 of the Ordinance as now in effect or as hereafter amended.
- 2.28 **“Share”** means the Company’s ordinary shares, NIS 0.01 par value each.
- 2.29 **“Successor Company”** means any entity into which or with the Company is merged or by which the Company is acquired, pursuant to a Transaction in which the Company is not the surviving entity.
- 2.30 **“Transaction”** means (i) merger, acquisition or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of all or substantially all of the assets or shares of the Company.
- 2.31 **“Trustee”** means any individual appointed by the Company to serve as a trustee and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

- 2.32 “**Unapproved 102 Option**” means an Option granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Trustee.
- 2.33 “**Vested Option**” means any Option, which has vested and is exercisable according to the Vesting Dates or otherwise (such as in the event of acceleration if applicable).
- 2.34 “**Vesting Dates**” means, with respect to each Option, the date as of which the Optionee shall be entitled to exercise such Option or a portion thereof, as set forth in section 11 of the ISOP.

3. ADMINISTRATION OF THE ISOP

- 3.1 The Board shall have the power to administer the ISOP either directly or upon the recommendation of the Committee, all as provided by applicable law and in the Company’s Articles of Association. Notwithstanding the above, for all intents and purposes hereunder, the Board shall automatically have residual authority if no Committee shall be constituted or if such Committee shall cease or otherwise be unable to operate for any reason.
- 3.2 The Committee shall select one of its members as its Chairman and shall hold its meetings at such times and places as the Chairman shall determine or as otherwise specified in the Articles of Association of the Company. The Committee shall keep records of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.
- 3.3 The Committee shall have the power to recommend to the Board and the Board shall have the full power and authority to: (i) designate Optionees; (ii) determine the terms and provisions of the respective Option Agreements (which need not be identical), including, but not limited to, the number of Options to be granted to each Optionee, the number of Shares to be covered by each Option, provisions concerning the time and the extent to which the Options may be exercised and the nature and duration of restrictions as to the transferability or restrictions constituting substantial risk of forfeiture and to cancel or suspend awards, as necessary; (iii) determine the Fair Market Value of the Shares covered by each Option; (iv) make an Election (as defined in Section 5.6 below) as to the type of Approved 102 Option; and (v) designate the type of Options.

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The Committee shall have full power and authority to: (i) alter any restrictions and conditions of any Options or Shares subject to any Options (ii) interpret the provisions and supervise the administration of the ISOP; (iii) accelerate the right of an Optionee to exercise in whole or in part, any previously granted Option; (iv) determine the Purchase Price of the Option; (v) prescribe, amend and rescind rules and regulations relating to the ISOP in cases specifically set forth hereunder; and (vi) make all other determinations deemed necessary or advisable for the administration of the ISOP.

- 3.4 Notwithstanding the above, the Committee shall not be entitled to grant Options to the Optionees, however, it will be authorized to issue Shares underlying Options which have been granted by the Board and duly exercised pursuant to the provisions herein in accordance with section 112(a)(5) of the Companies Law.
- 3.5 The Board shall have the authority to grant, at its discretion, to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having a purchase price equal to, lower than or higher than the Purchase Price of the original Option so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the ISOP.
- 3.6 Subject to the Company's Articles of Association, all decisions and selections made by the Board or the Committee pursuant to the provisions of the ISOP shall be made by a majority of its members except that no member of the Board or the Committee shall vote on, or be counted for quorum purposes, with respect to any proposed action of the Board or the Committee relating to any Option to be granted to that member. Any decision reduced to writing shall be executed in accordance with the provisions of the Company's Articles of Association, as the same may be in effect from time to time.
- 3.7 The interpretation and construction by the Committee of any provision of the ISOP or of any Option Agreement thereunder shall be final and conclusive unless otherwise determined by the Board.
- 3.8 Subject to the Company's Articles of Association, to applicable law, to the Company's decision, and to all approvals legally required, , each member of the Board or the Committee shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by such member, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the ISOP unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the member may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

4. DESIGNATION OF PARTICIPANTS

- 4.1 The persons eligible for participation in the ISOP as Optionees shall include any Employees and/or Non-Employees of the Company or of any Affiliate thereof; provided, however, that (i) Employees may only be granted 102 Options; and (ii) Non-Employees may only be granted 3(i) Options;.
- 4.2 The grant of an Option hereunder shall neither entitle the Optionee to participate nor disqualify the Optionee from participating in, any other grant of Options pursuant to the ISOP or any other option or share plan of the Company or any of its Affiliates.
- 4.3 Anything in the ISOP to the contrary notwithstanding, all grants of Options to directors and office holders shall be authorized and implemented in accordance with the provisions of the Companies Law or any successor act or regulation, as in effect from time to time.

5. DESIGNATION OF OPTIONS PURSUANT TO SECTION 102

- 5.1 The Company may designate Options granted to Employees pursuant to Section 102 as Unapproved 102 Options or Approved 102 Options.
- 5.2 The grant of Approved 102 Options shall be made under this ISOP adopted by the Board as described in Section 16 below, and shall be conditioned upon the approval of this ISOP by the ITA.
- 5.3 Approved 102 Option may either be classified as Capital Gain Option (“**CGO**”) or Ordinary Income Option (“**OIO**”).
- 5.4 Approved 102 Option elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) shall be referred to herein as **CGO**.
- 5.5 Approved 102 Option elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) shall be referred to herein as **OIO**.
- 5.6 The Company’s election of the type of Approved 102 Options as CGO or OIO granted to Employees (the “**Election**”), shall be appropriately filed with the ITA before the Date of Grant of an Approved 102 Option under such Election. Such Election shall become effective beginning the first Date of Grant of an Approved 102 Option under such Election and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Options under such Election. The Election shall obligate the Company to grant *only* the type of Approved 102 Option it has elected, and shall apply to all Optionees who were granted Approved 102 Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Options simultaneously.

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- 5.7 All Approved 102 Options must be held in trust by a Trustee, as described in Section 6 below.
- 5.8 For the avoidance of doubt, the designation of Unapproved 102 Options and Approved 102 Options shall be subject to the terms and conditions set forth in Section 102 of the Ordinance and the regulations promulgated thereunder.
- 5.9 With regards to Approved 102 Options, the provisions of the ISOP and/or the Option Agreement shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit, and the said provisions and permit shall be deemed an integral part of the ISOP and of the Option Agreement. Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the ISOP or the Option Agreement, shall be considered binding upon the Company and the Optionees.

6. TRUSTEE

- 6.1 Approved 102 Options which shall be granted under the ISOP and/or any Shares allocated or issued upon exercise of such Approved 102 Options and/or other shares received subsequently following any realization of rights, including without limitation bonus shares, shall be allocated or issued to the Trustee (and registered in the Trustee's name on behalf of the respective Optionee in the shareholders register of the Company) and held for the benefit of the Optionees for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the "**Holding Period**"). All certificates representing Shares issued to the Trustee under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Shares are released from the aforesaid trust as herein provided. In the case the requirements for Approved 102 Options are not met, then the Approved 102 Options may be treated as Unapproved 102 Options, all in accordance with the provisions of Section 102 and regulations promulgated thereunder.
- 6.2 Notwithstanding anything to the contrary, the Trustee shall not release any Shares allocated or issued upon exercise of Approved 102 Options prior to the full payment of the Optionee's tax liabilities arising from Approved 102 Options which were granted to such Optionee and/or any Shares allocated or issued upon exercise of such Options.
- 6.3 With respect to any Approved 102 Option, subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, an Optionee shall not sell or release from trust any Share received upon the exercise of an Approved 102 Option and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance and under any rules or regulation or orders or procedures promulgated thereunder shall apply to and shall be borne by such Optionee.

- 6.4 Upon receipt of Approved 102 Option, the Optionee will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with the ISOP, or any Approved 102 Option or Share granted to him thereunder.

7. SHARES RESERVED FOR THE ISOP; RESTRICTION THEREON

- 7.1 The Company has reserved an aggregate of _____ () authorized but unissued Shares, for the purposes of this ISOP and for the purposes of any other share option plans which were previously, or may in the future be, adopted by the Company, subject to adjustment as set forth in Section 9 below (to date, some of such Shares have already been issued upon exercise of options granted under other share option plans of the Company). Any Shares which remain unissued and which are not subject to the outstanding Options at the termination of the ISOP shall cease to be reserved for the purpose of the ISOP, but until termination of the ISOP the Company shall at all times reserve sufficient number of Shares to meet the requirements of the ISOP. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, the Shares subject to such Option may again be subjected to an Option under the ISOP or under the Company's other share option plans.
- 7.2 Each Option granted pursuant to the ISOP, shall be evidenced by a written Option Agreement between the Company and the Optionee, in such form as the Board or the Committee shall from time to time approve. Each Option Agreement shall state, among other matters, the number of Shares to which the Option relates, the type of Option granted thereunder (whether a CGO, OIO, Unapproved 102 Option or a 3(i) Option), the Vesting Dates, the Purchase Price per share, the Expiration Date and such other terms and conditions as the Committee or the Board in its discretion may prescribe, provided that they are consistent with this ISOP.
- 7.3 The Company, at its sole discretion, may require that, until the consummation of an IPO, any Shares issued upon exercise of Options (and securities of the Company issued with respect thereto) shall be voted by an irrevocable proxy (the "**Proxy**") pursuant to the directions of the Board, such Proxy to be assigned to the person or persons designated by the Board and to provide for the power of such designated person(s) to act, instead of the Optionee and on its behalf, with respect to any and all aspects of the Optionee's shareholdings in the Company. The Proxy may be contained in the Option Agreement of an Optionee or otherwise as the Committee determines. If contained in the Option Agreement, no further document shall be required to implement such Proxy, and the signature of the Optionee on the Option Agreement shall indicate approval of the Proxy thereby granted. Such person or persons designated by the Board shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him/her, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the voting of such Proxy 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 person(s) may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise. Without derogating from the above, with respect to Approved 102 Options, such shares shall be voted in accordance with the provisions of Section 102 and any rules, regulations or orders promulgated thereunder.

8. PURCHASE PRICE

- 8.1 The Purchase Price of each Share subject to an Option shall be determined by the Committee in its sole and absolute discretion in accordance with applicable law, subject to any guidelines as may be determined by the Board from time to time. Each Option Agreement will contain the Purchase Price determined for each Optionee.
- 8.2 The Purchase Price shall be payable upon the exercise of the Option in a form satisfactory to the Committee, including without limitation, by cash or check. The Committee shall have the authority to postpone the date of payment on such terms as it may determine.
- 8.3 The Purchase Price shall be denominated in the currency of the primary economic environment of, either the Company or the Optionee (that is the functional currency of the Company or the currency in which the Optionee is paid) as determined by the Company.

9. ADJUSTMENTS

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

- 9.1 In the event of Transaction, the unexercised Options then outstanding under the ISOP shall be assumed or substituted for options to purchase an appropriate number of shares of each class of shares or other securities of the Successor Company (or a parent or subsidiary of the Successor Company), per each Share underlying the assumed or substituted Option, as were distributed to the holders of Shares of the Company per each Share held by them, in connection with and pursuant to the Transaction. In the case of such assumption and/or substitution of Options, appropriate adjustments shall be made to the Purchase Price so as to reflect such action and all other terms and conditions of the Option Agreements shall remain unchanged, including but not limited to the vesting schedule, all subject to the determination of the Committee or the Board, which determination shall be in their sole discretion and final. The Company shall notify the Optionee of the Transaction in such form and method as it deems applicable and at such time in advance as notification was given to the holders of other Shares which were issued either upon exercise of Options under this ISOP or upon exercise of options to purchase shares of the Company granted under any other share option plan of the Company..

- 9.2 Notwithstanding the above and subject to any applicable law, the Board or the Committee shall have full power and authority to determine with respect to any Options, that in the Option Agreement applicable to such Options there shall be a clause instructing that if, in any such Transaction, the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute any unexercised Options underlying such Option Agreement, the Vesting Dates of such Options shall be accelerated so that any such unexercised Options that are then unvested shall be immediately vested and exercisable as of the date which is ten (10) days prior to the effective date of the Transaction and for a period of 10-days thereafter (upon expiration of which period the Options shall expire).

Notwithstanding the above and subject to any applicable law, unless the Board or the Committee determines otherwise with respect to certain Option(s), if, in any such Transaction, the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute for the Options, all unexercised Options shall expire as of immediately prior to the consummation of the Transaction.

- 9.3 For the purposes of section 9.1 above, an Option shall be considered assumed or substituted if, following the Transaction, the assumed or substituted Option confers the right to purchase or receive, for each Share underlying such an assumed or substituted Option immediately prior to the Transaction, the consideration (whether shares, options, cash, or other securities or property) received in the Transaction for each Share held by holders of Shares of the Company on the effective date of the Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Transaction is not solely shares (or their equivalent) of the Successor Company or its parent or subsidiary, the Committee may, with the consent of the Successor Company, provide for the consideration to be received upon the exercise of the assumed or substituted Option to be solely shares (or their equivalent) of the Successor Company or its parent or subsidiary equal in Fair Market Value to the per Share consideration received by holders of a majority of the outstanding shares in the Transaction; and provided further that the Committee may determine, in its discretion, that in lieu of such assumption or substitution of Options for options of the Successor Company or its parent or subsidiary, such Options will be substituted for any other type of asset or property including cash which is fair under the circumstances.
- 9.4 If the Company is voluntarily liquidated or dissolved while unexercised Options remain outstanding under the ISOP, the Company shall immediately notify all unexercised Option holders of such liquidation, and the Option holders shall then have ten (10) days to exercise any unexercised Vested Option held by them at that time, in accordance with the exercise procedure set forth herein. Upon the expiration of such ten-days period, all remaining unexercised Options will terminate immediately.

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- 9.5 If the outstanding shares of the Company shall at any time be changed or exchanged by declaration of a share dividend (bonus shares), share split, combination or exchange of shares, recapitalization, or any other like event by or of the Company, and as often as the same shall occur, then the number, class and kind of the Shares subject to the ISOP or subject to any Options therefore granted, and the Purchase Prices, shall be appropriately and equitably adjusted so as to maintain the proportionate number of Shares without changing the aggregate Purchase Price, provided, however, that the Purchase Price shall not be less than the par value of the Share underlying any such Options, and provided further, that no adjustment shall be made by reason of the distribution of subscription rights (rights offering) on outstanding shares. Upon happening of any of the foregoing, the class and aggregate number of Shares issuable pursuant to the ISOP (as set forth in Section 7 hereof), in respect of which Options have not yet been exercised, shall be appropriately adjusted, all as will be determined by the Board whose determination shall be final.
- 9.6 Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.
- 9.7 Anything herein to the contrary notwithstanding, if prior to the completion of the IPO, a Transaction is consummated pursuant to which, all or substantially all of the shares of the Company are sold, or exchanged for securities of another Company, then each Optionee shall be obliged to sell or exchange, as the case may be, any Shares such Optionee purchased under the ISOP (in accordance with the value of the Optionee's Shares pursuant to the terms of the Transaction), and perform any action and/or execute any document required in order to effectuate such Transaction, all in accordance with the instructions issued by the Board in connection with the Transaction, whose determination shall be final.

10. TERM AND EXERCISE OF OPTIONS

- 10.1 Options shall be exercised by the Optionee by giving written notice to the Company and/or to any third party designated by the Company (the "**Representative**"), in such form and method as may be determined by the Company and when applicable, by the Trustee in accordance with the requirements of Section 102, which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the payment of the Purchase Price at the Company's or the Representative's principal office. The notice shall specify the number of Shares with respect to which the Option is being exercised.

- 10.2 Options, to the extent not previously exercised, shall terminate forthwith upon the earlier of: (i) the date set forth in the Option Agreement (unless otherwise determined in accordance with the provisions of this ISOP with respect to any Option(s), such date shall be seven (7) years from the respective Date of Grant); and (ii) the expiration of any extended period in any of the events set forth in section 10.5 below.
- 10.3 The Options may be exercised by the Optionee in whole at any time or in part from time to time, to the extent that the Options become vested and exercisable, prior to the Expiration Date, and provided that, subject to the provisions of section 10.5 below, the Optionee is employed by or providing services to the Company or any of its Affiliates, at all times during the period beginning with the granting of the Option and ending upon the date of exercise.
- 10.4 Subject to the provisions of section 10.5 below, in the event of termination of Optionee's employment or services, with the Company or any of its Affiliates, all Options granted to such Optionee will immediately expire. A notice of termination of employment or service shall be deemed to constitute termination of employment or service. For the avoidance of doubt, in case of such termination of employment or service, the unvested portion of the Optionee's Option shall not vest and shall not become exercisable and any unvested portion of the Optionee's Option shall revert to the ISOP.
- 10.5 Notwithstanding anything to the contrary hereinabove and unless otherwise determined in the Optionee's Option Agreement, an Option may be exercised after the date of termination of Optionee's employment or service with the Company or any Affiliates during an additional period of time beyond the date of such termination, but only with respect to the number of Vested Options at the time of such termination according to the Vesting Dates, if:
- (i) termination is without Cause, in which event any Vested Option still in force and unexpired may be exercised within a period of ninety (90) days after the date of such termination; or-
 - (ii) termination is the result of death, Retirement or Disability (each, as hereinafter defined) of the Optionee, in which event any Vested Option still in force and unexpired may be exercised within a period of twelve (12) months after the date of such termination; or -
 - (iii) prior to the date of such termination, the Committee shall authorize an extension of the terms of all or part of the Vested Options beyond the date of such termination for a period not to exceed the period during which the Options by their terms would otherwise have been exercisable.

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

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As used herein: (i) the term “**Disability**” means an Optionee’s inability to perform his/her duties to the Company, or to any of its Affiliates, for a consecutive period of at least 180 days, by reason of any medically determinable physical or mental impairment, as determined by a physician selected by the Optionee and acceptable to the Company; and (ii) the term “**Retirement**” means an Optionee’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 Optionee participates.

- 10.6 To avoid doubt, the Optionees shall not be deemed owners of the Shares issuable upon the exercise of Options and shall not have any of the rights or privileges of shareholders of the Company in respect of any Shares purchasable upon the exercise of any Option, nor shall they be deemed to be a class of shareholders or creditors of the Company for purpose of the operation of sections 350 and 351 of the Companies Law or any successor to such section, until registration of the Optionee as holder of such Shares in the Company’s register of shareholders upon exercise of the Option in accordance with the provisions of the ISOP, but in case of Options and Shares held by the Trustee, subject to the provisions of Section 6 of the ISOP.
- 10.7 Any form of Option Agreement authorized by the ISOP may contain such other provisions as the Committee may, from time to time, deem advisable.
- 10.8 With respect to Unapproved 102 Option, if the Optionee ceases to be employed by the Company or any Affiliate, the Optionee shall extend to the Company and/or its Affiliate 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 and the rules, regulation or orders promulgated thereunder.
- 10.9 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.
- 10.10 With respect to Unapproved 102 Options, if the Optionee ceases to be employed by the Company or any Affiliate, the Optionee shall extend to the Company and/or its Affiliate 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 and the rules, regulations or orders promulgated thereunder.

11. VESTING OF OPTIONS

- 11.1 Subject to the provisions of the ISOP, each Option shall vest and become exercisable commencing on the Vesting Date thereof, as determined by the Board or by the Committee, and for the number of Shares as shall be provided in the Option Agreement. However, no Option shall be exercisable after the Expiration Date.
- 11.2 An Option may be subject to such other terms and conditions on the time or times when it may be exercised, as the Committee may deem appropriate. The vesting provisions of individual Options may vary.

12. SHARES SUBJECT TO RIGHT OF FIRST REFUSAL AND BRING ALONG

- 12.1 Notwithstanding anything to the contrary in the Articles of Association of the Company, none of the Optionees shall have a right of first refusal in relation with any Sale (as hereinafter defined) of shares in the Company.
- 12.2 Unless otherwise determined by the Committee, until such time as the Company shall complete an IPO, an Optionee shall not have the right to sell Shares issued upon the exercise of an Option within six (6) months and one day of the later of the date of exercise of such Option or issuance of such Shares (if such an issuance is not made immediately upon exercise).
- 12.3 A sale, transfer, assignment or other disposition (collectively, “**Sale**”) of Shares issuable upon the exercise of an Option shall be subject to the right of first refusal of other shareholders of the Company as set forth in the Articles of Association of the Company or in any agreement among the Company and all or substantially all of its shareholders. In the event that neither the Articles of Association of the Company nor any such agreement shall provide for applicable rights of first refusal, then, unless otherwise determined by the Committee, until such time as the Company shall complete an IPO, the Sale of Shares issuable upon the exercise of an Option shall be subject to a right of first refusal on the part of the Repurchaser(s), as follows:
- (a) Repurchaser(s) means (i) the Company, if permitted by applicable law, (ii) if the Company is not permitted by applicable law, then any Affiliate of the Company designated by the Committee; or (iii) if no decision is reached by the Committee, then the Company’s existing shareholders (save, for avoidance of doubt, for other Optionees who already exercised their Options), pro rata in accordance with their respective shareholdings in the Company’s issued and outstanding share capital.
- (b) The Optionee shall give a notice of sale (hereinafter the “**Notice**”) to the Company in order to offer the Shares to the Repurchaser(s). The Company will forward the Notice to the applicable Repurchaser(s).

(c) The Notice shall specify the name of each proposed purchaser or other transferee (hereinafter the “**Proposed Transferee**”), the number of Shares offered for sale, the price per Share and the payment terms. The Repurchaser(s) will be entitled for thirty (30) days from the day of receipt of the Notice (hereinafter the “**Notice Period**”), to purchase all or part of the offered Shares (if the Repurchaser(s) are shareholders of the Company, then such entitlement shall be on a pro rata basis based upon their respective holdings in the Company’s issued and outstanding share capital).

(d) If by the end of the Notice Period not all of the offered Shares have been purchased by the Repurchaser(s), the Optionee shall be entitled to Sell such remaining unpurchased Shares at any time during the ninety (90) days following the end of the Notice Period on terms not more favorable to the Proposed Transferee than those set out in the Notice, provided that the Proposed Transferee agrees in writing that the provisions of this section shall continue to apply to the Shares in the hands of such Proposed Transferee. Any Sale of Shares issued under the ISOP by the Optionee that is not made in accordance with the ISOP or the Option Agreement shall be null and void.

(e) If the consideration to be paid for the Shares is not cash, the value of the consideration shall be determined in good faith by the Company’s Board of Directors, and if the Company cannot for any reason pay for the Shares in the form of non-cash consideration, the Company may pay the cash equivalent thereof, as determined by the Board of Directors.

- 12.4 Prior to an IPO, and in addition to the right of first refusal, any transfer of Shares by an Optionee shall require the Board of Directors’ approval as to the identity of the transferee and as required under the Company’s Articles of Association. The Board of Directors may refuse to approve the transfer of Shares to any competitor of the Company or to any other person or entity the Board determines, in its discretion, may be detrimental to the Company.
- 12.5 Anything herein to the contrary notwithstanding, the Optionees shall be bound by the “bring along” provisions of any agreement among the Company and all or substantially all of its shareholders, as in effect from time to time, to the effect that if, prior to the completion of the IPO, shareholders holding a certain percentage of the Company’s share capital (as set forth in such agreement) (“**Proposing Holders**”), elect to sell all of their equity securities in the Company to a third party, or agree to merge or consolidate the Company with or into another entity, and such sale or merger is conditioned upon the sale of all remaining stock of the Company to such third party, or to the agreement of all of the shareholders, the Optionees shall be required, if so demanded by the Proposing Holders, to sell or transfer all of their equity securities in the Company to such third party at the same price and upon the same terms and conditions as the Proposing Holders.

13. PURCHASE FOR INVESTMENT; LIMITATIONS UPON IPO; REPRESENTATIONS

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

13.2 The Optionee acknowledges that in the event that the Company's shares shall be registered for trading in any public market, Optionee's rights to sell the Shares may be subject to certain limitations (including a lock-up period), as will be requested by the Company or its underwriters, and the Optionee unconditionally agrees and accepts any such limitations.

13.3 Upon the grant of Options to an Optionee or the issuance of Shares upon the exercise thereof, the Company shall obtain from such the representations and undertakings as follows:

(a) That the Optionee is familiar with the Company, its activity and its financial and commercial forecast, and that the Optionee knows that there is no certainty that the exercise of the Options will be financially worthwhile. The Optionee hereby undertakes not to have any claim against the Company or any of its directors, employees, stockholders or advisors if it emerges, at the time of exercising the Options, that the Optionee's investment in the Company's Shares was not worthwhile, for any reason whatsoever.

(b) That the Optionee knows that his rights regarding the Options and the Shares are subject for all intents and purposes to the instructions of the Company's documents of incorporation and to the agreements of the stockholders in the Company.

(c) That the Optionee knows that in addition to the allocations set forth above, the Company has allocated and/or is entitled to allocate Options and Shares to other employees and other people, and the Optionee shall have no claim regarding such allocations, their quantity, the relationship among them and between them and the other stockholders in the Company, exercising of the options or any matter related to or stemming from them.

(d) That the Optionee knows that neither the ISOP nor the grant of Option or Shares thereunder shall impose any obligation on the Company to continue the engagement of the Optionee, and nothing in the ISOP or in any Option or Shares granted pursuant thereto shall confer upon any Optionee any right to continue being engaged by the Company, or restrict the right of the Company to terminate such engagement at any time.

14. DIVIDENDS

With respect to all Shares (but excluding, for avoidance of any doubt, any unexercised Options) allocated or issued upon the exercise of Options purchased by the Optionee and held by the Optionee or by the Trustee, as the case may be, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, subject to the provisions of the Company's Articles of Association (and all amendments thereto) and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

15. RESTRICTIONS ON ASSIGNABILITY AND SALE OF OPTIONS

15.1 No Option or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to it given to any third party whatsoever, except as specifically allowed under the ISOP, and during the lifetime of the Optionee each and all of such Optionee's rights to purchase Shares hereunder shall be exercisable only by the Optionee.

Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.

15.2 As long as Options and/or Shares are held by the Trustee on behalf of the Optionee, all rights of the Optionee over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or pursuant to the laws of descent and distribution.

16. EFFECTIVE DATE AND DURATION OF THE ISOP

The ISOP shall be effective as of the day it was adopted by the Board and shall terminate at the end of seven (7) years from such day of adoption, unless terminated earlier in accordance with Section 17 hereof.

17. AMENDMENTS OR TERMINATION

The Board may at any time, but when applicable, after consultation with the Trustee, amend, alter, suspend or terminate the ISOP. No amendment, alteration, suspension or termination of the ISOP shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Company, which agreement must be in writing and signed by the Optionee and the Company. Termination of the ISOP shall not affect the Committee's ability to exercise the powers granted to it hereunder with respect to Options granted under the ISOP prior to the date of such termination.

18. GOVERNMENT REGULATIONS

The ISOP, and the grant and exercise of Options hereunder, and the obligation of the Company to sell and deliver Shares under such Options, shall be subject to all applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee, including, without limitation, the United States Securities Act of 1933, the Companies Law, the Securities Law, 1968, and the Ordinance and to such approvals by any governmental agencies or national securities exchanges as may be required. Nothing herein shall be deemed to require the Company to register the Shares under the securities laws of any jurisdiction.

19. CONTINUANCE OF EMPLOYMENT OR HIRED SERVICES

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

20. GOVERNING LAW & JURISDICTION

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

21. TAX CONSEQUENCES

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

- 21.2 The Company and/or, when applicable, the Trustee shall not be required to release any Share certificate to an Optionee until all required payments have been fully made.

22. NON-EXCLUSIVITY OF THE ISOP

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

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

23. MULTIPLE AGREEMENTS

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

PERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the “**Agreement**”) is made and entered into as of the date of the last signature hereto, by and between **Gamida Cell Ltd.** (P.C. No. 51-2601204), of business address at 5 Nachum Hafzadi, Givat Shaul, Jerusalem, 65484 Israel (the “**Company**”), and Dr. Yael Margolin, ID no. 5167346-5 of 2 Yehoshua Bin-Nun Street, Herzlia (“**Executive**”).

WHEREAS Company wishes to employ Executive as CEO of the Company, and Executive agrees to be so employed by Company, as of the Commencement Date of Employment and throughout the Term (as such terms are defined hereunder); and

WHEREAS the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual premises, covenants and undertakings contained herein, the parties hereto have hereby agreed as follows:

1. **Representations and Warranties**

- 1.1. Executive represents to Company that as of the Commencement Date of Employment (as defined below) Executive is free to be employed by Company pursuant to the terms contained in this Agreement and there are no contracts, impediments and/or restrictive covenants preventing full performance of Executive’s duties and obligations hereunder.
- 1.2. The Company represents that there is no impediment preventing it from entering into this Agreement with the Executive.

2. **Term**

Executive’s employment with Company shall commence as of January 1, 2005 (the “**Commencement Date of Employment**”) and shall continue until terminated in accordance with the provisions of Section 11 hereof (the “**Term**”).

3. **Position**

- 3.1. Company hereby agrees to employ Executive and Executive hereby agrees to be employed by Company as its Chief Executive Officer (the “**Position**”).
- 3.2. During Executive’s employment with Company in the Position, Executive shall have the authority, functions, duties and responsibilities, as provided by the Companies Law 5759-1999 or as otherwise may be stipulated by the Board of Directors of the Company from time to time, Executive shall report to the Board of Directors.
- 3.3. Executive shall serve as a member of the Company’s Board of Directors, ex officio, during the Term only and only for as long as she serves in the Position. Notwithstanding the foregoing provision, the Board of Directors may remove Executive from the Board of Directors at any time during the Notice Period (defined hereinafter).
- 3.4. It is hereby acknowledged and agreed that Executive’s Position shall be deemed a senior position and/or one that shall require a special degree of trust; therefore, the provisions of The Work and Rest Hours Law, 1951 (the “**Rest Hours Law**”), shall not apply to this Agreement and to Executive’s employment with Company.

4. **Executive's Duties**

Executive affirms and undertakes throughout the Term:

- 4.1. To devote her entire working time, know-how, energy, expertise, talent, experience and best efforts to the business and affairs of Company and to the performance of her duties with the Company.
- 4.2. To perform and discharge well and faithfully, with devotion, honesty and fidelity, her obligations pursuant to her Position and to ensure that the strategies and objectives of the Company as determined and approved by the Board of Directors of the Company will be diligently pursued.
- 4.3. To comply with the directives of the Board of Directors.
- 4.4. To travel abroad from time to time if and as may be required pursuant to her Position.
- 4.5. Not to receive, at any time, whether during the Term and/or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party in connection with her employment with Company, without the Company's prior written authorization.
- 4.6. To immediately and without delay inform the Company's Board of Directors of any affairs and/or matters that might constitute a conflict of interest with Executive's Position and/or employment with Company.
- 4.7. Not to assume, directly or indirectly, whether with or without consideration, any employment obligations unrelated to the Company (and/or any subsidiary and/or parent company of Company) and not to be retained as a consultant or advisor or contractor (whether or not compensated therefore) to any other business or entity other than with the prior written approval of the Company (not to be unreasonably withheld) and in accordance with the terms and conditions of such approval.
- 4.8. Notwithstanding the foregoing provision, Executive shall be permitted to (i) serve as a director on the Board of Directors of Collgard Biopharmaceuticals Ltd.; and (ii) provide consulting services to the FoamOtic project (each a **"Permitted Activity"** and together, **"Permitted Activities"**), provided that the Permitted Activities do not exceed, in the aggregate, ten (10) hours per month, and further provided that the carrying out of the Permitted Activities by Executive are subject to the complete fulfillment by Executive of her duties to Company under this Agreement, including her assignment of rights obligations under Section 10 below, and that they do not, nor shall they in the future, constitute a conflict of interest with Executive's Position and/or employment with Company. In the event that the Company's Board of Directors determines that one or both of the Permitted Activities constitute a conflict of interest as aforesaid, Executive undertakes to immediately cease the Permitted Activity or Permitted Activities, provided however, that in any event Executive shall be permitted to remain a director of Collgard Biopharmaceuticals Ltd. through the end of February 2005.
- 4.9. Not to use in connection with the Position any trade secrets or proprietary information in such a manner that may breach any confidentiality and/or other obligation Executive may have undertaken relating to any former employer(s) and/or any third party.

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5. **Compensation**

- 5.1. Subject to and in consideration of Executive's fulfillment of her obligations in pursuance of this Agreement, Company shall pay Executive a monthly gross salary in the NIS equivalent of Twelve Thousand Dollars (US \$12,000) (the "**Salary**"), based on the representative rate of exchange of the US dollar known on the last day of the month to which the Salary relates (the "**Rate of Exchange**"), provided however, that the Rate of Exchange shall not be less than the representative rate of exchange of the US dollar known on January 1, 2005.
- 5.2. The Salary shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.
- 5.3. Israeli income tax and other applicable withholdings with respect to the Salary shall be deducted from the Salary by the Company at source.
- 5.4. The Salary shall serve as the basis for deductions and contributions to managers' insurance policy (*Bituach Menahalim*) and advanced study fund (*Keren Hishtalmut*) pursuant to sections 6.1 and 6.2 hereunder, and for the calculation of all social benefits.

6. **Social and Fringe benefits**

6.1. **Managers' Insurance and Pension Fund**

- 6.1.1. Company shall contribute an aggregate monthly amount equal to up to 15.83% of the Salary as premium on a Managers' Insurance (*Bituach Menahalim*) policy or a Pension Fund policy, as designated by the Executive to the Company in writing (the "**Social Benefits Policy**").
- 6.1.2. The abovementioned contributions by Company shall be as follows: 5% towards compensatory payments (the "**Compensatory Payments Component**"), 8.33% towards severance payments (the "**Severance Payments Component**"), and up to 2.5% towards a disability insurance.
- 6.1.3. In addition, Executive shall contribute, and for that purpose Executive irrevocably authorizes and instructs Company to deduct from her Salary at source, an aggregate monthly amount equal to 5% of the Salary to such Social Benefits Policy. The percentages set forth in Section 6.1.2 above, in this Section 6.1.3, and in Section 6.1.5 below, shall be adjusted, from time to time, in compliance with the applicable tax regulations.
- 6.1.4. Executive shall bear any and all taxes in connection with amounts paid by Executive and/or Company to the Social Benefits Policy pursuant to this Section 6.1.

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- 6.1.5. Executive may, at her option, notify the Company in writing that Company's and Executive's aforesaid contributions to the Compensatory Payments Component of the Social Benefits Policy are to be calculated on the basis of that portion of the Salary up to, but not exceeding, the recognized ceiling for contributions to the Social Benefits Policy, that are exempted from taxes under the provisions of applicable law as shall be in effect from time to time (the "**Social Benefits Ceiling**"). In such event, Executive shall be entitled to an additional monthly gross payment in an amount equal to 5% of that portion of the Salary that exceeds the Social Benefits Ceiling (the "**Additional Social Benefits Payment**"). Executive shall bear any and all taxes applicable in connection with the payment by Company and/or the receipt by Executive of the Additional Social Benefits Payment. For the removal of doubt, it is hereby clarified that the Additional Social Benefits Payment shall not constitute part of the Salary for purposes of Section 5.4 above.
- 6.1.6. In the event of termination of the Executive's employment under this Agreement for any reason (including resignation by the Executive), other than a Termination for Cause (as defined hereinafter), (a) Executive shall be entitled to receive full severance pay (as calculated in accordance with the Severance Pay Law - 1963), whether or not she is entitled to severance pay pursuant to the aforesaid law, and (b) all sums accumulated in the Severance Payments Component and the Compensatory Payments Component of the aforesaid Social Benefits Policy shall be released to Executive without delay. Executive shall bear all taxes related to such transfers, if any.
- 6.1.7. All funds accumulated in the Severance Payments Component and released to Executive as set forth above shall be counted towards Company's aforesaid obligation to pay to Employee severance pay.

6.2. Advanced Study Fund

- 6.2.1. Company shall contribute towards an advanced study fund (*Keren Hishtalmut*) (the "**Advanced Study Fund**") an aggregate monthly amount equal to 7.5% of the Salary.
- 6.2.2. Executive shall contribute, and for that purpose, Executive irrevocably authorizes and instructs Company to deduct from her Salary at source, an aggregate monthly amount equal to 2.5% of the Salary as Executive's participation in such Advanced Study Fund.
- 6.2.3. Executive shall bear any and all taxes applicable in connection with amounts payable by Executive and/or Company to the Advanced Study Fund pursuant to this Section 6.2.

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6.2.4. Executive may, at her option, notify the Company in writing that Company's and Executive's aforesaid contributions to the Advanced Study Fund are to be calculated on the basis of that portion of the Salary up to, but not exceeding, the recognized ceiling for contributions to the Advanced Study Fund, that are exempted from taxes under the provisions of applicable law as shall be in effect from time to time (the "**Advanced Study Fund Ceiling**"). In such event, Executive shall be entitled to an additional monthly gross payment in an amount equal to 7.5% of that portion of the Salary that exceeds the Advanced Study Fund Ceiling (the "**Additional Advanced Study Fund Payment**"). Executive shall bear any and all taxes applicable in connection with the payment by Company and/or the receipt by Executive of the Additional Advanced Study Fund Payment. For the removal of doubt, it is hereby clarified that the Additional Advanced Study Fund Payment shall not constitute part of the Salary for purposes of Section 5.4 above.

6.2.5. In the event of termination of Executive's employment under this Agreement for any reason, Executive shall be entitled to all sums accumulated in the Advanced Study Fund, and shall bear all taxes related to her receipt of such sums, if any.

6.3. **Annual Leave**

Executive shall be entitled to an annual leave totaling, in the aggregate, 22 working days per year (the "**Annual Leave Quota**"). Annual leave shall be taken with adequate regard to the needs of Company. Unexploited leave days may be accumulated up to a maximum of twice the Annual Leave Quota

6.4. **Sick Leave**

Executive shall be entitled to sick leave in accordance with the provisions of the Sickness Pay Law, 1976. . Notwithstanding the foregoing, the Executive shall be entitled to full sick leave pay commencing upon the first day of illness.

6.5. **Company Car**

6.5.1. Company shall provide Executive with a class 4 car (i.e., not exceeding a value of \$____) (the "**Company Car**") to be placed at Executive's disposal, for her business and reasonable personal use.

6.5.2. Executive shall take good care of such Company Car and ensure that Company's rules relating to Company Car and the provisions of the insurance policy relating to the use of said car, are strictly, lawfully and carefully observed.

In the event that the Company Car shall be leased from a leasing company, Executive undertakes to strictly comply with all of the provisions of the lease agreement with said leasing company relating to the use of the Company Car.

6.5.3. Executive shall bear and pay all expenses relating to any violation of law committed by the Executive in connection with the use of Company Car.

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- 6.5.4. The value of the monthly use of the Company Car shall be added to the Salary, in accordance with income tax regulations applicable thereto and Company shall gross up Executive's Salary to cover any taxes imposed on Executive in connection with the Company Car and/or the use thereof.
- 6.5.5. Executive shall return the Company Car (together with its keys and any other equipment supplied and/or installed therein by Company) to Company's principal office upon termination of her employment under this Agreement. Executive shall have no rights of lien with respect to Company Car and/or any of said other equipment.

6.6. Phones and Internet

- 6.6.1. The Company shall provide Executive with, and pay for the use of, a cellular phone (the "**Cellular Phone**") for Executive's use in the course of performing her obligations under her Position.
- 6.6.2. Executive shall bear all (if any) taxes applicable to her in connection with the Cellular Phone and/or the use thereof.
- 6.6.3. Upon termination of her employment under this Agreement, Executive shall return the Cellular Phone to Company at its principal office. Executive shall have no rights of lien with respect to the Cellular Phone.
- 6.6.4. In addition and without limitation to the above, the Company shall fully reimburse Executive for expenses related to her use of a home-phone line and at home high-speed Internet connection.

6.7. Recreation Pay

Executive shall be entitled to annual recreation pay (*D'mey Havra'ah*) in an amount to be determined in accordance with Israeli regulations with respect to such recreation pay.

6.8. Expenses

The Company shall pay or reimburse the executive for all reasonable expenses incurred by the Executive in discharge of her responsibilities hereunder, in Israel. In addition, and without limitation to the above, Company shall reimburse Executive, or pay, for those of Executive's international travel expenses as have been previously approved by the Board of Directors, including airline tickets, hotel accommodations and other travel-related expenses. Any reimbursement of expenses under this Section 6.8 shall be conditioned upon receipt by Company of copies of all invoices, receipts and other evidence of expenditures as may be required by Company policy from time to time.

6.9. Officers' Liability Insurance

The Company shall obtain on behalf of the Executive officers' liability insurance and shall provide the Executive with a written undertaking to indemnify and release, all in accordance with the officers and directors insurance and indemnity currently provided by the Company to its officers and directors.

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6.10. Performance Bonus

A review of Executive's performance shall be conducted on an annual basis by the Company's Board of Directors and the Board shall determine, at its sole discretion, whether Executive shall be entitled to a bonus for her performance and if so, in what amount. For the removal of doubt, it is hereby clarified that nothing in the aforesaid shall be construed as obligating the Company to grant Executive a bonus, or to grant a bonus in any particular amount.

7. Options

- 7.1. The Company hereby undertakes to grant to the Executive, as soon as practicable following the Commencement Date of Employment, options (the "**Options**") entitling Executive to purchase 200,000 Ordinary Shares "B" of Company (the "Shares"), at an exercise price of \$1.41 per share.
- 7.2. The vesting periods for the Options shall be three years and the vesting schedule shall be as follows:

1/3 of the Options shall vest on the first anniversary of the Commencement Date of Employment. The remaining 2/3 of the Options shall vest on a monthly basis during the 24 month period between the first and third anniversaries of the Commencement Date of Employment.
- 7.3. Notwithstanding the foregoing, the Options shall immediately vest and become exercisable with respect to the aggregate number of Shares subject to the Options upon (a) the Company's initial public offering; (b) the occurrence of a merger or sale of the Company, other than a merger with or a sale to a wholly owned subsidiary or pursuant to a reorganization of the Company, e.g., a reorganization and immigration of the Company into a Delaware corporation for purposes of changing the Company's domicile or jurisdiction of registration; or (c) a sale of all or substantially all of the Company's shares or assets ("**Exit Event**"). For clarification purposes, any agreement with Teva Pharmaceutical Industries Ltd. ("Teva") pursuant to the MOU entered into between the Company and Teva on February 27, 2003, shall not be deemed an Exit Event triggering the acceleration provided under this Section 7.3.
- 7.4. The Options shall be granted pursuant to, and in accordance with the terms of, the Company's stock option plan (the "**Plan**") and the option agreement to be entered into between the Company and the Executive in the form approved by the Board of Directors (the "**Option Agreement**"). The Options shall be classified as Capital Gain Options. In the event of the termination of this Agreement by Company or by Executive, other than a Termination for Cause, those Options which have vested as of the aforesaid termination shall be exercisable for that period of time which is the shorter of (i) a period of (five) 5 years from the effective date of termination of this Agreement; and (ii) the period of time commencing on the effective date of termination of this Agreement and ending on the occurrence of an Exit Event, provided that (x) such Exit Event results in the termination of all options and similar rights held by all of the Company's option-holders and warrant-holders who are not employees of the Company at the time of the Exit Event, (y) Company informs Executive in writing, subject to Executive's prior written confidentiality undertaking, immediately following the signing of a definitive agreement contemplating such Exit Event, such notice including the material terms and conditions of the expected Exit Event, and (z) Executive shall have the right to condition her exercise of the Options on the actual occurrence of the Exit Event, such that the lack of such occurrence shall entitle the Executive to rescind her decision to so exercise, thereby resulting in an obligation of the Company to promptly return to Executive any exercise price paid by her (if any).

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- 7.5. The Company undertakes that all shares issued to the Executive upon exercise of the Options shall be duly authorized and validly issued, fully paid and nonassessable, free and clear of liens, claims, charges, encumbrances, and any third party rights.
- 7.6. All terms of the Options not specifically set forth in this Section 7, including customary provisions such as those pertaining to certain adjustments, restrictions on transfer, termination of employment and tax liability, shall be as set forth in the Plan and in the Option Agreement.
- 7.7. Executive undertakes to execute any and all documents, including the Option Agreement, as may be required by the Company in connection with the Options, and the grant of the Options shall be subject to Executive's fulfillment of the aforesaid undertaking.

8. **Proprietary Information and Confidentiality**

- 8.1. The Executive is aware that, in the course of employment under this Agreement, she may have access to, and be entrusted with, information in respect of the business and financing of the Company and/or its affiliates (both present and future) and/or subsidiaries (both present and future) (together, the "**Affiliates**"), their dealings, transactions and affairs, and likewise in relation to their customers and suppliers, all of which information may be confidential. The Executive also acknowledges and agrees that the Company and/or Affiliates possess and will continue to possess, acquire and develop information and technology that has been created, discovered or developed, or has otherwise become known to the Company and/or Affiliates, which information has commercial value in the business in which the Company and/or Affiliates is engaged. All of the above information, whether documentary, written, oral or computer generated, shall be deemed to be and referred to as "**Proprietary Information**", which by way of illustration, but not limitation, includes trade secrets, processes, formulae, data and know-how, improvements, inventions, techniques, products and/or technologies (actual or planned), marketing plans, strategies, forecasts and customer lists. Proprietary Information shall not include any of the foregoing which the Executive can establish was known to her prior to the date of disclosure by the Company and/or Affiliates or is at the date of the Agreement, or in the future becomes, public knowledge as evidenced by published or generally available materials, other than by breach of this section. The obligations of confidentiality hereunder shall not apply to information required by law to be disclosed by Executive, provided that the Executive notifies the Company of such requirement as soon as practicable and prior to any anticipated disclosure.

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- 8.2. Executive agrees and declares that all Proprietary Information, patents and/or patent applications, copyrights and other intellectual property rights in connection therewith, are and shall remain the sole property of Company and/or Affiliates and their assigns. All business records, papers and documents however documented, kept or made by Executive relating to the business and affairs of Company and/or Affiliates shall be and remain the property of Company and/or Affiliates, as the case may be.
- 8.3. Executive further recognizes and acknowledges that such Proprietary Information is a valuable and unique asset of the business and affairs of Company and/or Affiliates, and that its use or disclosure other than in accordance with the provisions of this Agreement, would cause Company and/or Affiliates, as the case may be, substantial loss and damages. Accordingly, Executive undertakes and agrees that, at all times, during the Term and upon its expiration thereafter, Executive shall keep in confidence and trust all Proprietary Information, and any part thereof, and shall not use or disclose and/or make available, directly or indirectly, to any third party any Proprietary Information without the prior written consent of Company, except and to the extent as may be necessary in the ordinary course of performing Executive's duties pertaining to Company and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental entity.
- 8.4. Without derogating from the generality of the foregoing, Executive agrees as follows:
- 8.4.1. She shall not copy, transmit, reproduce, summarize, quote, publish and/or make any commercial or other use whatsoever of the Proprietary Information, or any part thereof, without the prior written consent of Company, except as may be necessary in the performance of her duties pertaining to Company;
- 8.4.2. She shall exercise strict care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and shall take all reasonable steps necessary to ensure the maintaining of confidentiality;
- 8.4.3. Upon termination of her employment, and/or as otherwise requested by Company, she shall promptly deliver to Company all Proprietary Information and any and all copies thereof, whether in written or electronic form, that had been furnished to Executive, prepared thereby and/or came to her possession in any manner whatsoever, during and in the course of her employment with Company, and shall not retain and/or make copies thereof in whatever form.
- 8.5. The provisions of this Section 8 shall survive termination of this Agreement and shall remain in full force and effect at all times thereafter.

9. **Non-Competition and Non-Solicitation**

- 9.1. Executive hereby covenants that throughout the Term and thereafter for a period of twelve (12) months following the effective date of termination of Executive's employment howsoever arising, Executive shall not;
- 9.1.1. Engage, directly or indirectly, in any capacity whatsoever, whether independently or as an employee, consultant or otherwise through any corporate body and/or with or through others, in direct competition with the Company and/or Affiliates.

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9.1.2. Accept any position, whether as employee, consultant or otherwise with, or hold any interest in, any corporate body that competes directly with Company and/or Affiliates, provided however, that nothing stated herein shall preclude Executive from owning a stock interest in any corporation, provided it is solely a passive interest.

9.1.3. Whether on her own account and/or on behalf of others, in any way interfere with and/or endeavor to entice away, or offer or solicit for the purpose of so interfering and/or enticing away, from Company and/or its Affiliates, any person, firm or company with whom Company and/or its Affiliates shall have any contractual and/or commercial relationship as an employee, consultant, licensor, joint venturer, supplier, customer, distributor, agent or contractor of whatsoever nature, existing or under negotiation on, or prior to, the effective date of termination of Executive's employment with Company.

9.2. Executive is aware of and acknowledges that her obligations, under this Section 9, are derived of her access to the Confidential Information, and the Options granted to her according to Section 7 above constitute a special consideration given to Executive in return for the aforesaid undertakings.

10. **Inventions**

10.1. Executive shall promptly disclose and describe to Company any ideas, inventions, mask works, discoveries, original works of authorship, developments, improvements, modifications, and enhancements, whether or not capable of being patented or copyrighted, which she may solely or jointly with others, conceive, develop or reduce to practice or cause to be conceived or reduced to practice during the Term, whether or not conceived during working hours, which pertain to or relate to Company and/or Affiliates, including, without limitation, its technology and/or business, or to any experimental work performed by Company and/or Affiliates, and/or arise from Executive's employment with Company (collectively, the "**Inventions**").

10.2. All Inventions, and any and all rights, interests and title therein, including the droit moral therein, shall be the exclusive property of Company and/or Affiliates, as the case may be, and Executive shall not be entitled to, and hereby waives now and/or in the future, any claim to any right, compensation and/or reward in connection therewith.

10.3. In the event that by operation of law, any Invention shall be deemed Executive's, Executive hereby assigns and shall in the future take all the requisite steps (including by way of illustration only, signing all appropriate documents) to assign to company or its designee(s) (including Affiliates) any and all of her foregoing rights, titles and interests worldwide in and to the Inventions and in all intellectual property rights based upon the Inventions, and acknowledges and shall in the future acknowledge Company's full and exclusive ownership of intellectual property rights, both foreign and domestic, relating to the Inventions. To the extent necessary, Executive shall, prior to or following termination of this Agreement and at the Company's exclusive cost, execute all documents and take all steps reasonably necessary to effectuate the assignment to Company and/or its designee and/or assist Company to obtain the exclusive and absolute rights, title and interests in and to all Inventions, whether by the registration of patent, trade mark, trade secret and/or any other applicable legal protection, and to protect same against infringement by any third party.

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This provision shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.

- 10.4. The provisions of this Section 10 shall survive termination of this Agreement and shall be and remain in full force and effect at all times thereafter.

11. **Termination**

- 11.1. Either party may, at any time, during the Term, furnish the other party hereto with a written notice that this Agreement is terminated (the “**Termination Notice**”). The Termination Notice may be with or without cause and must be furnished to the other party, at least 3 (three) months prior to the Termination Notice having effect (the “**Notice Period**”). The Termination Notice shall set forth both the date on which said notice is being furnished and the date on which the Termination Notice shall be effective.
- 11.2. In the event that a Termination Notice is delivered by either party hereto, the following shall apply:
- 11.2.1. During the Notice Period, Executive shall be obligated to continue to discharge and perform all of her duties and obligations with Company and to take all steps, satisfactory to Company, to ensure the orderly transition to any persons designated by Company of all matters handled by Executive during the course of her employment with Company.
- 11.2.2. Notwithstanding the provisions of Section 11.2.1 above to the contrary, by notifying Executive concurrently with or at any time after a Termination Notice is delivered by either party hereto, Company shall be entitled to waive Executive’s services with Company during the Notice Period, or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such events, Executive shall be entitled to the Salary and the social and fringe benefits detailed in Sections 6.1, 6.2, 6.3, 6.5, and 6.7 for the duration of the Notice Period, or, in the event Company has terminated the employer-employee relationship, to payment of a lump-sum amount equal to the Salary and to the value of the aforesaid social and fringe benefits.
- 11.3. **Transition Period**. In addition and without limitation to the provisions of Section 11.1 and 11.2 above, in the event of termination of the Executive’s employment under this Agreement for any reason (including resignation by the Executive), other than Termination for Cause, Executive shall be entitled to a 3 (three) months transition period (the “**Transition Period**”) starting immediately upon the expiration of the Notice Period. For the duration of the Transition Period, Executive shall receive the Salary and the social and fringe benefits detailed in Sections 6.1, 6.2, 6.3, 6.5, and 6.7 hereof. At the request of the Company, Executive shall consult with the Company during the Transition Period, up to 15 hours per month, Executive shall not be entitled to receive any additional compensation for such consulting.

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- 11.4. The provisions of Sections 11.1 and 11.2 above notwithstanding, Company, by furnishing a notice to Executive, shall be entitled to terminate her employment with Company with immediate effect where said termination is a Termination for Cause. In the event of such termination, without derogating from the rights of Company under this Agreement and/or any applicable law, Executive shall not be entitled to any of the consideration specified in Sections 11.1 and 11.2 above and/or to severance pay and/or to Company's contributions to the Social Benefits Policy (Severance Payments Component). Executive shall be entitled to the Compensatory Payments Component and to the Advanced Study Fund.
- 11.5. As used in this Agreement, the term "**Termination for Cause**" shall mean termination of Executive's employment with Company as a result of the occurrence of any one of the following: (i) Executive has been convicted of a dishonorable criminal offense; (ii) Executive is in breach of her duties of trust or loyalty to Company; (iii) Executive deliberately causes harm to Company's business affairs; (iv) Executive breaches Section 8 (confidentiality) and/or Section 9 (non-competition and non-solicitation) and/or Section 10 (assignment of inventions) of this Agreement; and/or (v) other misconduct that negate Executive's entitlement to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.
- 11.6. Without derogating from Company's rights pursuant to any applicable law, in the event that Executive shall terminate employment with Company with immediate effect or upon shorter notice than the Notice Period, Company shall have the right to receive from the Executive an amount equal to the Salary and/or any benefits to which Executive shall have otherwise been entitled for his employment hereunder during the Notice Period, or any part thereof, as the case may be.
- 11.7. Upon termination of Executive's employment with Company, Executive affirms and undertakes to transfer her Position to her replacement, as shall be determined by Company, in an efficient, complete, appropriate and orderly manner, and to fulfill her obligations under sections 6.5.5, 6.6.3, and 8.4.4 above.

12. **Approval of Board of Directors**

This Agreement is subject to the approval of the Board of Directors of the Company and shall come into full force and effect only upon such approval and the execution thereof by those authorized by the Board of Directors to sign this Agreement on its behalf.

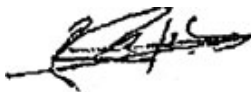
13. **General Provisions**

- 13.1. The parties acknowledge that no adequate remedy at law exists in which to enforce the terms and conditions of this Agreement. Therefore, in the event the Executive breaches the confidentiality, non-compete or assignment of inventions provisions of this Agreement, the Company shall be entitled to injunctive relief (including the issuance of a mandatory injunction) prohibiting the continuing breaches of the Agreement or ordering the Executive to assign the Inventions.

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- 13.2. Except as otherwise provided herein, Company shall withhold, or charge Executive with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Executive in connection with her employment with Company.
- 13.3. Any failure or delay by either party in enforcing any of the provisions of thin Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent such party thereafter from enforcing each and every other provision of this Agreement, which were previously not enforced.
- 13.4. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.
- 13.5. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the State of Israel in any dispute related to this Agreement.
- 13.6. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matters hereof, and supersedes all prior agreements and understandings between the parties with respect thereto.
- 13.7. Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof. Words in the masculine gender shall include the feminine gender.
- 13.8. Any notice to be given to the Company under this Agreement shall be addressed to the Chairman of the Board of Directors at the offices of the Company. Any notice to the Executive shall be addressed to her home address at 2 Yehoshua Bin-Nun Street, Herzeliya. Either party may designate a different address by notice in writing to the other party pursuant to this Section. Each notice and/or demand given by one party to the other pursuant to this Agreement shall be in writing and shall be either delivered by hand or sent by registered mail to the other party at the address stated in this Section or as otherwise notified pursuant to this Section, and such notice and/or demand shall be deemed given at the expiration of seventy two (72) hours from the date of mailing by registered mail in Israel or immediately if delivered by hand.

IN WITNESS WHEREOF, the parties hereto have each hereby duly executed this Agreement on the day and year set forth below their respective signatures.



Gamida Cell Ltd.

By: RUBEN KRUPIK

Title: DIRECTOR

Dated: 6/1/05



Dr. Yael Margolin

Dated: 10.1.2005

704/201/99

PERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 10 day of June 1, 1999, by and between Gamida Cell Ltd. of 24 Kanfei Nesharim Street, Jerusalem Israel (Registration No.: 51-260120-4) (the "Company"), and Toni Peled (Israeli I.D. No.: 6776387) (the "Employee").

WHEREAS The Company wishes to employ the Employee, and the Employee agrees to be employed by the Company; and

WHEREAS The parties wish to regulate their relationship in accordance with the terms and conditions set forth in this employment agreement.

NOW, THEREFOR, the parties do hereby mutually agree as follows:

Employment

1. The Company hereby employs the Employee and Employee hereby agrees to be employed by the Company on the terms and conditions contained in this Agreement.

Employee's Duties

2. Employee shall be employed as a Research Manager and in such position shall be responsible for various research and development projects conducted by the Company from time to time and shall report directly to the President and Chief Executive Officer of the Company (the "CEO").
 3. During Employee's employment with the Company, Employee's primary responsibilities shall be to supervise and conduct various research and development projects conducted by the Company from time to time and to serve in such offices or capacities of the Company (and/or any subsidiary of the Company) and provide such other services as the Board of Directors of the Company (the "Board") or the CEO shall request. During the term of this Agreement, Employee shall perform and discharge well and faithfully all duties that may be assigned to her by the Company from time to time in accordance with this Agreement.
 4. Employee shall be required to devote her entire work time, energy, talent, working knowledge, experience, and best efforts to the business and affairs of the Company and to the performance of her duties hereunder. Accordingly, except as specifically provided herein below, Employee shall not assume any additional employment obligations unrelated to the Company (and/or any subsidiary of the Company) and shall not be retained as a consultant or advisor or contractor (whether or not compensated therefor) to any other business without the prior written consent of the CEO. Notwithstanding the aforesaid, the Employee shall be permitted to cooperate with, and take part in various research activities being conducted by, Hadassit Medical Research Services and Development Company ("Hadassit") in connection with the DIF research project and for as long as, but only for as long as, Hadassit maintains all of the rights in connection with said DIF project.
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5. It is hereby acknowledged and agreed that the position of the Employee in the Company is a most senior one, requiring a special degree of trust, and accordingly, the provisions of The Work and Rest Hours Law, 1951 and the regulations promulgated thereunder, relating to separate and/or additional payments in respect of additional hours or for working on the weekend or on national holidays, shall not apply to this Agreement. Employee acknowledges and agrees that the compensation provided for in Paragraph 6 of this Agreement includes a proper and just reward for the requirements of Employee's position and her obligation to work at irregular hours of the day. Accordingly, Employee shall not be entitled to any additional bonus or other payment for extra hours of work other than as provided herein.

Compensation

6. Employee's monthly gross salary shall be fifteen thousand New Israeli Shekels (NTS 15,000) (hereinafter the "Salary"). Upon receipt of her PhD degree, the Employee's Salary shall be increased by 10%. The Employee shall also be entitled to cost of living increases (Tosefet Yoker) at the times and in the amounts customarily given to employees in the public sector, however, nothing in the aforesaid shall be construed as entitling the Employee to any rights or privileges granted to employees under any collective bargaining agreement, and the provisions of this Agreement alone shall govern the terms of the Employee's employment.
7. The Salary shall be payable by no later than the ninth (9th) day of the calendar month following the calendar month of employment to which the payment relates.
8. Israeli income tax and other applicable withholdings with respect to the Salary shall be deducted from the Salary or all other payments to the Employee which are subject to withholding. The Salary and/or any adjustments thereto may be payable by the Company or by a parent company or a subsidiary or another affiliate of the Company, in the Company's discretion.
9. In addition to the Salary, Employee shall be entitled to all employee benefits which are mandatory under applicable Israeli law. Currently, such benefits (and other non-mandatory benefits) to which the Employee shall be entitled are as follows:
- 9.1 9.1.1 The Company shall contribute an additional 15.83% of the Salary which will be allocated as follows: 8.33% towards severance pay, 5% towards pension insurance and 2.5% towards disability insurance. Such contributions shall be made as part of a plan acceptable to both the Company and the Employee or as premiums on a managers' insurance policy. The Employee shall contribute an additional amount equal to 5% of the Salary to such plans or managers' insurance policy. The sums contributed by the Employee shall be deducted from her Salary at source.
- 9.1.2 Upon the termination of the Employee's employment, the Company shall release to the Employee amounts then contained in such plans or the policies (including the Company's contributions), except that in the event of Termination for Cause (as hereinafter defined) those portions of such plans and policies constituting the Company's contributions, including those contributions towards severance pay, shall not be released to the Employee, and in the event of termination due to a material breach by the Employee of any provision of this Agreement not constituting a Termination for Cause, the Company's contributions towards pension insurance shall not be released to the Employee. As used in this Agreement, the term "Termination for Cause" shall mean termination of employment as a result of the occurrence of any one of the following: (i) the Employee is found guilty of a dishonorable criminal offense; (ii) the Employee is in breach of her duties of trust or loyalty to the Company; (iii) the Employee deliberately causes harm to the Company's business affairs; or (iv) the Employee materially breaches the confidentiality and/or non-competition and/or non-solicitation provisions of this Agreement.

9.1.3. The Employee shall be responsible for any tax imposed on her in connection with the above plans or insurance policies and/or in connection with the Company's contributions thereto.

9.2 The Company shall contribute an additional 7.5% of the Salary towards a study fund (Keren Hishtalmut), provided that said contribution does not exceed the applicable ceiling for tax credit and/or tax deduction purposes, in which case said contribution shall be up to the applicable ceiling. The Employee shall contribute an additional 2.5% towards such a fund. The Employee shall be responsible for any tax imposed on her in connection with the above plan and/or in connection with the Company's contributions thereto.

9.3 The Employee shall be entitled to annual recreation pay (Dmey Havra-ah) in an amount to be determined in accordance with Israeli regulations in effect from time to time in relation to such recreation pay.

Company Car, Expenses

10. Within one year of the Employee's employment hereunder, the Company shall make available to the Employee a company car of a kind to be determined by the Company at its sole discretion, to be used by the Employee, at the Company's discretion and as required for carrying out her duties hereunder. The Company shall bear all costs related to the use of the automobile including costs of maintenance and insurance. The Employee shall be responsible for any tax imposed on her as a result of the use of such automobile and for any fines resulting from traffic violations.

Until such time as the Company shall make a company car available to the Employee as provided herein, the Company shall reimburse the Employee for travel expenses to and from work and for business-related travel based on kilometerage to be calculated in accordance with the "Cheshev" tariff for cars with a 1.6 litre engine capacity.

In addition, the Company shall enable the Employee to participate in, and shall pay all related expenses in connection with, one international scientific conference per year involving a scientific topic and/or field relevant to the Company's fields of endeavor and to the Employee's work in the Company.

Vacation

11. The Employee shall be entitled to paid annual leave of 14 (fourteen) working days with respect to and during each 12 (twelve) month period of her employment hereunder, such leave to be taken with adequate regard for the needs of the Company and in reasonable agreement with the CEO. In the event that the Employee is unable to use all of her vacation leave during any particular year, then any unused vacation days from such year shall be accruable for one additional year only, after which the right to use them shall be lost.

Sick Leave

12. The Employee shall be entitled to sick leave in every calendar year during the continuance of this Agreement in accordance with the legal requirements set forth in the Sickness Pay Law - 1976.

Stock Options

13. The Employee shall be eligible to participate in the Company's share option plan or plans effective during the term of the Employee's employment with the Company. The grant of stock options under any such share option plan, the timing thereof and the amount of options granted shall be at the sole discretion of the Board, provided however, that any grant of options shall be commensurate with the Employee's position as a senior employee of the Company.

Proprietary Information and Confidentiality

14.
 - 14.1 The Employee is aware that, in the course of employment under this Agreement, she may have access to, and be entrusted with, information in respect of the business and financing of the Company and its dealings, transactions and affairs, and likewise in relation to its affiliates, customers and suppliers, all of which information may be confidential. The Employee also acknowledges and agrees that the Company possesses and will continue to possess, acquire and develop information and technology that has been created, discovered or developed, or has otherwise become known to the Company, which information has commercial value in the business in which the Company is engaged. All of the above information, whether documentary, written, oral or computer generated, shall be deemed to be and referred to as "Proprietary Information", which by way of illustration, but not limitation, includes trade secrets, processes, formulae, data and know-how, improvements, inventions, techniques, products and/or technologies (actual or planned), marketing plans, strategies, forecasts and customer lists.
 - 14.2 The Employee agrees and declares that all Proprietary Information, patent applications, patents, copyrights and other intellectual property rights in connection therewith shall be the sole property of the Company and its assigns.

At all times, both during her employment by the Company and thereafter, the Employee will keep in confidence and trust all Proprietary Information and will not use or disclose any Proprietary Information without the written consent of the Company except as may be necessary in the ordinary course of performing the Employees duties hereunder, and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental authority.

Without derogating from the generality of the above, the Employee agrees as follows:

That she will not copy, transmit, reproduce, summarize, quote or make any commercial or other use whatsoever of the Proprietary Information without the prior written consent of the Company except as may be necessary in the performance of her duties for the Company;

To exercise the highest degree of care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and generally to take all reasonable steps necessary to ensure maintenance of confidentiality;

Upon termination of her employment, or as otherwise requested by the Company, to deliver promptly to the Company all of the Proprietary Information in whatever form, that may be in her possession or under her control and that she shall not retain or make copies thereof in whatever form.

The provisions of this Section 14 shall survive the termination of this Agreement.

Non-Competition and Non-Solicitation

15.

- 15.1 Subject to the Employee's work with Hadassit as specifically provided for in Section 4 above and as to which engagement the CEO is, by executing this Agreement on behalf of the Company, deemed to have given his written consent as required herein, the Employee hereby covenants with the Company that throughout the term of her employment hereunder, and thereafter during the period of twenty-four (24) months following the effective date of termination of her employment howsoever arising, she will not, without the prior written consent of the CEO, engage in any capacity whatsoever, whether independently or as an employee, consultant or otherwise, directly or indirectly, through any corporate body or with or through others, in any activity competing directly or indirectly with the activities of the Company and its affiliates, as the same shall exist from time to time during her employment and thereafter as shall exist at the effective date of termination of her employment hereunder, or accept any employment, consultant or other form of engagement whatsoever relating to the same fields of endeavor as those of the Company with any person, firm or company which at the date of such termination of employment or at any time during the period of twenty-four (24) months immediately preceding such date, is or was the supplier of any goods or services of whatsoever nature of the Company or any of its affiliates, at such date or at any time thereafter while the covenant of the Employee hereunder remains in force.

- 15.2 The Employee hereby further covenants with the Company that she will not at any time during the continuance of this Agreement and for a period of twenty-four (24) months following the effective date of termination hereof, whether on her own account or for others, in any way solicit, interfere with or endeavor to entice away from the Company or any of its affiliates any person, firm or company with whom the Company or any of its affiliates shall have any contractual or commercial relationship as a licensor, joint venture, supplier, customer, distributor, agent or other contractor of whatsoever nature existing or under negotiation on or before the effective date of termination of the Employee's employment hereunder.

The provisions of this Section 15 shall survive termination of this Agreement.

Warranties and Representations

16.

- 16.1 The Employee represents and warrants that as of the Commencement Date of Employment, defined hereinafter, she will be free to be employed by the Company upon the terms contained in this Agreement and that, subject to the execution hereof, there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of her duties hereunder,
- 16.2 The Employee represents and warrants that she will not use, during the course of her employment with the Company, any trade secrets or proprietary information in such a manner that may breach any confidentiality or other obligation the Employee may have with any former employer(s).

Inventions

17. The Employee agrees to promptly and from time to time fully inform and disclose to the Company all inventions, designs, improvements and discoveries which she now has or may thereafter have during the term of her employment which pertain to or relate to the business of the Company or to any experimental work carried on by the Company, whether conceived by the Employee alone or with others and whether or not conceived during regular working hours (the "Inventions"). All Inventions shall be the exclusive property of the Company and the Employee shall not be entitled to any further compensation or reward in connection therewith other than as specifically set forth in this Agreement. The Employee shall assist the Company to obtain patents on all Inventions deemed patentable by the Company and shall, before or after termination of this Agreement, execute all documents and do all things necessary to vest the Company with full and exclusive title thereto and to protect same against Infringement from others. This provision shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.

Term and Termination

18. Employee's employment with the Company shall commence on 1.6, 1999 (the "Commencement Date of Employment"). Each party may at any time give the other party a written notice that this Agreement is terminated. Such notice may be given for no Cause and must be given to the other party at least three (3) months prior to the effective date of termination (hereinafter the "Notice Period").

19. The Company may, at any time, give the Employee notice that her employment is terminated effective immediately or upon shorter notice than the Notice Period, provided that the Company pay the Employee her Salary and other benefits to which she is entitled (less any amounts the Company may offset therefrom) for the entire Notice Period or part thereof, as the case may be.
20. The provisions of Sections 18 and 19 above notwithstanding, the Company, by service of written notice upon the Employee, shall be entitled to terminate her employment hereunder with immediate effect where said termination is a Termination for Cause or where the Employee has materially breached any provision of this Agreement.
21. In case of termination, due to any reason whatsoever, other than Termination for Cause or termination due to a material breach by the Employee of the Agreement not constituting Termination for Cause, as to which the provisions of subsection 9.1.2 shall apply, the Employee shall be entitled to the amounts accumulated in her managers' insurance policy and study fund as provided in Sections 9.1 and 9.2 above. Payments by the Company under this Section 21 shall be in lieu of its statutory obligation to pay severance pay, if required, under Section 14 of the Severance Pay Law 5723-1963. In the event that the amounts accumulated in the Employee's managers' insurance policy constitute less than the amount of severance pay which the Company would be obligated to pay under law, the accumulated amounts shall be supplemented to equal the amount required under law.

General Provisions

22. The parties acknowledge that no adequate remedy at law exists in which to enforce the terms and conditions of this Agreement. Therefore, in the event the Employee breaches the confidentiality, non-compete or assignment of inventions provisions of this Agreement, the Company shall be entitled to injunctive relief (including the issuance of a mandatory injunction) prohibiting the continuing breaches of the Agreement or ordering the Employee to assign the Inventions.
23. The Company's failure or delay in enforcing any of the provisions of this Agreement shall not in any way be construed as a waiver of any such provisions, or prevent the Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.
24. Any notice to be given to the Company under this Agreement shall be addressed to the Chief Executive Officer of the Company at the offices of the Company. Any notice to the Employee shall be addressed to her home address at 19 Bareket Street, Mevasseret Zion. Either party may designate a different address by notice in writing to the other party pursuant to this Section. Each notice and/or demand given by one party to the other pursuant to this Agreement shall be in writing and shall be either delivered by hand or sent by registered mail to the other party at the address stated in this Section or as otherwise notified pursuant to this Section, and such notice and/or demand shall be deemed given at the expiration of seventy two (72) hours from the date of mailing by registered mail in Israel or immediately if delivered by hand.
25. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of Jerusalem in any dispute related to this Agreement.

26. Captions and paragraph headings used in this Agreement are for convenience only and shall not be used in the construction or interpretation thereof.
27. This Agreement supersedes all prior agreements and understandings between the parties as to its subject matter and is intended, to the extent allowed under the Israeli law, to override any statutory provisions related to the employment of the Employee by the Company.
28. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.
29. The provisions of this Agreement shall, where possible, be interpreted in a manner necessary to sustain their legality and enforceability. Without derogating from the foregoing, in the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect due to the fact that it is overbroad or insufficiently limited in time, the parties hereby authorize, to the maximum extent legally permissible, the tribunal interpreting such provision(s) to replace the invalid, illegal or unenforceable provision(s) with valid provision(s) the effect of which come as close as possible to that of the invalid, illegal or unenforceable provision(s). The validity, legality and enforceability of the remaining provisions contained herein shall in no way be affected or impaired as a result of any provision contained in this Agreement being held invalid, illegal or unenforceable in any respect.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year set forth above.

GAMIDA CELL LTD.

By: A. Tsus
Name:
Title:

Toni Peled
Toni Peled
1/6/1999

Translation of Updates to Employment Agreements

with Executive Officers of Gamida Cell Ltd.

March 4, 2010

To: Tony Peled

Dear Tony,

I am pleased to update your salary to the amount of NIS 37,000. The other terms of your salary remain unchanged. The update is effective as of March 1, 2010.

This salary reflects my appreciation of your scope of responsibilities as the R&D manager in the Company, your involvement and great contribution to all of our work, and to your dedication to your work at Gamida Cell.

Regards,

Yael Margolin

CEO

/s/ Yael Margolin

January 5, 2011

To: Tony Peled

Dear Tony,

I am pleased to raise your salary to the amount of NIS 40,000 gross.

The update is effective as of January 2011. There will be no change in the other components of the salary.

In addition, you will be granted a bonus of NIS 50,000.

We have come a long way together, and I thank you for the privilege...

Regards,

/s/ Yael Margolin

Yael Margolin

CEO

Copy:

Naftali Brikashvili

PERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 30 th day of April, 2000, by and between Gamida Cell Ltd. of 24 Kanfei Nesharim Street, Jerusalem Israel (Registration No.: 51-260120-4) (the "Company"), and Naftaly Brikashvili (Israeli I.D. No.: 01485193-5) (the "Employee").

WHEREAS The Company wishes to employ the Employee, and the Employee agrees to be employed by the Company; and

WHEREAS The parties wish to regulate their relationship in accordance with the terms and conditions set forth in this employment agreement.

NOW, THEREFOR, the parties do hereby mutually agree as follows:

Employment

1. The Company hereby employs the Employee and Employee hereby agrees to be employed by the Company on the terms and conditions contained in this Agreement.

Employee's Duties

2. Employee shall be employed as a Finance Manager and in such position shall be responsible for the management of the Company's finances, including without limitation, the management of the Company's financial books and records, and shall report directly to Dr. Avi Treves, President and Chief Executive Officer of the Company (the "CEO").
 3. During Employee's employment with the Company, Employee's primary responsibilities shall be as detailed in Paragraph 2 above as well as to serve in such offices or capacities of the Company (and/or any subsidiary of the Company) and provide such other services as the Board of Directors of the Company (the "Board") or the CEO shall request. During the term of this Agreement, Employee shall perform and discharge well and faithfully all duties that may be assigned to him by the Company from time to time in accordance with this Agreement.
 4. Employee shall be required to devote his entire work time, energy, talent, working knowledge, experience, and best efforts to the business and affairs of the Company and to the performance of his duties hereunder. Accordingly, Employee shall not assume any additional employment obligations unrelated to the Company (and/or any subsidiary of the Company) and shall not be retained as a consultant or advisor or contractor (whether or not compensated therefor) to any other business without the prior written consent of the CEO.
 5. It is hereby acknowledged and agreed that the position of the Employee in the Company is a most senior one, requiring a special degree of trust, and accordingly, the provisions of The Work and Rest Hours Law, 1951 and the regulations promulgated thereunder, relating to separate and/or additional payments in respect of additional hours or for working on the weekend or on national holidays, shall not apply to this Agreement. Employee acknowledges and agrees that the compensation provided for in Paragraph 6 of this Agreement includes a proper and just reward for the requirements of Employee's position and his obligation to work at irregular hours of the day, Accordingly, Employee shall not be entitled to any additional bonus or other payment for extra hours of work other than as provided herein.
-

Compensation

6. Employee's monthly gross salary shall be thirteen thousand New Israeli Shekels (NIS 13,000) (hereinafter the "Salary").
7. The Salary shall be payable by no later than the ninth (9th) day of the calendar month following the calendar month of employment to which the payment relates.
8. Israeli income tax and other applicable withholdings with respect to the Salary shall be deducted from the Salary or all other payments to the Employee which are subject to withholding. The Salary and/or any adjustments thereto may be payable by the Company or by a parent company or a subsidiary or another affiliate of the Company, in the Company's discretion.
9. In addition to the Salary, Employee shall be entitled to all employee benefits which are mandatory under applicable Israeli law. Currently, such benefits (and other non-mandatory benefits) to which the Employee shall be entitled are as follows:
 - 9.1 9.1.1 The Company shall contribute an additional 15.83% of the Salary which will be allocated as follows: 8.33% towards severance pay, 5% towards pension insurance and 2.5% towards disability insurance. Such contributions shall be made as part of a plan acceptable to both the Company and the Employee or as premiums on a manager's insurance policy. The Employee shall contribute an additional amount equal to 5% of the Salary to such plans or managers' insurance policy. The sums contributed by the Employee shall be deducted from his Salary at source.
 - 9.1.2 Upon the termination of the Employee's employment, the Company shall release to the Employee amounts then contained in such plans or the policies (including the Company's contributions), except that in the event of Termination for Cause (as hereinafter defined) those portions of such plans and policies constituting the Company's contributions, including those contributions towards severance pay, shall not be released to the Employee, and in the event of termination due to a material breach by the Employee of any provision of this Agreement not constituting a Termination for Cause, the Company's contributions towards pension insurance shall not be released to the Employee. As used in this Agreement, the term "Termination for Cause" shall mean termination of employment as a result of the occurrence of any one of the following: (i) the Employee is found guilty of a dishonorable criminal offense; (ii) the Employee is in breach of his duties of trust or loyalty to the Company; (iii) the Employee deliberately causes harm to the Company's business affairs; or (iv) the Employee materially breaches the confidentiality and/or non-competition and/or non-solicitation provisions of this Agreement.

9.1.3. The Employee shall be responsible for any tax imposed on him in connection with the above plans or insurance policies and/or in connection with the Company's contributions thereto.

9.2 The Company shall contribute an additional 7.5% of the Salary towards a study fund (Keren Hishtalmut), provided that said contribution does not exceed the applicable ceiling for tax credit and/or tax deduction purposes, in which case said contribution shall be up to the applicable ceiling. The Employee shall contribute an additional 2.5% towards such a fund. The Employee shall be responsible for any tax imposed on him in connection with the above plan and/or in connection with the Company's contributions thereto.

9.3 The Employee shall be entitled to annual recreation pay (Dmey Havra-ah) in an amount to be determined in accordance with Israeli regulations in effect from time to time in relation to such recreation pay.

Expenses

10. The Company shall pay the cost of the Employee's travel to and from work and for business-related travel, said payments to be made based on kilometerage to be calculated in accordance with the "Cheshev" tariff for cars with a 1.6 litre engine capacity. The Company shall also reimburse the Employee for the costs of annual car registration (including test) and comprehensive and third party car insurance in amounts not to exceed the rates charged for cars with a 1.6 litre engine capacity for said registration, test, and insurance.

Vacation

11. The Employee shall be entitled to paid annual leave of 16 (sixteen) working days with respect to and during each 12 (twelve) month period of his employment hereunder, such leave to be taken with adequate regard for the needs of the Company and in reasonable agreement with the CEO. In the event that the Employee is unable to use all of his vacation leave during any particular year, then any unused vacation days from such year shall be accruable for one additional year only, after which the right to use them shall be lost.

Sick Leave

12. The Employee shall be entitled to sick leave in every calendar year during the continuance of this Agreement in accordance with the legal requirements set forth in the Sickness Pay Law - 1976.

Stock Options

13. The Employee shall be eligible to participate in the Company's share option plan or plans effective during the term of the Employee's employment with the Company. The grant of stock options under any such share option plan, the timing thereof and the amount of options granted shall be at the sole discretion of the Board.

14.

- 14.1 The Employee is aware that, in the course of employment under this Agreement, he may have access to, and be entrusted with, information in respect of the business and financing of the Company and its dealings, transactions and affairs, and likewise in relation to its affiliates, customers and suppliers, all of which information may be confidential. The Employee also acknowledges and agrees that the Company possesses and will continue to possess, acquire and develop information and technology that has been created, discovered or developed, or has otherwise become known to the Company, which information has commercial value in the business in which the Company is engaged. All of the above information, whether documentary, written, oral or computer generated, shall be deemed to be and referred to as "Proprietary Information", which by way of illustration, but not limitation, includes trade secrets, processes, formulae, data and know-how, improvements, inventions, techniques, products and/or technologies (actual or planned), marketing plans, strategies, forecasts and customer lists.
- 14.2 The Employee agrees and declares that all Proprietary Information, patent applications, patents, copy rights and other intellectual property rights in connection therewith shall be the sole property of the Company and its assigns.

At all times, both during his employment by the Company and thereafter, the Employee will keep in confidence and trust all Proprietary Information and will not use or disclose any Proprietary Information without the written consent of the Company except as may be necessary in the ordinary course of performing the Employees duties hereunder, and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental authority.

Without derogating from the generality of the above, the Employee agrees as follows:

That he will not copy, transmit, reproduce, summarize, quote or make any commercial or other use whatsoever of the Proprietary Information without the prior written consent of the Company except as may be necessary in the performance of his duties for the Company;

To exercise the highest degree of care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and generally to take all reasonable steps necessary to ensure maintenance of confidentiality;

Upon termination of his employment, or as otherwise requested by the Company, to deliver promptly to the Company all of the Proprietary Information in whatever form, that may be in his possession or under his control and that he shall not retain or make copies thereof in whatever form.

The provisions of this Section 14 shall survive the termination of this Agreement.

Non-Competition and Non-Solicitation

15.

- 15.1 The Employee hereby covenants with the Company that throughout the term of his employment hereunder, and thereafter during the period of twenty-four (24) months following the effective date of termination of his employment howsoever arising, he will not, without the prior written consent of the Chief Executive Officer, engage in any capacity whatsoever, whether independently or as an employee, consultant or otherwise, directly or indirectly, through any corporate body or with or through others, in any activity competing directly or indirectly with the activities of the Company and its affiliates, as the same shall exist from time to time during his employment and thereafter as shall exist at the effective date of termination of his employment hereunder, or accept any employment, consultant or other form of engagement whatsoever relating to the same fields of endeavor as those of the Company with any person, firm or company which at the date of such termination of employment or at any time during the period of twenty-four (24) months immediately preceding such date, is or was the supplier of any goods or services of whatsoever nature of the Company or any of its affiliates, at such date or at any time thereafter while the covenant of the Employee hereunder remains in force.
- 15.2 The Employee hereby further covenants with the Company that he will not at any time during the continuance of this Agreement and for a period of twenty-four (24) months following the effective date of termination hereof, whether on his own account or for others, in any way solicit, interfere with or endeavor to entice away from the Company or any of its affiliates any person, firm or company with whom the Company or any of its affiliates shall have any contractual or commercial relationship as a licensor, joint venture, supplier, customer, distributor, agent or other contractor of whatsoever nature existing or under negotiation on or before the effective date of termination of the Employee's employment hereunder.

The provisions of this Section 15 shall survive termination of this Agreement.

Warranties and Representations

16.

- 16.1 The Employee represents and warrants that as of the Commencement Date of Employment, defined hereinafter, he will be free to be employed by the Company upon the terms contained in this Agreement and that, subject to the execution hereof, there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder,
- 16.2 The Employee represents and warrants that he will not use during the course of his employment with the Company any trade secrets or proprietary information in such a manner that may breach any confidentiality or other obligation the Employee may have with any former employer(s).

Inventions

17. The Employee agrees to promptly and from time to time fully inform and disclose to the Company all inventions, designs, improvements and discoveries which he now has or may thereafter have during the term of his employment which pertain to or relate to the business of the Company or to any experimental work carried on by the Company, whether conceived by the Employee alone or with others and whether or not conceived during regular working hours (the "Inventions"). All Inventions shall be the exclusive property of the Company and the Employee shall not be entitled to any further compensation or reward in connection therewith other than as specifically set forth in this Agreement. The Employee shall assist the Company to obtain patents on all Inventions deemed patentable by the Company and shall, before or after termination of this Agreement, execute all documents and do all things necessary to vest the Company with full and exclusive title thereto and to protect same against Infringement from others. This provision shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.

Term and Termination

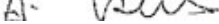
18. The commencement date of Employee's employment with the Company is April 27, 2000 (the "Commencement Date of Employment"). Each party may at any time give the other party a written notice that this Agreement is terminated. Such notice may be given for no Cause and must be given to the other party at least two (2) months prior to the effective date of termination (hereinafter the "Notice Period").
19. The Company may, at any time, give the Employee notice that his employment is terminated effective immediately or upon shorter notice than the Notice Period, provided that the Company pay the Employee his Salary and other benefits to which he is entitled (less any amounts the Company may offset therefrom) for the entire Notice Period or part thereof, as the case may be.
20. The provisions of Sections 18 and 19 above notwithstanding, the Company, by service of written notice upon the Employee, shall be entitled to terminate his employment hereunder with immediate effect where said termination is a Termination for Cause or where the Employee has materially breached any provision of this Agreement.
21. In case of termination, due to any reason whatsoever, other than Termination for Cause or termination due to a material breach by the Employee of the Agreement not constituting Termination for Cause, as to which the provisions of subsection 9.1.2 shall apply, the Employee shall be entitled to the amounts accumulated in his managers' insurance policy and study fund as provided in Sections 9.1 and 9.2 above. Payments by the Company under this Section 21 shall be in lieu of its statutory obligation to pay severance pay, if required, under Section 14 of the Severance Pay Law 5723-1963.

General Provisions

22. The parties acknowledge that no adequate remedy at law exists in which to enforce the terms and conditions of this Agreement. Therefore, in the event the Employee breaches the confidentiality, non-compete or assignment of inventions provisions of this Agreement, the Company shall be entitled to injunctive relief (including the issuance of a mandatory injunction) prohibiting the continuing breaches of the Agreement or ordering the Employee to assign the Inventions.
23. The Company's failure or delay in enforcing any of the provisions of this Agreement shall not in any way be construed as a waiver of any such provisions, or prevent the Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.
24. Any notice to be given to the Company under this Agreement shall be addressed to the CEO at the offices of the Company. Any notice to the Employee shall be addressed to his home address at Hanurit 15/2 Jerusalem 96510. Either party may designate a different address by notice in writing to the other party pursuant to this Section. Each notice and/or demand given by one party to the other pursuant to this Agreement shall be in writing and shall be either delivered by hand or sent by registered mail to the other party at the address stated in this Section or as otherwise notified pursuant to this Section, and such notice and/or demand shall be deemed given at the expiration of seventy two (72) hours from the date of mailing by registered mail in Israel or immediately if delivered by hand.
25. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of Jerusalem in any dispute related to this Agreement.
26. Captions and paragraph headings used in this Agreement are for convenience only and shall not be used in the construction or interpretation thereof.
27. This Agreement supersedes all prior agreements and understandings between the parties as to its subject matter and is intended, to the extent allowed under the Israeli law, to override any statutory provisions related to the employment of the Employee by the Company.
28. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.
29. The provisions of this Agreement shall, where possible, be interpreted in a manner necessary to sustain their legality and enforceability. Without derogating from the foregoing, in the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect due to the fact that it is overbroad or insufficiently limited in time, the parties hereby authorize, to the maximum extent legally permissible, the tribunal interpreting such provision(s) to replace the invalid, illegal or unenforceable provision(s) with valid provision(s) the effect of which come as close as possible to that of the invalid, illegal or unenforceable provision(s). The validity, legality and enforceability of the remaining provisions contained herein shall in no way be affected or impaired as a result of any provision contained in this Agreement being held invalid, illegal or unenforceable in any respect.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year set forth above.

GAMIDA CELL LTD.

By: 
Name: _____
Title:



Naftaly Brikashvili

Translation of Updates to Employment Agreements

with Executive Officers of Gamida Cell Ltd.

-

February 18, 2008

Dear Naftali,

I am pleased to promote your position in Gamida Cell to Chief Financial Officer (CFO).

I believe this position more accurately reflects both the growth of your responsibilities and scope of activity in recent years, and the expectations for your active involvement in developing the Company's business, as we have discussed.

Accordingly, your salary will be updated to NIS 31,000 gross. The other terms of your salary remain unchanged.

The update is effective as of February 1, 2008.

Regards,

/s/ Yael Margolin

Yael Margolin

CEO

January 5, 2011

To: Naftali Brikashvili

Dear Naftali,

I am pleased to raise your salary to the amount of NIS 35,000 gross.

The update is effective as of January 2011. There will not be a change in the other components of the salary.

Thank you for being with me, with professionalism and dedication.

Regards,

/s/ Yael Margolin

Yael Margolin

CEO

PERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 8th day of May, 2000, by and between Gamida Cell Ltd. of 24 Kanfei Nesharim Street, Jerusalem Israel (Registration No.: 51-260120-4) (the "Company"), and Dorit Harati (Israeli I.D. No.: 057427262) (the "Employee").

WHEREAS The Company wishes to employ the Employee, and the Employee agrees to be employed by the Company; and

WHEREAS The parties wish to regulate their relationship in accordance with the terms and conditions set forth in this employment agreement.

NOW, THEREFOR, the parties do hereby mutually agree as follows:

Employment

1. The Company hereby employs the Employee and Employee hereby agrees to be employed by the Company on the terms and conditions contained in this Agreement.

Employee's Duties

2. Employee shall be employed as the Company's Quality Assurance Manager and in such position shall be responsible for the Company's quality assurance program in relation to the research and development projects conducted by the Company from time to time and shall report directly to the President and Chief Executive Officer of the Company (the "CEO").
 3. During Employee's employment with the Company, Employee's primary responsibilities shall be to supervise the Company's quality assurance program and to serve in such offices or capacities of the Company (and/or any subsidiary of the Company) and provide such other services as the Board of Directors of the Company (the "Board") or the CEO shall request. During the term of this Agreement, Employee shall perform and discharge well and faithfully all duties that may be assigned to her by the Company from time to time in accordance with this Agreement.
 4. Employee shall be required to devote her entire work time, energy, talent, working knowledge, experience, and best efforts to the business and affairs of the Company and to the performance of her duties hereunder. Accordingly, except as specifically provided herein below, Employee shall not assume any additional employment obligations unrelated to the Company (and/or any subsidiary of the Company) and shall not be retained as a consultant or advisor or contractor (whether or not compensated therefor) to any other business without the prior written consent of the CEO.
 5. It is hereby acknowledged and agreed that the position of the Employee in the Company is a most senior one, requiring a special degree of trust, and accordingly, the provisions of The Work and Rest Hours Law, 1951 and the regulations promulgated thereunder, relating to separate and/or additional payments in respect of additional hours or for working on the weekend or on national holidays, shall not apply to this Agreement. Employee acknowledges and agrees that the compensation provided for in Paragraph 6 of this Agreement includes a proper and just reward for the requirements of Employee's position and her obligation to work at irregular hours of the day. Accordingly, Employee shall not be entitled to any additional bonus or other payment for extra hours of work other than as provided herein.
-

Compensation

6. Employee's monthly gross salary shall be sixteen thousand New Israeli Shekels (NIS 16,000) (hereinafter the "Salary").
7. The Salary shall be payable by no later than the ninth (9th) day of the calendar month following the calendar month of employment to which the payment relates.
8. Israeli income tax and other applicable withholdings with respect to the Salary shall be deducted from the Salary or all other payments to the Employee which are subject to withholding. The Salary and/or any adjustments thereto may be payable by the Company or by a parent company or a subsidiary or another affiliate of the Company, in the Company's discretion.
9. In addition to the Salary, Employee shall be entitled to all employee benefits which are mandatory under applicable Israeli law. Currently, such benefits (and other non-mandatory benefits) to which the Employee shall be entitled are as follows:
 - 9.1 9.1.1 The Company shall contribute an additional 15.83% of the Salary which will be allocated as follows: 8.33% towards severance pay, 5% towards pension insurance and 2.5% towards disability insurance. Such contributions shall be made as part of a plan acceptable to both the Company and the Employee or as premiums on a managers' insurance policy. The Employee shall contribute an additional amount equal to 5% of the Salary to such plans or managers' insurance policy. The sums contributed by the Employee shall be deducted from her Salary at source.
 - 9.1.2 Upon the termination of the Employee's employment, the Company shall release to the Employee amounts then contained in such plans or the policies (including the Company's contributions), except that in the event of Termination for Cause (as hereinafter defined) those portions of such plans and policies constituting the Company's contributions, including those contributions towards severance pay, shall not be released to the Employee, and in the event of termination due to a material breach by the Employee of any provision of this Agreement not constituting a Termination for Cause, the Company's contributions towards pension insurance shall not be released to the Employee. As used in this Agreement, the term "Termination for Cause" shall mean termination of employment as a result of the occurrence of any one of the following: (i) the Employee is found guilty of a dishonorable criminal offense; (ii) the Employee is in breach of her duties of trust or loyalty to the Company; (iii) the Employee deliberately causes harm to the Company's business affairs; or (iv) the Employee materially breaches the confidentiality and/or non-competition and/or non-solicitation provisions of this Agreement.
 - 9.1.3 The Employee shall be responsible for any tax imposed on her in connection with the above plans or insurance policies and/or in connection with the Company's contributions thereto.

- 9.2 The Company shall contribute an additional 7.5% of the Salary towards a study fund (Keren Hishtalmut). The Employee shall contribute an additional 2.5% towards such a fund. The Employee shall be responsible for any tax imposed on her in connection with the above plan and/or in connection with the Company's contributions thereto.
- 9.3 The Employee shall be entitled to recreation pay (Dmey Havra-ah) for number of days each year as customary in the Company, in an amount to be determined in accordance with Israeli regulations in effect from time to time in relation to such recreation pay.

Car Expenses

10. The Company shall pay the costs of Employee's travel expenses to and from work and business-related travel based on kilometerage to be calculated in accordance with the "Cheshev" tariff for cars with a 1.6 litre engine capacity, as well as the cost of automobile insurance (comprehensive and third party liability) and annual car registration. The Employee shall be responsible for any tax imposed on her in connection with such payments.

Vacation

11. The Employee shall be entitled to paid annual leave of 18 (eighteen) working days with respect to and during each 12 (twelve) month period of her employment hereunder, such leave to be taken with adequate regard for the needs of the Company and in reasonable agreement with the CEO. In the event that the Employee is unable to use all of her vacation leave during any particular year, then any unused vacation days from such year shall be accruable for one additional year only, after which the right to use them shall be lost.

Sick Leave

12. The Employee shall be entitled to sick leave in every calendar year during the continuance of this Agreement in accordance with the legal requirements set forth in the Sickness Pay Law - 1976.

Stock Options

13. The Employee shall be eligible to participate in the Company's share option plan or plans effective during the term of the Employee's employment with the Company. The grant of stock options under any such share option plan, the timing thereof and the amount of options granted shall be at the sole discretion of the Board.

Proprietary Information and Confidentiality

14.

14.1 The Employee is aware that, in the course of employment under this Agreement, she may have access to, and be entrusted with, information in respect of the business and financing of the Company and its dealings, transactions and affairs, and likewise in relation to its affiliates, customers and suppliers, all of which information may be confidential. The Employee also acknowledges and agrees that the Company possesses and will continue to possess, acquire and develop information and technology that has been created, discovered or developed, or has otherwise become known to the Company, which information has commercial value in the business in which the Company is engaged. All of the above information, whether documentary, written, oral or computer generated, shall be deemed to be and referred to as "Proprietary Information", which by way of illustration, but not limitation, includes trade secrets, processes, formulae, data and know-how, improvements, inventions, techniques, products and/or technologies (actual or planned), marketing plans, strategies, forecasts and customer lists.

14.2 The Employee agrees and declares that all Proprietary Information, patent applications, patents, copyrights and other intellectual property rights in connection therewith shall be the sole property of the Company and its assigns.

At all times, both during her employment by the Company and thereafter, the Employee will keep in confidence and trust all Proprietary Information and will not use or disclose any Proprietary Information without the written consent of the Company except as may be necessary in the ordinary course of performing the Employees duties hereunder, and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental authority.

Without derogating from the generality of the above, the Employee agrees as follows:

That she will not copy, transmit, reproduce, summarize, quote or make any commercial or other use whatsoever of the Proprietary Information without the prior written consent of the Company except as may be necessary in the performance of her duties for the Company;

To exercise the highest degree of care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and generally to take all reasonable steps necessary to ensure maintenance of confidentiality;

Upon termination of her employment, or as otherwise requested by the Company, to deliver promptly to the Company all of the Proprietary Information in whatever form, that may be in her possession or under her control and that she shall not retain or make copies thereof in whatever form.

The provisions of this Section 14 shall survive the termination of this Agreement.

Non-Competition and Non-Solicitation

15.

- 15.1 The Employee hereby covenants with the Company that throughout the term of her employment hereunder, and thereafter during the period of twenty-four (24) months following the effective date of termination of her employment howsoever arising, she will not, without the prior written consent of the CEO, engage in any capacity whatsoever, whether independently or as an employee, consultant or otherwise, directly or indirectly, through any corporate body or with or through others, in any activity competing directly or indirectly with the activities of the Company and its affiliates, as the same shall exist from time to time during her employment and thereafter as shall exist at the effective date of termination of her employment hereunder, or accept any employment, consultant or other form of engagement whatsoever relating to the same fields of endeavor as those of the Company with any person, firm or company which at the date of such termination of employment or at any time during the period of twenty-four (24) months immediately preceding such date, is or was the supplier of any goods or services of whatsoever nature of the Company or any of its affiliates, at such date or at any time thereafter while the covenant of the Employee hereunder remains in force.
- 15.2 The Employee hereby further covenants with the Company that she will not at any time during the continuance of this Agreement and for a period of twenty-four (24) months following the effective date of termination hereof, whether on her own account or for others, in any way solicit, interfere with or endeavor to entice away from the Company or any of its affiliates any person, firm or company with whom the Company or any of its affiliates shall have any contractual or commercial relationship as a licensor, joint venture, supplier, customer, distributor, agent or other contractor of whatsoever nature existing or under negotiation on or before the effective date of termination of the Employee's employment hereunder.

The provisions of this Section 15 shall survive termination of this Agreement.

Warranties and Representations

16.

- 16.1 The Employee represents and warrants that as of the Commencement Date of Employment, defined hereinafter, she will be free to be employed by the Company upon the terms contained in this Agreement and that, subject to the execution hereof, there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of her duties hereunder,
- 16.2 The Employee represents and warrants that she will not use, during the course of her employment with the Company, any trade secrets or proprietary information in such a manner that may breach any confidentiality or other obligation the Employee may have with any former employer(s).

Inventions

17. The Employee agrees to promptly and from time to time fully inform and disclose to the Company all inventions, designs, improvements and discoveries which she now has or may thereafter have during the term of her employment which pertain to or relate to the business of the Company or to any experimental work carried on by the Company, whether conceived by the Employee alone or with others and whether or not conceived during regular working hours (the "Inventions"). All Inventions shall be the exclusive property of the Company and the Employee shall not be entitled to any further compensation or reward in connection therewith other than as specifically set forth in this Agreement. The Employee shall assist the Company to obtain patents on all Inventions deemed patentable by the Company and shall, before or after termination of this Agreement, execute all documents and do all things necessary to vest the Company with full and exclusive title thereto and to protect same against Infringement from others. This provision shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.

Term and Termination

18. Employee's employment with the Company shall commence on 1.8, 2000 (the "Commencement Date of Employment"). Each party may at any time give the other party a written notice that this Agreement is terminated. Such notice may be given for no Cause and must be given to the other party at least one (1) month prior to the effective date of termination (hereinafter the "Notice Period").
19. The Company may, at any time, give the Employee notice that her employment is terminated effective immediately or upon shorter notice than the Notice Period, provided that the Company pay the Employee her Salary and other benefits to which she is entitled (less any amounts the Company may offset therefrom) for the entire Notice Period or part thereof, as the case may be.
20. The provisions of Sections 18 and 19 above notwithstanding, the Company, by service of written notice upon the Employee, shall be entitled to terminate her employment hereunder with immediate effect where said termination is a Termination for Cause or where the Employee has materially breached any provision of this Agreement.
21. In case of termination, due to any reason whatsoever, other than Termination for Cause or termination due to a material breach by the Employee of the Agreement not constituting Termination for Cause, as to which the provisions of subsection 9.1.2 shall apply, the Employee shall be entitled to severance pay and to the amounts accumulated in her managers' insurance policy and study fund as provided in Sections 9.1 and 9.2 above. If the amounts accumulated in the Employee's managers' insurance policy constitute less than the amount of severance pay, which the Company would have been obligated to pay under law had the Company terminated the Employment Agreement, the accumulated amounts shall be supplemented to equal the amount required under law.

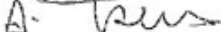
General Provisions


22. The parties acknowledge that no adequate remedy at law exists in which to enforce the terms and conditions of this Agreement. Therefore, in the event the Employee breaches the confidentiality, non-compete or assignment of inventions provisions of this Agreement, the Company shall be entitled to injunctive relief (including the issuance of a mandatory injunction) prohibiting the continuing breaches of the Agreement or ordering the Employee to assign the Inventions.
23. The Company's failure or delay in enforcing any of the provisions of this Agreement shall not in any way be construed as a waiver of any such provisions, or prevent the Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.

24. Any notice to be given to the Company under this Agreement shall be addressed to the Chief Executive Officer of the Company at the offices of the Company. Any notice to the Employee shall be addressed to her home address at _____. Either party may designate a different address by notice in writing to the other party pursuant to this Section. Each notice and/or demand given by one party to the other pursuant to this Agreement shall be in writing and shall be either delivered by hand or sent by registered mail to the other party at the address stated in this Section or as otherwise notified pursuant to this Section, and such notice and/or demand shall be deemed given at the expiration of seventy two (72) hours from the date of mailing by registered mail in Israel or immediately if delivered by hand.
25. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of Jerusalem in any dispute related to this Agreement.
26. Captions and paragraph headings used in this Agreement are for convenience only and shall not be used in the construction or interpretation thereof.
27. This Agreement supersedes all prior agreements and understandings between the parties as to its subject matter and is intended, to the extent allowed under the Israeli law, to override any statutory provisions related to the employment of the Employee by the Company.
28. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.
29. The provisions of this Agreement shall, where possible, be interpreted in a manner necessary to sustain their legality and enforceability. Without derogating from the foregoing, in the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect due to the fact that it is overbroad or insufficiently limited in time, the parties hereby authorize, to the maximum extent legally permissible, the tribunal interpreting such provision(s) to replace the invalid, illegal or unenforceable provision(s) with valid provision(s) the effect of which come as close as possible to that of the invalid, illegal or unenforceable provision(s). The validity, legality and enforceability of the remaining provisions contained herein shall in no way be affected or impaired as a result of any provision contained in this Agreement being held invalid, illegal or unenforceable in any respect.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year set forth above.

GAMIDA CELL LTD.

By: 
Name: Avi Treves
Title: CEO


Dorit Harati

Translation of Updates to Employment Agreements

with Executive Officers of Gamida Cell Ltd.

March 4, 2010

To: Dorit Harati

Dear Dorit,

I am pleased to update your salary to the amount of NIS 33,000. The other terms of your salary remain unchanged. The update is effective as of March 1, 2010.

This salary reflects my appreciation of your professional ability, your important achievements in producing StemEx and in all aspects of quality assurance in the Company, and your dedication to your work in Gamida Cell.

Regards,

Yael Margolin

CEO

/s/ Yael Margolin

Copy:

Naftali Brikashvili

January 5, 2011

To: Dorit Harti

Dear Dorit,

I am pleased to raise your salary to the amount of NIS 36,000 gross.

The update is effective as of January 2011. There will not be a change in the other components of the salary.

Regards,

/s/ Yael Margolin

Yael Margolin

CEO

Copy:

Naftali Brikashvili

PERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 28 day of May, 2008, by and between Gamida Cell Ltd. of 5 Nahum Hafzadi Street, Jerusalem Israel (Registration No.: 51-260120-4) (the "Company"), and David Snyder (Israeli I.D. No. 015609803 :) (the "Employee").

WHEREAS The Company wishes to employ the Employee, and the Employee agrees to be employed by the Company; and

WHEREAS The parties wish to regulate their relationship in accordance with the terms and conditions set forth in this employment agreement.

NOW, THEREFOR, the parties do hereby mutually agree as follows:

Employment

1. The Company hereby employs the Employee and Employee hereby agrees to be employed by the Company on the terms and conditions contained in this Agreement.

Employee's Duties

2. Employee shall be employed as a VP Clinical Development and in such position shall be responsible for Company's activities in relation to the clinical development of Company's products. Employee shall report directly to the CEO of the company.
 3. During Employee's employment with the Company, Employee's primary responsibilities shall be to supervise and execute the clinical trials and clinical development activities of the Company, to ensure that the purpose, strategies and objectives of the Company in relation to said activities, will be diligently pursued, and to serve in such offices or capacities of the Company (and/or any subsidiary of the Company) and provide such other services as the Company's Chief Executive Officer (the "CEO") shall request. During the term of this Agreement, Employee shall perform and discharge well and faithfully all duties that may be assigned to him by the Company from time to time in accordance with this Agreement.
 4. Employee shall be required to devote his entire work time, energy, talent, working knowledge, experience, and best efforts to the business and affairs of the Company and to the performance of his duties hereunder. Accordingly, Employee shall not assume any additional employment obligations unrelated to the Company (and/or any subsidiary of the Company) and shall not be retained as a consultant or advisor or contractor (whether or not compensated therefor) to any other business without the prior written consent of the CEO.
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5. It is hereby acknowledged and agreed that the position of the Employee in the Company is a senior one, requiring a special degree of trust, and accordingly, the provisions of The Work and Rest Hours Law, 1951 and the regulations promulgated thereunder, relating to separate and/or additional payments in respect of additional hours or for working on the weekend or on national holidays, shall not apply to this Agreement. Employee acknowledges and agrees that the compensation provided for in Paragraph 6 of this Agreement includes a proper and just reward for the requirements of Employee's position and his obligation to work at irregular hours of the day. Accordingly, Employee shall not be entitled to any additional bonus or other payment for extra hours of work other than as provided herein.

Compensation

6. Employee's monthly gross salary shall be forty five thousand New Israeli Shekels (NIS 45,000) (hereinafter the "Salary).
7. The Salary shall be payable by no later than the ninth (9th) day of the calendar month following the calendar month of employment to which the payment relates.
8. Israeli income tax and other applicable withholdings with respect to the Salary, shall be deducted from the Salary or all other payments to the Employee which are subject to withholding. The Salary and/or any adjustments thereto may be payable by the Company or by a parent company or a subsidiary or another affiliate of the Company, in the Company's discretion.
9. In addition to the Salary, Employee shall be entitled to all employee benefits which are mandatory under applicable Israeli law. Currently, such benefits (and other non-mandatory benefits) to which the Employee shall be entitled are as follows:
- 9.1 9.1.1 The Company shall contribute up to an additional up to 15.83% of the Salary which will be allocated as follows: 8.33% towards severance pay, 5% towards pension insurance and up to 2.5% towards disability insurance. Such contributions shall be made as part of a plan acceptable to both the Company and the Employee or as premiums on a manager's insurance policy. The Employee shall contribute an additional amount equal to 5% of the Salary to such plans or managers' insurance policy. The sums contributed by the Employee shall be deducted from his Salary at source.

- 9.1.2 Upon the termination of the Employee's employment, the Company shall release to the Employee amounts then contained in such plans or the policies (including the Company's contributions), except that in the event of Termination for Cause (as hereinafter defined) those portions of such plans and policies constituting the Company's contributions, including those contributions towards severance pay, shall not be released to the Employee, and in the event of termination due to a material breach by the Employee of any provision of this Agreement not constituting a Termination for Cause, the Company's contributions towards pension insurance shall not be released to the Employee. As used in this Agreement, the term "Termination for Cause" shall mean termination of employment as a result of the occurrence of any one of the following: (i) the Employee is found guilty of a dishonorable criminal offense; (ii) the Employee is in breach of his duties of trust or loyalty to the Company; (iii) the Employee deliberately causes harm to the Company's business affairs; or (iv) the Employee materially breaches the confidentiality and/or non-competition and/or non-solicitation provisions of this Agreement.
- 9.1.3. The Employee shall be responsible for any tax imposed on his in connection with the above plans or insurance policies and/or in connection with the Company's contributions thereto.
- 9.2 The Company shall contribute an additional 7.5% of the Salary towards a study fund (Keren Hishtalmut). The Employee shall contribute an additional 2.5% towards such a fund. The Employee shall be responsible for any tax imposed on his in connection with the above plan and/or in connection with the Company's contributions thereto.
- 9.3 The Employee shall be entitled to annual recreation pay (Dmey Havra-ah) in an amount to be determined in accordance with Israeli regulations in effect from time to time in relation to such recreation pay.

Car Expenses

10. The Company shall make available to the Employee a company car up to "class 5" to be used by the Employee, of a make and model to be determined at the Company's discretion, and as required for carrying out his duties hereunder. The Company shall bear all costs related to the use of the automobile including costs of maintenance and insurance. The company shall bear tax imposed as a result of the use of such automobile for the amount of up to 3000 NIS per month. The Employee shall be responsible for any fines resulting from traffic violations.

Vacation

11. The Employee shall be entitled to paid annual leave of 20 (twenty) working days with respect to and during each 12 (twelve) month period of his employment hereunder, such leave to be taken with adequate regard for the needs of the Company and in agreement with the CEO. In the event that the Employee is unable to use all of his vacation leave during any particular year, then any unused vacation days from such year shall be accruable for one additional year only, after which the right to use them shall be lost.

Phone & Laptop

12. The Company shall provide the Employee with, and pay for the use of, a cellular phone (the “**Cellular Phone**”) for Employee’s use in the course of performing his obligations under his Position.

Employee shall bear all (if any) taxes applicable to him in connection with the Cellular Phone and/or the use thereof.

Upon termination of his employment under this Agreement, Employee shall return the Cellular Phone to Company at its principal office. The Employee shall have no rights of lien with respect to the Cellular Phone.

The company will provide the Employee with a Company laptop for his use during his employment with the company.

Expenses

13. The Company shall pay or reimburse the Employee for all reasonable expenses incurred by the Employee in discharge of his responsibilities hereunder, in Israel. In addition, and without limitation to the above, Company shall reimburse Employee, or pay, for those of Employee’s international travel expenses as have been previously approved by the CEO, including airline tickets, hotel accommodations and other travel-related expenses. Any reimbursement of expenses under this Section shall be conditioned upon receipt by Company of copies of all invoices, receipts and other evidence of expenditures as may be required by Company policy from time to time.

Sick Leave

14. The Employee shall be entitled to sick leave in every calendar year during the continuance of this Agreement in accordance with Company policy and the legal requirements set forth in the Sickness Pay Law - 1976.

Stock Options

15. The Employee shall be eligible to participate in the Company's share option plan or plans effective during the term of the Employee's employment with the Company. The grant of stock options under any such share option plan, the timing thereof and the amount of options granted shall be at the sole discretion of the Board.

Proprietary Information and Confidentiality

17.
 - 17.1 The Employee is aware that, in the course of employment under this Agreement, he may have access to, and be entrusted with, information in respect of the business and financing of the Company and its dealings, transactions and affairs, and likewise in relation to its affiliates, customers and suppliers, all of which information may be confidential. The Employee also acknowledges and agrees that the Company possesses and will continue to possess, acquire and develop information and technology that has been created, discovered or developed, or has otherwise become known to the Company, which information has commercial value in the business in which the Company is engaged. All of the above information, whether documentary, written, oral or computer generated, shall be deemed to be and referred to as "Proprietary Information", which by way of illustration, but not limitation, includes trade secrets, processes, formulae, data and know-how, improvements, inventions, techniques, products and/or technologies (actual or planned), marketing plans, strategies, forecasts and customer lists. Proprietary Information shall not include any of the foregoing which the Employee can establish by written records was known to him prior to the date of disclosure by the Company or is at the date of the Agreement or in the future becomes public knowledge as evidenced by published or generally available materials, other than by breach of this section. The foregoing obligations of confidentiality shall not apply to information required by law to be disclosed by Employee, provided that the Employee notifies the Company of such requirement as soon as practicable and prior to any anticipated disclosure.

- 17.2 The Employee agrees and declares that all Proprietary Information, patent applications, patents, copy rights and other intellectual property rights in connection therewith shall be the sole property of the Company and its assigns.

At all times, both during his employment by the Company and thereafter, the Employee will keep in confidence and trust all Proprietary Information and will not use or disclose any Proprietary Information without the written consent of the Company except as may be necessary in the ordinary course of performing the Employee's duties hereunder, and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental authority.

Without derogating from the generality of the above, the Employee agrees as follows:

That he will not copy, transmit, reproduce, summarize, quote or make any commercial or other use whatsoever of the Proprietary Information without the prior written consent of the Company except as may be necessary in the performance of his duties for the Company;

To exercise the highest degree of care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and generally to take all reasonable steps necessary to ensure maintenance of confidentiality;

Upon termination of his employment, or as otherwise requested by the Company, to deliver promptly to the Company all of the Proprietary Information in whatever form, that may be in his possession or under his control and that he shall not retain or make copies thereof in whatever form.

The provisions of this Section 14 shall survive the termination of this Agreement.

Non-Competition and Non-Solicitation

18.

- 18.1 The Employee hereby covenants with the Company that throughout the term of his employment hereunder, and thereafter during the period of twelve (12) months following the effective date of termination of his employment howsoever arising, he will not, without the prior written consent of the Chief Executive Officer, engage in any capacity whatsoever, whether independently or as an employee, consultant or otherwise, directly or indirectly, through any corporate body or with or through others, in any activity competing directly with the activities of the Company and its affiliates, as the same shall exist from time to time during his employment and thereafter as shall exist at the effective date of termination of his employment hereunder.

- 18.2 The Employee hereby further covenants with the Company that he will not at any time during the continuance of this Agreement and for a period of twenty-four (24) months following the effective date of termination hereof, whether on his own account or for others, in any way solicit, interfere with or endeavor to entice away from the Company or any of its affiliates any person, firm or company with whom the Company or any of its affiliates shall have any contractual or commercial relationship as a licensor, joint venture, supplier, customer, distributor, agent or other contractor of whatsoever nature existing or under negotiation on or before the effective date of termination of the Employee's employment hereunder.

The provisions of this Section 18 shall survive termination of this Agreement.

Warranties and Representations

- 19.
- 19.1 The Employee represents and warrants that as of the Commencement Date of Employment, defined hereinafter, he will be free to be employed by the Company upon the terms contained in this Agreement and that, subject to the execution hereof, there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder,
- 19.2 The Employee represents and warrants that he will not use during the course of his employment with the Company any trade secrets or proprietary information in such a manner that may breach any confidentiality or other obligation the Employee may have with any former employer(s).

Inventions

20. The Employee agrees to promptly and from time to time fully inform and disclose to the Company all inventions, designs, improvements and discoveries which he now has or may thereafter have during the term of his employment which pertain to or relate to the business of the Company or to any experimental work carried on by the Company, whether conceived by the Employee alone or with others and whether or not conceived during regular working hours (the "Inventions"). All Inventions shall be the exclusive property of the Company and the Employee shall not be entitled to any further compensation or reward in connection therewith other than as specifically set forth in this Agreement. The Employee shall assist the Company to obtain patents on all Inventions deemed patentable by the Company and shall, before or after termination of this Agreement, execute all documents and do all things necessary to vest the Company with full and exclusive title thereto and to protect same against Infringement from others. This provision shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.

Term and Termination

21. Employee's employment with the Company shall commence on September 1, 2008 (the "Commencement Date of Employment"). Each party may at any time give the other party a written notice that this Agreement is terminated. Such notice may be given for no Cause and must be given to the other party at least three (3) months prior to the effective date of termination (hereinafter the "Notice Period").
22. The Company may, at any time, give the Employee notice that his employment is terminated effective immediately or upon shorter notice than the Notice Period, provided that the Company pay the Employee his Salary and other benefits to which he is entitled by law (less any amounts the Company may offset therefrom) for the entire Notice Period or part thereof, as the case may be.
23. The provisions of Sections 21 and 22 above notwithstanding, the Company, by service of written notice upon the Employee, shall be entitled to terminate his employment hereunder with immediate effect where said termination is a Termination for Cause or where the Employee has materially breached any provision of this Agreement.
24. In case of termination, due to any reason whatsoever, other than Termination for Cause or termination due to a material breach by the Employee of the Agreement not constituting Termination for Cause, as to which the provisions of subsection 9.1.2 shall apply, the Employee shall be entitled to the amounts accumulated in his managers' insurance policy and study fund as provided in Sections 9.1 and 9.2 above. Payments by the Company under this Section 24 shall be in lieu of its statutory obligation to pay severance pay, if required, under Section 14 of the Severance Pay Law 5723-1963.

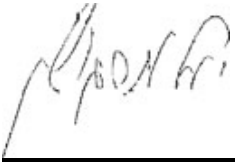
General Provisions

25. The parties acknowledge that no adequate remedy at law exists in which to enforce the terms and conditions of this Agreement. Therefore, in the event the Employee breaches the confidentiality, non-compete or assignment of inventions provisions of this Agreement, the Company shall be entitled to injunctive relief (including the issuance of a mandatory injunction) prohibiting the continuing breaches of the Agreement or ordering the Employee to assign the Inventions.
26. The Company's failure or delay in enforcing any of the provisions of this Agreement shall not in any way be construed as a waiver of any such provisions, or prevent the Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.
27. Any notice to be given to the Company under this Agreement shall be addressed to the CEO at the offices of the Company. Any notice to the Employee shall be addressed to his home address at P.O. Box 128 Bnei Dror 45815. Either party may designate a different address by notice in writing to the other party pursuant to this Section. Each notice and/or demand given by one party to the other pursuant to this Agreement shall be in writing and shall be either delivered by hand or sent by registered mail to the other party at the address stated in this Section or as otherwise notified pursuant to this Section, and such notice and/or demand shall be deemed given at the expiration of seventy two (72) hours from the date of mailing by registered mail in Israel or immediately if delivered by hand.
28. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of Jerusalem in any dispute related to this Agreement.
29. Captions and paragraph headings used in this Agreement are for convenience only and shall not be used in the construction or interpretation thereof.
30. This Agreement supersedes all prior agreements and understandings between the parties as to its subject matter and is intended, to the extent allowed under the Israeli law, to override any statutory provisions related to the employment of the Employee by the Company.
31. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.

32. The provisions of this Agreement shall, where possible, be interpreted in a manner necessary to sustain their legality and enforceability. Without derogating from the foregoing, in the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect due to the fact that it is overbroad or insufficiently limited in time, the parties hereby authorize, to the maximum extent legally permissible, the tribunal interpreting such provision(s) to replace the invalid, illegal or unenforceable provision(s) with valid provision(s) the effect of which come as close as possible to that of the invalid, illegal or unenforceable provision(s). The validity, legality and enforceability of the remaining provisions contained herein shall in no way be affected or impaired as a result of any provision contained in this Agreement being held invalid, illegal or unenforceable in any respect.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year set forth above.

GAMIDA CELL LTD.



By: _____
Name:
Title: CEO



David Snyder

Lease Agreement and 2010 Appendix

[Translation]

Lease Contract
Beit Ofer

UNPROTECTED LEASE CONTRACT

Drawn up and signed at Jerusalem on the 14th day of March 2000

- between –

P.P.D. Diamonds Ltd (Private Company 51-
168196-7)

Whose address for the purpose of this contract is
c/o Mold and Moldawsky
3 Jabotinsky Street, Ramat
Gan

(hereinafter – "the landlord")
of the one part

-and-

Gamida Cell Ltd (Private Company 512601204)
Whose address for the purpose of this contract is
24 Kanfei Nesharim Street, Jerusalem

(hereinafter – "the tenant")
of the other part

- Whereas The landlord is the holder of the rights to be registered as long-term lessee by capitalized long lease of a building constructed at 5 Nahum Hefzadi Street, Givat Shaul C, Jerusalem, known as part of Parcels 57 and 61 of Block 30260, Plot No. 5 according to Detailed Plan No. 4286 (hereinafter – "the plot"), which is a building for light industry, commerce and offices known as "Beit Ofer" (hereinafter – "the building"). The landlord intends to build an additional building for a similar purpose adjacent to the building.
- And whereas The landlord is also the sole possessor and holder of the rights of possession and use of a unit in the building, on the first floor facing in a north-west-south direction in a gross area of approximately 1,100 m² (all the areas including a proportionate share of the common property), in accordance with the area circled in red on the plan attached hereto (hereinafter – "the plan") marked with the letter 'A', which forms an integral part of this contract, and the right of use of 10 parking places in the underground parking garage (hereinafter- "the leased premises").
-

And whereas The tenant wishes to hire the leased premises by a lease which is not protected under the Tenants' Protection Law (Consolidated Version) 5732-1972 (hereinafter – "the Law") or any other law

And whereas The landlord wishes to let the leased premises by a lease which is not protected under the Tenants' Protection Law (Consolidated Version) 5732-1972 (hereinafter – "the Law") or any other law

Now therefore it has been declared, agreed and stipulated between the parties as follows:

1. Preamble, appendices and clause headings:

- 1.1 The preamble to this contract forms an integral part thereof.
- 1.2 The appendices to this contract form an integral part thereof and their provisions have the same effect as its provisions.
- 1.3 The headings of the clauses of the contract are for convenience only and shall not be used in interpreting the content of the clauses.

2. Parties' declarations:

- 2.1 The landlord hereby declares that it is the possessor and holder of the rights of long lease of the leased premises and that it is permitted to let the leased premises to the tenant and that there is no impediment of any kind to letting the leased premises to the tenant.
- 2.2 The tenant hereby declares that it has seen and inspected the leased premises and that after the inspection it has found the leased premises to be suitable for its needs and purposes and that it waives any claim of defect, choice or non-conformity with regard to the leased premises, the location of the leased premises, and the identification thereof and it agrees to accept the leased premises.

3. The contract and the period thereof:

3.1 The lease period

The landlord hereby lets the leased premise to the tenant and the tenant hereby hires the leased premises from the landlord for a lease period which shall commence on 15.6.2000 and shall terminate on 14.6.2005 (hereinafter – "the original lease period").

3.2 Reduction of the lease period:

- 3.2.1 The tenant declares that it is aware that the length of the lease period is an essential term of this contract and therefore the tenant shall not be permitted to reduce the lease period without the landlord's advance written consent. If the tenant leaves the leased premises before the end of the lease period for any reason, without the landlords' consent, the tenant shall be obliged to continue paying the landlord the full rent for the leased premises under the provisions of this contract until the end of the lease period.
- 3.2.2 The provisions of this clause shall also apply to the management fees which the tenant is obliged to pay the management company as set out below in this contract, and all the other financial obligations imposed on it under this contract.
- 3.2.3 Notwithstanding the aforesaid, the tenant has the right to find a replacement tenant on the same terms, provided that the replacement tenant shall be to the landlord's satisfaction and shall provide reasonable guarantees to the landlord's complete satisfaction. The landlord shall not refuse a replacement tenant except on reasonable grounds.
- 3.2.4 Notwithstanding all the provisions of this contract the tenant, by advance written notice of at least half a year in advance, may notify the landlord that it wishes to leave the leased premises before the end of the lease period. If the tenant has given notice as aforesaid this contract shall come to an end at the end of the aforesaid half year, provided that the tenant has paid the full rent, management fees and outstanding debts until that date and has left all adaptations to the leased premises on the leased premises without being entitled to any credit.

4. Rent and additional payments

- 4.1 The rent during the original lease period (not including management fees) and the date of payment:

In return for the rights of lease during the original lease period and in return for all the landlord's other undertakings under the provisions of this contract, not including management fees, the tenant undertakes to pay the landlord rent in the amounts and at the rates set out below:-

- 4.1.1 Rent for each month during the original lease period shall be in a sum equal in NIS to \$12,250 per month (hereinafter – "the rent"), plus VAT in accordance with the law.
-

- 4.1.2 It is agreed between the parties that the rent shall be linked to the representative rate of exchange of the American dollar known at the time of each payment
- 4.1.3 In addition to the rent the tenant shall pay the landlord value-added tax at the rate thereof according to the law at the time of actual payment and against receipt of a tax invoice in accordance with the law.
- 4.1.4 The rent for the original lease period shall be paid at the following times:
- a. At the time of entering into the contract the tenant shall pay the landlord rent for 3 months in advance in a sum equal in NIS to \$36,750 plus VAT in accordance with the law
 - b. On 15.6.2000 or on the date on which it receives possession of the leased premises - whichever is earlier – the tenant shall pay the landlord rent for three additional months in advance in a sum equal in NIS to \$36,750 plus VAT in accordance with the law
 - c. The balance of the rent during the original lease period plus VAT in accordance with the law shall be paid to the landlord by the tenant in equal consecutive tri-monthly payments on the 1st of the Gregorian month in a sum equal in NIS to \$36,750 per payment plus VAT in accordance with the law, commencing 3 months after the date of receipt of possession of the leased premises.
- 4.1.5 Payment of the rent, or any other payment for which the tenant is liable under this contract, in full and on time is an essential term of this contract and in the event of failure to make any payment on time, this shall be deemed to be a fundamental breach of the contract by the tenant and shall entitle the landlord to all the remedies under this contract and in accordance with the law, including the right to demand eviction of the tenant from the leased premises immediately after the arrears in payment. Delay of up to 14 days in making any payment shall not constitute breach.
- 4.1.6 It is agreed between the parties that if any of the payments under this contract is by cheque or bill, delivery of the cheque or bill shall not be deemed to be payment and only actual payment of the cheque or bill on the date prescribed for it in this contract shall be deemed to be payment on time of the rent or other payment, as the case may be. The landlord undertakes to deposit any cheque or bill immediately for payment thereof.
-

4.2 Taxes and compulsory payments

- 4.2.1 The tenant shall be liable for all the taxes and compulsory payments applicable to the occupier of leased premises for the actual lease period, including liability for payment of general rates, business tax, signage fee, electricity, telephone, (including fixed usage fee) and all other and/or additional current expenses intended for the routine maintenance of the leased premises. The landlord declares that to the best of its knowledge there is no debt for the leased premises which is liable to prevent the tenant from using the leased premises under this contract. The landlord shall be liable for all the taxes and compulsory payments applicable to the owner of immovable property.
- 4.2.2 The parties declare that they are aware that a management and services company operates in the building to provide maintenance, operation and repair services for the building, its facilities and its common property, including gardening, lighting, air-conditioning, operation of elevators, supply of water, security for the building, etc.

4.3 Compulsory payment made by the landlord

- 4.3.1 If the tenant does not make payment on time of any of the payments for which it is liable under the provisions of clause 4 of this contract (including all the sub-clauses), the landlord, after giving the tenant an extension by written notice of at least 30 days in advance, may make any such payment in the tenant's place and the tenant shall be obliged to refund any such payment to the landlord upon the landlord's first demand.

To remove doubt it is hereby clarified that the aforesaid does not constitute any undertaking by the landlord to make any payment in the tenant's place or on its behalf - this without derogating from the tenant's right to appeal against the obligation.

- 4.3.2 If the landlord has made any payment in the tenant's place or on its behalf as aforesaid, the tenant shall refund any such payment to the landlord immediately upon the landlord's demand and the provisions of clause 9.2 of this contract below shall apply to any such payment.

5. Terms of the lease

5.1 Alterations to the leased premises

- 5.1.1 During the entire lease period the tenant may make internal alterations to the leased premises, provided that it does not damage the construction or systems of the building (including air-conditioning systems, plumbing, elevators etc.), without requiring the landlord's consent.
-

- 5.1.2 The landlord shall not refuse to give the tenant permission to plan the interior of the leased premises as the tenant sees fit and to make alterations to the leased premises for that purpose (except prohibited alterations as aforesaid).
- 5.1.3 If the tenant contravenes its aforesaid undertakings, the landlord may immediately restore the leased premises to their previous state at the tenant's expense, provided that it has given the tenant at least 21 days' advance written notice.
- 5.1.4 The tenant undertakes to make the additions and/or alterations, if any, to the best of its ability, carefully and without causing damage to the leased premises and/or to the building, and in strict compliance with the management company's instructions, if any, regarding the manner of performing the work.

The tenant shall be liable for any damage and the consequences thereof caused to the leased premises or the building as a result of making the additions and/or as a result of making alterations of the aforesaid kind to the leased premises.

5.2 Signage and installation of telephone lines

- 5.2.1 The tenant, at its own expense, may order and install telephone lines at the leased premises as it sees fit.
- 5.2.2 The tenant may not affix any sign on the exterior area of the leased premises. Signs shall only be affixed in the places designated for this, after receiving the advance written consent of the management company and the landlord, both with regard to the affixing of a sign and with regard to its size and form. The landlord shall affix a sign in the corridor of the floor on which the leased premises are situated and in each of the entrance halls of the building stating the name of the tenants and their location. The sign shall be similar to the signs there at present and shall be at the landlord's own expense.

5.3 Proper maintenance and landlord's inspection

- 5.3.1 The tenant hereby undertakes to take care of the leased premises and everything affixed thereto by the landlord and/or by it during the entire lease period and to maintain the leased premises and ensure the proper maintenance thereof.
 - 5.3.2 Any deterioration or damage, except fair wear and tear, which is caused by the tenant, its employees, agents or visitors shall be repaired within a reasonable time by the tenant at its own expense.
-

- 5.3.3 If the tenant does not immediately repair the aforesaid damage and deterioration, the landlord, after giving the tenant a written extension of 30 days to repair the defects, may repair them at market prices and the tenant shall bear all the expenses of the repairs made by the landlord at the market price for performing the repairs.
- 5.3.4 The tenant shall be obliged to pay the landlord any amount under clause 5.3.3 above within 7 days from the date on which the account for the aforesaid repairs was given to it by the landlord and the provisions of clause 9.2 of this contract shall apply to any such payment.
- 5.3.5 Cancelled
- 5.3.6 The landlord, its employees and agents may enter the leased premises at reasonable times and by arrangement in advance 3 months before the end of the lease period in order to show the leased premises to parties interested in purchase or lease thereof.
- 5.3.7 The landlord's duty to arrange entry to the leased premises in advance as aforesaid does not apply in emergencies such as fire, flood, etc., when it is necessary to enter the leased premises immediately and in such a case the landlord shall give the tenant immediate notice of the entry upon the leased premises.
- 5.3.8 The landlord, at its own expense, shall repair any deterioration or damage discovered at the leased premises as a result of a defect in the leased premises or from fair wear and tear, within a reasonable time.
- 5.3.9 The provisions of this clause shall also apply respectively to the repairs which the landlord must perform under clause 5.3.8.

5.4 Prohibited uses

- 5.4.1 The tenant may only use the leased premises for offices, industrial laboratories for biotechnology, software and Internet and communications and not for any other purpose.
- 5.4.2 Without derogating from the provisions of clause 5.4.1 above, the tenant shall be prohibited from:-
- a) Performing any work on the leased premises which makes noise or produces smoke, smells, dirt, etc., beyond what is acceptable in an office and laboratories.
 - b) Using the leased premises for uses prohibited by any law. If the tenant finds a replacement tenant under the provisions of clause 3.2.3 above the replacement tenant may use the leased premises for any purpose which does not constitute a contravention of the provisions of this clause.
-

- 5.4.3 If the use for the purpose of the lease requires a licence by law the tenant undertakes to attend to obtaining such a licence. The tenant shall bear all liability for conducting a business without a licence on the leased premises if a licence is required. The landlord shall sign what is required of it as owner in order to obtain the licence.

5.5 Renovation of the leased premises

- 5.5.1 The landlord shall deliver the leased premises to the tenant in accordance with the attached technical specification.
- 5.5.2 To remove any doubt it is hereby clarified that any renovation which is done to the leased premises (including a renovation partly and/or wholly financed by and at the expense of the tenant) shall be the property of and owned by the landlord alone and the tenant shall not be entitled to any compensation or indemnification for the renovation and the tenant shall deliver possession of the leased premises to the landlord at the end of the lease period, with the property being clean and in order and containing all the renovations and improvements which were made to the property, except the tenant's movable property which can be dismantled without causing damage to the leased premises.
- 5.5.3 To remove doubt it is hereby clarified that the tenant must fulfill all its undertakings under this contract even if it is not given the licences and/or permits to use the leased premises for the purpose of the lease, provided that the leased premises have been placed at the tenant's disposal intact and in order and connected to all the usual installations, and meeting all the building and planning requirements. If an eviction order is given against the tenant by a competent authority because the leased premises are unsuitable for use for the purpose stated in this contract the tenant shall be entitled to bring the contract to a conclusion and neither party shall have claims against the other.

6. Third party damage and insurance

- 6.1 The landlord shall not be liable for any damage to the person or property of the tenant, its employees, clients, visitors, invited guests or any other third party, including occupants adjacent to the leased premises, which is caused by or as a result of the use of the leased premises by the tenant or anyone acting on its behalf, except damage as a result of or in connection with a defect in the construction of the leased premises or actions of the landlord or anyone acting on its behalf or the management company.
-

The tenant undertakes to indemnify the landlord for any amount which the landlord is ordered to pay as aforesaid, if it is sued, including any ancillary expense such as legal expenses, provided that the tenant is allowed to defend itself against any claim and payment is only made after judgment.

a. Contents

- 1.1 The tenant undertakes to insure the contents of the leased premises, and without derogating from the generality of the aforesaid, the furniture, equipment, installations and stock therein and any alteration, improvement, renovation and additions to the leased premises made and/or to be made on the leased premises by the tenant and/or for it, of any kind, all the above at replacement value against loss or damage on account of the risks of fire, explosion, earthquake, riots, strikes, malicious damage, gale, storm, flood, water damage, electricity damage, burglary and robbery, damage by aircraft, supersonic boom and collision.
- 1.2 The tenant undertakes to update the sums insured from time to time so that they always reflect the full value of the insured property as stated in clause 1.1 above.
- 1.3 The tenant undertakes at all times that in the policy which will be taken out as stated in clause 1.1 above or in any other policy which is taken out there will be an express term under which the insurer expressly waives any right of subrogation against the landlord and the management company and/or those acting on their behalf. The waiver of subrogation as mentioned above shall also apply to the other tenants/occupants in the building (provided that the contents insurance policies of the occupants and tenants contain a waiver of right of subrogation clause in respect of all the tenants and/or occupants in the building) and/or all those acting on behalf of the aforementioned parties, and on condition that it was not caused maliciously.

The tenant hereby exempts the landlord and the management company and all those acting on their behalf from any liability for loss or damage for which the tenant is or was entitled to indemnification under the policy which it will take out as aforesaid.

b. Employers and third party.

The tenant undertakes to insure all its activities on the leased premises with employers' liability insurance and third party liability insurance, with the limit of the insurer's liability in respect of third party liability insurance being not less than the sum of \$1,000,000 (US dollars) per event.

The definition of the occupation in these policies shall also include the words "owners and managers of buildings".

Hereinafter the policies which shall be taken out by the tenant as stated in clauses (1) and (2) shall be called "the tenant's policies".

c. Indemnification of the landlord

The tenant hereby undertakes to extend the aforesaid third party policy to indemnify the landlord and the management company and/or those acting on their behalf for their vicarious liability for the tenant's acts and/or omissions.

d. Cross-liability

In addition, the tenant hereby undertakes that all third party insurance which is taken out by it under this agreement shall be subject to a "cross-liability" clause, under which the insurance shall be deemed to have been taken out separately for each of the entities making up the insured.

e. Valid policies

The tenant undertakes to comply with all the terms of the tenant's policies and to pay the premiums on time.

f. Insurer's certificate

Before the date of delivery of possession of the leased premises or before the date of bringing items of property onto the leased premises, whichever is the earlier, the tenant shall present the landlord with a certificate from the insurance company that the tenant's policies have been issued to the tenant. This shall be a prerequisite for receiving possession of the leased premises. The aforesaid certificates shall be furnished by the tenant each insurance year without the need for a request by the landlord. It is hereby expressly agreed that presentation of the certificates as aforesaid or presentation of the tenants' policies and examination thereof by the landlord or someone acting on its behalf shall not constitute confirmation that the aforesaid tenant's policies or certificates comply with the provisions of the insurance clause and shall not have the effect of derogating from the tenant's liability under this agreement.

g. Cancellation of policies

In addition, it is agreed that the tenant's policies shall contain an express clause according to which the policies cannot be cancelled unless written notice thereof is given to the landlord by registered post at least 30 days in advance.

h. Damage as a result of risks

The tenant hereby declares that it shall not have any claim and/or action against the landlord and against the management company and/or those acting on their behalf for damage as a result of risks which the tenant undertook to insure as stated in the aforesaid clauses and it exempts the landlord and the management company and those acting on their behalf from any liability for such damage, except damage maliciously caused by the landlord or anyone acting on its behalf.

This clause shall add to and not derogate from any other provision of this contract.

Breach of the insurance clause constitutes fundamental breach of the agreement.

- 6.2 If and to the extent that monies are received from the insurance company for damage to the leased premises or to the common property, the monies shall be used in the first instance for the repair of the leased premises.
- 6.3 The landlord undertakes to insure the building in which the leased premises are situated, including the leased premises, with comprehensive insurance for the structure and full insurance for employers' liability and third party liability, for any damage to the leased premises or the common property or to any person who is at the leased premises or in the building in which the leased premises are situated and to any employee of the landlord or anyone acting on its behalf. The landlord undertakes to indemnify the tenant for any payment which it makes on account of damage of the kind set out in this clause, provided that the landlord is allowed to defend itself against any action and payment is only made after judgment. The landlord hereby undertakes that it and its insurer and any person acting on its behalf shall not recover from the tenant or from the tenant's insurer or from anyone acting on the tenant's behalf on account of any damage as stated in this clause and the landlord hereby expressly waives any right to such a claim or to such recovery.

Vacation of the leased premises and renovation thereof

7.1 Vacation of the leased premises

Subject to the provisions of clause 3.2.3 above, the tenant undertakes to vacate the leased premises at the end of the lease period or the option period or in the event of lawful cancellation of the contract before the end of the lease period, and to return them to the landlord free of any person or object and in the condition in which it received them on the date when it first hired them, except for fair and ordinary wear and tear and the alterations which were made during the lease period.

7.2 Renovation of the leased premises

At the time when the tenant returns the leased premises to the landlord an inspection of the leased premises shall be conducted by the landlord. If the landlord thinks that it is necessary to make a list of repairs for which the tenant is liable under the provisions of this contract, including repair of damage and deterioration and repairs related to restoring the leased premises to their previous condition, except for fair wear and tear as a result of reasonable use of the property, the tenant shall bear the cost of these repairs.

In the event of differences of opinion between the landlord and the tenant, an agreed expert shall determine and make a list of repairs which the tenant shall be obliged to perform and in the absence of agreement as to the identity of the expert he shall be appointed by the head of the Engineers' Association.

8. General provisions

8.1 Management contract

8.1.1 The landlord, whether itself or by means of a management company, shall provide the building with management services, which shall include the services as set out in the appendix to this contract. The management fees shall be in a sum equal in NIS to \$3,960 per month and shall be paid on dates identical to the respective dates for payment of the rent.

8.1.2 The management fees are for usual work hours. The landlord is aware that the usual work hours at the tenant's offices are from 07.30 to 21.00 on weekdays and from 07.30 to 15.00 on Sabbath and holiday eves. The tenant, its employees and visitors shall have access to the building and the leased premises at any time.

The management company's obligations are the same as the landlord's obligations. The landlord declares and undertakes that the building will be maintained and operated at a high standard, as is customary for office buildings in the hi-tech field, provided that the tenant's rights and obligations under this agreement are not altered.

8.2 Transfer of rights in the leased premises

8.2.1 The landlord may at any time transfer or encumber its rights under this contract, and transfer or encumber its rights in the leased premises or let by long-term lease and sell the leased premises, on condition that it notifies the recipient of the rights or the purchaser or long-term lessee (as the case may be) of the existence of this lease contract and the tenant receives written confirmation that their rights are subject to all the tenant's rights under this agreement and the recipient of the rights or the purchaser or long-term lessee shall undertake all the landlord's obligations under this lease contract. In such a case the tenant shall not have any claims or actions on account of the transfer and sale of the rights or on account of the long-term leasing of the leased premises.

8.2.2 The tenant shall not be permitted to transfer all or some of its rights under this contract or to allow others to make use of the whole or part of the leased premises, whether for consideration or not for consideration, or to sublet the leased premises, directly or indirectly, to any person or body, all subject to clause 3.2.3 above. Notwithstanding the provisions of this clause the tenant may let part of the office and laboratories by office services for a similar purpose, provided that the recipient of the services as aforesaid signs an undertaking to vacate the leased premises immediately at the end of the lease period and to comply with all the tenant's obligations under this contract. The provisions of this clause do not apply to transfer of shares.

8.3 Exclusion of applicability of tenants' protection laws

The tenant hereby declares that it is aware that the leased premises and the building in which they are situated are new leased premises and a new building built after 1968, so that at the date of commencement of the Tenants' Protection Law (Miscellaneous Provisions) 5728 -1968 there was no tenant in the leased premises who was entitled to occupy them, and that no key money or other consideration, except rent, has been paid or received in connection with the leased premises or the lease relations created under this contract and therefore this contract and the lease thereunder are not governed by the provisions of the Tenants' Protection Law (Consolidated Version) 5732-1972 or any other law which may replace the aforesaid law or any other law which protects or will protect tenants and in no case shall the tenant be deemed to be a protected tenant and it shall not be entitled to payment of key money or any other payment on vacating the leased premises and it shall be obliged to vacate the leased premises at the vacation date and to return them to the landlord free of any person or object which it has placed or installed in the leased premises.

9. Breach of contract

9.1 Breach of the terms of the contract

9.1.1 In the event of fundamental breach the landlord may cancel this contract and require the tenant to vacate the leased premises immediately and to restore possession thereof to the landlord immediately. Before cancellation of the contract or imposing any sanction the landlord shall send the tenant written notice of the breach and shall allow the tenant to remedy the breach within 45 days from the date of dispatch of the letter.

- 9.1.2 The aforesaid shall not affect any of the landlord's rights to demand and obtain enforcement of all the provisions of this contract, and in particular to demand and receive performance from the tenant of all the payments under this contract on time and in full and in any case to demand and receive compensation from the tenant for any damage suffered by the landlord as a result of the tenant's breach of contract.

The provisions of this clause do not derogate from any of the tenant's rights.

9.2 Arrears in payments

Without affecting the generality of the provisions of clause 9.1 above, in any case where the tenant does not pay or refund to the landlord, or the landlord to the tenant, any of the payments prescribed in this contract in full and at the times for payment thereof prescribed in the contract, any payment in arrears shall bear maximum interest at the maximum rate customary at Bank Leumi Le-Israel Ltd at that time for exceeding the credit limit which has been approved for a customer, commencing from the date for payment prescribed in any of the provisions of this contract until the payment is actually made.

9.3 Failure to vacate the leased premises on time

- 9.3.1 If the tenant does not vacate the leased premises on the date on which it is obliged to vacate them under any of the provisions of this contract or the provisions of the law (hereinafter –"the vacation date"), in addition to all the remedies and reliefs granted to the landlord under the provisions of this contract and the provisions of any law the tenant shall pay the landlord compensation fixed and agreed in advance without the necessity of proving damage, in a sum equal in NIS to \$450 plus VAT in accordance with the law for each additional day for which it continues to occupy the leased premises, without derogating from any other relief given to the landlord under any law and/or under this contract.

The tenant shall also be obliged to continue paying the full management fees for the entire additional period for which it continues to occupy the leased premises.

- 9.3.2 To remove any doubt it is hereby expressly declared that the provisions of this clause do not in any way amount to a waiver of the landlord's rights or consent to any delay by the tenant in vacating the leased premises. Failure to vacate the leased premises on the vacation date shall be deemed to be a fundamental breach of the contract and the landlord may enforce the vacation in any way available to it by law.
-

10. The tenant is given an option to extend the original lease period by 5 additional years subject to the following cumulative conditions:
- The tenant has not committed a fundamental breach of the contract.
 - The tenant has not given the landlord notice at least 60 days before the end of the original lease period that it does not wish to exercise the option, and the option will then come into effect automatically.
 - The rent and management fees in the option period shall be in a sum equal in NIS to the rent and management fees during the original lease period with a 5% supplement, plus VAT in accordance with the law. All the other terms of the lease contract for the original lease period, including the payment terms, shall apply during the option period, mutatis mutandis.

11. Parties' addresses

The parties' addresses are as set out in the preamble to this contract.

Any notice sent by registered post in accordance with the addresses as set out in the preamble to this contract shall be deemed to have been delivered to its destination 72 hours after being handed over for delivery at the post office in Israel.

In witness whereof the parties have signed

(signed)
Stamp: P.P.D. Diamonds Ltd
The Landlord

(signed)
Stamp: Gamida Cell Ltd
The Tenant

Specification of management and maintenance services for the usual hours in the building

The services which are provided by the central management company of the building:

The following services will be included in the agreed maintenance price:

- Maintenance of the structure of the building.
 - Maintenance of central systems of the building, pumps, ventilation systems, etc.
 - Maintenance of the central air-conditioning system of the building, including activation unit. Notwithstanding the aforesaid, the landlord shall be responsible for repair of the electric motor and compression unit in the activation unit.
-

4. Supply of hot and cold water to the leased premises and the air-conditioning systems, including care of the systems and covering the energy cost during usual operating hours, which shall be determined by the superintendent of the building alone.
5. Full maintenance of the elevators of the building.
6. Maintenance of water and sewage pipe system in the building and the leased premises.
7. Maintenance of the electrical systems in the main lobby, floor lobbies, common and public areas, main stairs and emergency stairs up to and including electricity boards of the floors.
8. Cost of electricity consumption in the common use areas outside the floor wings.
9. Insurance of the whole structure, without its contents.

Third party insurance for the common areas outside the leased premises.
10. 24-hour security. Information office during operating hours only.
11. Cleaning the common areas outside the floor wing, including removal of garbage from the building.
12. Care of fire-extinguishing systems and extinguisher cabinets in the areas outside the floor wing.

Special services within the area of the office

Any fault or change in the air-conditioning, electricity, water and sanitary installation systems, toilets, ceilings, carpets in the leased premises and all contents of the office which are owned by the landlord shall be attended to by the management company exclusively, at the tenant's expense, at the direct cost price only, as presented to the tenant.

Regulations for ordering work, confirmation thereof and settling of accounts in respect thereof shall be distributed from time to time by the management company. The landlord shall attend to the matter of telephones and communication itself, in coordination with the management company.

Notwithstanding the provisions of this clause, repair of electrical motors and compressors in the air-conditioning units in the area of the office shall be attended to by the landlord and at its own expense.

(signed)

Stamp: P.P.D. Diamonds Ltd

The Landlord

The Tenant

ADDENDUM TO LEASE AGREEMENT OF 14.3.2000
(HEREINAFTER: "THE LEASE AGREEMENT")
Drawn up and signed at Jerusalem on 5/6/00

Between: **P.P.D. Diamonds Ltd**

And: **Gamida Cell Ltd**

Whereas The lease agreement has been signed between the parties

And whereas The parties wish to make a number of changes to the lease agreement

Now therefore it has been agreed between the parties as follows:

1. In the second "Whereas" in the lease agreement, the words "facing in a north-west-south direction in a gross area of approximately 1,100 m² (all the areas including a proportionate share of the common property)" shall be deleted.
2. The plan attached to this addendum shall for all purposes replace the plan which was attached to the lease agreement and marked with the letter 'A'.
3. At the end of clause 3.2.1 of the lease agreement the full stop shall become a comma and the words "provided that the departure from the leased premises did not arise from reasons connected with the landlord."
4. Clause 10.a of the lease agreement shall be deleted.
5. The provisions of clause 5.3 of the lease agreement shall also apply, mutatis mutandis, to the repairs mentioned in clause 12 of the "Specification of management and maintenance services" which is attached to the lease agreement, including with regard to payment at the market price of the repair only, and the possibility of the tenant performing the repair if the repair has not been performed within a reasonable time by the management company.
6. Despite the change in the area of the leased premises, all the other provisions of the lease agreement shall apply without any change, including with regard to the rent and management fees.

In witness whereof the parties have signed:

(signed)
Stamp: P.P.D. Diamonds Ltd

The Landlord

(signed)
Stamp: *Gamida Cell Ltd*
Private Company 512601204
The Tenant

P.P.D. Diamonds Ltd
Mr Avraham Traub
Mr Mold Moldawsky
Here
And by fax: 6510932

Dear Sir

Re: Lease Contract – Beir Ofer, Jerusalem

We have received the minutes summarizing the meeting on 7 April 2005, which were drawn up by N.T.M. Properties.

Relying on the progress in negotiations up to now, as appears from the minutes and as we have been informed by the representatives of N.T.M. Properties, and further to and subject to our letter of 5 April 2005, we wish to give notice of the exercise of the option under clause 10 of the lease contract.

The terms of the contract during the option period shall be as agreed upon by the parties at the conclusion of the present negotiations.

We hope that the negotiations will continue favorably and will be concluded to the parties' satisfaction.

Yours faithfully

/s/

Naftali Berikashvili
Financial Officer

Copy: Dr Yael Margolin – CEO
N.T.M. Properties

P.O. Box 34670, Jerusalem 91340, Israel

Tel: +972-2-6595666 Fax: +972-2-6595616

APPENDIX TO THE LEASE AGREEMENT OF 14 MARCH 2000

Drawn up and signed at Jerusalem on the 31st day of May 2010

between

P.P.D. Diamonds Ltd (511681967)

A company duly registered in Israel

Whose address for the purpose of this contract is 5 Nahum Hefzadi Street, Jerusalem

(hereinafter: "the landlord") of the one part

and

Gamida Cell Ltd (512601204)

Whose address for the purpose of this contract is the leased premises

(hereinafter: "the tenant") of the other part

Whereas The tenant signed a lease agreement on 14 March 2000 (hereinafter: "the original agreement") concerning the leased premises constituting an area of 1,100 m² as defined in the original agreement (hereinafter: "the original leased premises"), and the tenant extended the lease period in accordance with the option given to it in the original agreement;

And whereas On 5 June 2000 the parties signed an addendum to the original agreement (hereinafter: "the addendum to the original agreement"), in which it was agreed between the parties that the area of the leased premises would amount to a gross area of 1,236 m², as indicated on the plan which was attached to the addendum to the original agreement and marked 'A' (hereinafter: "the leased premises");

And whereas The landlord declares that from the date of the parties' signature of the original agreement until the date of the parties' signature of this addendum there have not been any planning changes applicable to the building and that the leased premises may be used for the purpose of the lease, which is defined in clause 5.4.1 of the original agreement;

And whereas The tenant wishes to continue hiring the leased premises from the landlord and the landlord wishes to let the leased premises to the tenant as aforesaid and subject to the provisions of this appendix and in accordance with its terms;

Now therefore it has been stipulated and agreed between the parties as follows:

- 1) The preamble to this appendix forms an integral and essential part thereof.
 - 2) This appendix forms an integral and essential part of the original agreement and shall hereinafter be called "Appendix 'A'".
 - 3) The lease period under this appendix is 5 years, from 1 July 2010 until 30 June 2015 (hereinafter: "the extended lease period").
 - 4) The rent during the extended lease period shall be in a sum equal in NIS to sixteen thousand three hundred and seventy-seven US dollars (\$16,377) plus VAT in accordance with the law. The management fees in the extended lease period shall be in a sum equal in NIS to four thousand six hundred and thirty-five US dollars (\$4,635).
-

- 5) The rent and management fees shall be paid together in equal consecutive tri-monthly payments on the 1st of each Gregorian month, commencing from 1.7.10 and until the end of the extended lease period, by dollar bank transfer.
- 6)
- a. The tenant is hereby given an option to extend the extended lease period by 5 additional years, commencing on 1 July 2015 and terminating on 30 June 2020 (hereinafter: "the option period"). The option conditions shall be identical in nature and effect to the conditions of the option which it was given in respect of the leased premise in the original agreement, mutatis mutandis.
- b. The rent and management fees in the option period shall be in a sum equal in NIS to the rent and management fees during the extended lease period with a 5% supplement, plus VAT in accordance with the law. The other terms of this appendix, including the payment terms, shall apply during the option period, mutatis mutandis.
- 7) On 14.4.10 the tenant shall deposit with the landlord a sum equal in NIS to \$63,036 plus VAT in accordance with the law, for three (3) months' rent and management fees. This sum shall serve as a deposit for payment of rent and management fees for the three months until the end of the lease or option period. If the option is exercised the tenant shall pay a 5% supplement, plus VAT in accordance with the law, on the aforesaid deposit.
8. The parties agree to make a number of changes to the original agreement, as follows:
- (a) In clause 5.5.3 of the original agreement, after the words "for the purpose of the lease" the words "unless the licences and/or permits were not given to the tenant as a result of an act and/or omission by the landlord" shall be added.
- (b) At the end of clause 7.1 of the original agreement the words "all subject to the provisions of clause 5.5 above" shall be added.
9. The provisions of the original agreement shall apply, mutatis mutandis. In any case of conflict between the provisions of the original agreement and this Appendix 'A', the provisions of Appendix 'A' shall apply.

In witness whereof the parties have signed:

(signed)
Stamp: P.P.D. Diamonds Ltd

The Landlord

(signed)
Stamp: *Gamida Cell Ltd*
Private Company 512601204
The Tenant

[Translated from Hebrew]
State of Israel
Ministry of Industry, Trade, and Labor
Industrial Research and Development Administration
Office of the Chief Scientist

Jerusalem, < *Approval Letter Date* >
Approval Letter No.: < *OCS File Number* >

To: < *Program Executor* >

Letter of Approval

1. We hereby inform you that the Research Committee, by virtue of its authority according to Article 17 to the Encouragement of Industrial Research and Development Law, 5744-1984 (the "R&D Law"), has decided in its meeting dated < *OCS committee meeting date* > to approve the program as submitted by you on < *Request filing date* > whose subject is:
 - a. Subject of approved program: < *Program Title* >
 - b. Executor of the approved program: < *Program Executor* > (hereinafter - the "Approved Program")
 2.
 - a. The research and development expenses approved for the performance of the approved program will be in an amount of up to: < *Maximal Approved Budget* >
 - b. The rate of grant approved is < *Approved Grant Rate* > of the development expenses (addition with respect to a national priority zone A/ line of conflict), which is up to an amount of < *Maximal Approved Grant* >.
 3. The approval is conditioned upon fulfillment of the provisions of the law, regulations, rules and procedures promulgated thereunder and subject to the following terms:
 - a. The approved program will be performed as detailed in your request within a period of 12 months – from January 1, < *Program Period* > and until December 31, < *Program Period* > (hereinafter: the "Performance Period")
-

- b. (1) You must inform the Office of the Chief Scientist about every change in the control of the grant recipient over the company's shares and/or over one of the following controlling means: (a) the right to vote in the company's general meetings; (b) the right to appoint directors in the company; (c) the right to participate in the company's profits.

(2) Transferring any percentage of the controlling means stated in subsection (1) to a non-Israeli resident or to a foreign company, which makes the non-Israeli resident or foreign company an interested party as defined in the Securities Law, 1968, requires notification to the Office of the Chief Scientist and a written undertaking of the non-Israeli resident or the foreign company to the R&D Law.

The letter of approval shall be signed in the form available at the office of the Chief Scientist and on the website of the Ministry of Industry, Trade, and Labor.

- c. Additional Terms:

< *Additional Conditions* >

- d. See the appendix in the matter of intellectual property.
- e. In the event of pledging the company's assets to an Israeli bank against credit, the company must ensure that the pledge shall be subject to the R&D Law.
- f. If the plan is connected to an agreement with an academic institution or an academic implementation company, the company must ensure that the agreement is subject to the provisions of the R&D Law.

Sincerely,

/s/ the Chief Scientist

[Name]

The Chief Scientist

[Translated from Hebrew]
State of Israel
Ministry of Trade and Industry
Industrial Research and Development Administration
Office of the Chief Scientist

Jerusalem, < *Approval letter Date* >
Approval letter no.: < *OCS File number* >

To: < *Program Executor* >

Appendix to the Letter of Approval

Compliance with Intellectual Property Law

We have acknowledged your undertaking from *[date]* to comply with intellectual property laws as shall be practiced in Israel from time to time, that if you are convicted for violation of the intellectual property laws of Israel, by a final and un-appealable judgment in an Israeli court, we shall be entitled to terminate any benefit granted to you by the Industrial Research and Development Administration, including grants, loans, tax benefits, or any other financial advantage, or any part of such benefit, and demand their return including interest and linkage differentials according to the law.

Sincerely,

/s/ _____

[*Name*]

The Chief Scientist

<Program Executor >

Date: < Approval letter Date >

To: Industrial Research and Development Administration,
The Office of Chief Scientist
Ministry of Industry, Trade and Employment
5 Bank Israel, PO Box 3166
Jerusalem
Dear Sir,

Re: Undertaking Letter and Notice about the Commencement of Performance of Approved R&D Plan
Subject: < Program Title >

File Number: < OCS File number >

1. We hereby inform you that we commenced performing the approved plan, according to the referenced approval letter January 1, < Program Period >.
 - a. the obligation not to transfer to another the know-how, the rights thereto, and the manufacturing rights deriving from the research and development without the approval of the research committee.
 - b. to pay royalties and file all reports according to the Law and the Regulations for the Encouragement of Research and Development in Industry (Rate of Royalties and Rules for their Application), 5756-1996 (hereinafter the "Royalties Regulations") and the procedures of the Industrial Research and Development Administration (hereinafter the "Administration").
 2. We declare that we have read all instructions and procedures for financial reporting for R&D purposes and we will comply with them, including in connection with the computerized system for the reporting on hours as assigned to tasks.
 3. We consent to the attribution of this file numbered: < OCS File number > to plan 29645, subject STEMEX.
 4. Additional Undertakings:

< Additional Conditions >
-

5. We hereby declare that we have separated and distinguished account/s in the framework of our financial bookkeeping for the purpose of performing this plan. The recordings made in the account/s are direct, chronological, primary, systematic and only according to documentation.
 6. We hereby declare that we are aware that the referenced grant shall be paid subject to the terms of the approval and according to the Administration's procedures.
 7. The attached budget, including its details, terms and appendices constitutes a binding framework. Expenses deviating from this detailed framework will not be recognized, unless under the approval of the Administration.
 8. Procedures:
 - a. The company shall be entitled to advancement according to the procedures, provided that it has actually commenced performance of the plan. The advancement shall be off-set from payments due according to the financial reports, excluding current advancement.
 - b. Any additional payment shall be executed according to a detailed financial report which corresponds to the Administration's procedures. Payment shall be made after review of the aforesaid report. The grant's recipient is obliged to file a financial report once every three months and a technical report at least once every half a year, on the Administration's forms or in the same format.
 - c. The truthfulness of the financial report shall be confirmed by an authorized representative of the company, and documents witnessing actual payments to subcontractors shall be attached, if such expense is reported.
 - d. Any payment with respect to the approved grant shall be considered as an advance payment only, until the approval of the final report. Until the final report, no more than 90% (including current advancement) shall be paid from the lower of the budgeted grant and the expense in the financial report. The remaining balance shall be paid only following receipt of a final financial report and a final technical report together with approval from an accountant on behalf of the company. The payment shall be made following examination of the reports by representatives of the Administration.
 - e. The company's books of accounts, including the company's balance sheets, shall be open for review of the Administration during a period of 7 years from the commencement of performance of the approved plan, or 6 years from filing the final financial report, the later of the two.
 - f. The Administration will have the right to setoff any sum due from the recipient of the support out of grant approved hereby.
 - g. The grant's recipient is not entitled to stop performing the plan without the prior written approval from the head of the Administration. If the plan is ceased without such approval, the Administration may and shall be entitled to demand the return of the grant plus interest and linkage differentials in accordance with the law.
-

- h. The grant's recipient is obligated to file a final financial report approved by an accountant on its behalf in a format acceptable to the Office of the Chief Scientist and a final technical report to the approved plan, no later than 3 months from the date of completion of the approved plan.
 - i. The Administration is entitled to demand additional technical reports at any time.
 - j. An expense shall not be recognized unless the consideration therefor is paid, except overhead in the salary budget item.
 - k. In the final financial report only expenses accumulated during the approved research period and paid no later than 60 days from its termination shall be recognized.
 - l. The Administration may demand interest and linkage differentials as provided by law on any sum due to it from the recipient of the grant.
9. The abovementioned terms do not derogate from any statute or law applicable to the grant for this file.
10. We hereby undertake to comply with intellectual property laws as shall be practiced in Israel from time to time, and we consent that if we are convicted for violation of any of the intellectual property laws the Administration shall be entitled to retrospectively terminate any benefit granted by you, including grant, loan, benefit or any other financial advantage, or any part of such benefit, and demand their repayment including interest and linkage differentials, according to the law.
-

OCS File Number	Program Executor	Approval Letter Date	OCS Committee Meeting Date	Request Filing Date	Program Title	Maximal Approved Budget	Approved Grant Rate	Maximal Approved Grant	Program Period	Additional Conditions
29645	Gamida Cell	15/12/2003	18/08/2003	30/10/2002	StemEx	ILS 8,628,027	60%	ILS 5,176,816	2003	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated June 11, 2003 and includes the former grant of NIS 4,314,014 and a NIS 862,802 increase.
29645	Gamida Cell	11/06/2003	09/04/2003	30/10/2002	StemEx	ILS 8,628,027	50%	ILS 4,314,014	2003	Royalties shall be paid from any income generated from the sales of the Company's products
32684	Gamida Cell	16/12/2003	30/11/2003	09/04/2003	StemEx	ILS 4,212,276	30%	ILS 1,263,683	2003	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated June 11, 2003 and includes the former grant of NIS 1,696,590 and a NIS 432,907 decrease.
32684	Gamida Cell	11/06/2003	09/04/2003	09/04/2003	StemEx	ILS 5,655,300	30%	ILS 1,696,590	2003	Royalties shall be paid from any income generated from the sales of the Company's products
34077	Gamida Cell	04/01/2005	14/11/2004	29/01/2004	StemEx	ILS 8,864,858	50%	ILS 4,432,429	2004	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated May 23, 2004 and includes the former grant of NIS 4,661,136 and a NIS 228,707 decrease.
34077	Gamida Cell	23/05/2004	19/04/2004	29/01/2004	StemEx	ILS 9,322,271	50%	ILS 4,661,136	2004	Royalties shall be paid from any income generated from the sales of the Company's products
34366	Gamida Cell	04/01/2005	14/11/2004	19/04/2004	StemEx	ILS 2,867,153	30%	ILS 860,146	2004	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated June 7, 2004 and includes the former grant of NIS 1,199,999 and a NIS 339,853 decrease.
34366	Gamida Cell	07/06/2004	19/04/2004	19/04/2004	StemEx	ILS 3,999,998	30%	ILS 1,199,999	2004	Royalties shall be paid from any income generated from the sales of the Company's products
35537	Gamida Cell	26/05/2005	11/04/2005	31/01/2005	StemEx	ILS 9,127,323	60%	ILS 5,476,394	2005	Royalties shall be paid from any income generated from the sales of the Company's products
35788	Gamida Cell	22/08/2005	11/04/2005	13/04/2005	StemEx	ILS 4,545,000	30%	ILS 1,363,500	2005	Royalties shall be paid from any income generated from the sales of the Company's products
36922	Gamida Cell	28/05/2006	24/04/2006	31/01/2006	StemEx	ILS 9,450,974	50%	ILS 4,725,487	2006	Gamida Cell Holdings - from any income generated from the usage of Stemex Products for blood disease; Gamida Cell - from any income generated from all Stemex products for different uses; Gamida Cell shall bear the responsibility for reporting and payment of royalties under the program, on behalf of both companies.
36923	Gamida Cell	10/09/2006	15/08/2006	31/01/2006	Tissue regeneration	ILS 5,026,470	60%	ILS 3,015,882	2006	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated June 28, 2006 and includes the former grant of NIS 2,513,235 and a NIS 502,647 increase.
36923	Gamida Cell	26/06/2006	24/04/2006	31/01/2006	Tissue regeneration	ILS 5,026,470	50%	ILS 2,513,235	2006	Royalties shall be paid from any income generated from the sales of the Company's products
37168	Gamida Cell	28/05/2006	24/04/2006	24/04/2006	StemEx	ILS 8,359,225	30%	ILS 2,507,768	2006	Gamida Cell Holdings - from any income generated from the usage of Stemex Products for blood disease; Gamida Cell - from any income generated from all Stemex products for different uses; Gamida Cell shall bear the responsibility for reporting and payment of royalties under the program, on behalf of both companies.

38285	Gamida Cell	17/05/2007	28/03/2007	31/01/2007	Tissue regeneration	ILS	4,000,000	50%	ILS	2,000,000	2007	Royalties shall be paid from any income derived from the aforementioned technology
38292	Gamida Cell	28/10/2007	06/08/2007	31/01/2007	Nicotinamide Cell Based Products	ILS	4,386,870	60%	ILS	2,632,122	2007	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated May 28, 2007 and includes the former grant of NIS 2,500,122 and a NIS 132,000 increase.
38292	Gamida Cell	28/05/2007	28/03/2007	31/01/2007	Nicotinamide Cell Based Products	ILS	4,166,870	60%	ILS	2,500,122	2007	Royalties shall be paid from any income generated from the sales of the Company's products
38304	Gamida Cell-Teva Joint Venture	28/05/2007	28/03/2007	31/01/2007	StemEx	ILS	12,500,000	50%	ILS	7,500,000	2007	Gamida Cell Holdings - from any income generated from the sales of Stemex; Reporting and payment of royalties shall be done by Gamida Cell, on behalf of both companies.
38586	Gamida Cell-Teva Joint Venture	28/05/2007	28/03/2007	28/03/2007	StemEx	ILS	13,000,000	30%	ILS	3,900,000	2007	Gamida Cell Holdings - from any income generated from the sales of Stemex;
38588	Gamida Cell	17/02/2008	10/12/2007	28/03/2007	Tissue regeneration	ILS	242,877	30%	ILS	72,863	2007	Royalties shall be paid from any income derived from the aforementioned technology; This Approval Letter replaces the Approval Letter dated May 28, 2007 and includes the former grant of NIS 291,450 and a NIS 218,587 decrease.
38588	Gamida Cell	28/05/2007	28/03/2007	28/03/2007	Tissue regeneration	ILS	971,500	30%	ILS	291,450	2007	Royalties shall be paid from any income derived from the aforementioned technology
39580	Gamida Cell	24/11/2008	11/11/2008	31/01/2008	NAM	ILS	5,859,700	60%	ILS	3,515,820	2008	Royalties shall be paid from any income generated from any sales of the Company based on cell treatment with NAMThis Approval Letter replaces the Approval Letter dated May 14, 2008 and includes the former grant of NIS 2,929,850 and a NIS 585,970 increase.
39580	Gamida Cell	14/05/2008	11/03/2008	31/01/2008	NAM	ILS	5,859,700	50%	ILS	2,929,850	2008	Royalties shall be paid from any income generated from any sales of the Company based on cell treatment with NAM
39727	Gamida Cell-Teva Joint Venture	24/11/2008	11/11/2008	24/01/2008	StemEx	ILS	12,800,000	60%	ILS	7,680,000	2008	Royalties shall be paid from any income generated from the sales of StemEx products; This Approval Letter replaces the Approval Letter dated May 14 2008, and includes the former grant of NIS 6,400,000 and a NIS 1,280,000 increase.
39849	Gamida Cell	02/12/2008	11/11/2008	31/01/2008	Tissue regeneration	ILS	4,771,400	60%	ILS	2,882,840	2008	Royalties shall be paid from any income generated from the sales of the Company's products; This Approval Letter replaces the Approval Letter dated May 14, 2008 and includes the former grant of NIS 2,484,800 and a NIS 378,040 increase.
39849	Gamida Cell	14/05/2008	11/03/2008	31/01/2008	Tissue regeneration	ILS	4,969,600	50%	ILS	2,484,800	2008	Royalties shall be paid from any income generated from the sales of the Company's products;
40031	Gamida Cell-Teva Joint Venture	25/11/2008	11/11/2008	11/11/2008	StemEx	ILS	8,725,000	30%	ILS	2,617,500	2008	Royalties shall be paid from any income generated from the sales of StemEx products; This Approval Letter replaces the Approval Letter dated May 14 2008, and includes the former grant of NIS 3,450,000 and a NIS 832,000 decrease.
41479	Gamida Cell-Teva Joint Venture	20/05/2009	24/03/2009	01/02/2009	StemEx	ILS	10,469,064	60%	ILS	6,281,438	2009	Royalties shall be paid from any income generated from the sales of StemEx products
41779	Gamida Cell-Teva Joint Venture	03/12/2009	10/11/2009	24/03/2009	StemEx	ILS	13,480,000	30%	ILS	4,044,000	2009	Royalties shall be paid from any income generated from the sales of StemEx products;This Approval Letter replaces the Approval Letter dated May 20 2009, and includes the former grant of NIS 4,677,242 and a NIS 633,242 decrease.
41779	Gamida Cell-Teva Joint Venture	20/05/2009	24/03/2009	24/03/2009	StemEx	ILS	15,590,806	30%	ILS	4,677,242	2009	Royalties shall be paid from any income generated from the sales of StemEx products

43209	Gamida Cell	26/04/2010	08/03/2010	17/01/2010	NAM - Cell Based Products	ILS	7,300,532	60%	ILS	4,380,319	2010	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
43423	Gamida Cell-Teva Joint Venture	11/05/2010	08/03/2010	31/01/2010	StemEx	ILS	11,396,661	60%	ILS	6,837,997	2010	Royalties shall be paid from any income generated from the sales of StemEx products
43613	Gamida Cell-Teva Joint Venture	11/05/2010	08/03/2010	08/03/2010	StemEx	ILS	16,329,000	30%	ILS	4,898,700	2010	Royalties shall be paid from any income generated from the sales of StemEx products
43614	Gamida Cell	26/04/2010	08/03/2010	08/03/2010	NAM technology cell based products	ILS	2,739,000	30%	ILS	821,700	2010	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
44999	Gamida Cell-Teva Joint Venture	22/06/2011	27/03/2011	26/12/2010	StemEx	ILS	11,463,096	60%	ILS	6,877,858	2011	Royalties shall be paid from any income generated from the sales of StemEx products
45081	Gamida Cell	22/06/2011	27/03/2011	06/01/2011	NAM	ILS	7,159,503	60%	ILS	4,295,702	2011	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
45668	Gamida Cell	22/06/2011	27/03/2011	27/03/2011	NAM	ILS	3,035,700	30%	ILS	910,710	2011	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
45669	Gamida Cell-Teva Joint Venture	22/06/2011	27/03/2011	27/03/2011	StemEx	ILS	14,636,471	30%	ILS	4,390,941	2011	Royalties shall be paid from any income generated from the sales of StemEx products
47466	Gamida Cell-Teva Joint Venture	13/11/2012	23/10/2012	24/01/2012	StemEx	ILS	9,629,260	60%	ILS	5,777,556	2012	Royalties shall be paid from any income generated from the sales of Stemex products; This Approval Letter replaces the Approval Letter dated June 6, 2012, and includes the former grant of NIS 6,245,668 and a NIS 468,132 decrease.
47466	Gamida Cell-Teva Joint Venture	06/06/2012	18/04/2012	24/01/2012	StemEx	ILS	10,409,480	60%	ILS	6,245,688	2012	Royalties shall be paid from any income generated from the sales of StemEx products;
47579	Gamida Cell	13/11/2012	23/10/2012	31/01/2012	NAM technology cell based products	ILS	6,551,119	60%	ILS	3,930,671	2012	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM; This Approval Letter replaces the Approval letter dated May 30, 2012, and includes the former grant of NIS 5,290,751 and a NIS 1,360,080 decrease.
47579	Gamida Cell	30/05/2012	18/04/2012	31/01/2012	NAM technology cell based products	ILS	8,817,919	60%	ILS	5,290,751	2012	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
48068	Gamida Cell-Teva Joint Venture	06/06/2012	18/04/2012	18/04/2012	StemEx	ILS	8,291,260	30%	ILS	2,487,378	2012	Royalties shall be paid from any income generated from the sales of StemEx products;
48069	Gamida Cell	13/11/2012	23/10/2012	18/04/2012	NAM technology cell based products	ILS	4,106,901	30%	ILS	1,232,070	2012	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM; This Approval Letter replaces the Approval Letter dated May 30, 2012,and includes the former grant of NIS 1,405,350 and a NIS 173,280 decrease.
48069	Gamida Cell	30/05/2012	18/04/2012	18/04/2012	NAM technology cell based products	ILS	4,684,501	30%	ILS	1,405,350	2012	Royalties shall be paid from any income generated from the sales made be the company based on cell treatment with NAM
49791	Gamida Cell-Teva Joint Venture	15/12/2013	20/11/2013	20/01/2013	StemEx	ILS	2,653,340	60%	ILS	1,592,004	2013	Royalties will be paid from any income by the company
49849	Gamida Cell	26/05/2013	11/04/2013	29/01/2013	NAM based technology products development	ILS	7,527,207	60%	ILS	4,516,324	2013	Royalties will be paid from any income by the company
50321	Gamida Cell	26/05/2013	11/04/2013	11/04/2013	NAM based technology products development	ILS	3,029,000	30%	ILS	908,700	2013	Royalties will be paid from any income by the company
52222	Gamida Cell	07/05/2014	07/04/2014	29/01/2014	NAM based technology products development	ILS	12,194,324	60%	ILS	7,316,594	2014	Royalties will be paid from any income by the company
52800	Gamida Cell	07/05/2014	07/04/2014	07/05/2014	NAM based technology products development	ILS	4,273,500	30%	ILS	1,282,050	2014	Royalties will be paid from any income by the company

List of Subsidiaries of Gamida Cell Ltd.**1. Gamida Cell – Teva Joint Venture Ltd.**

- Jurisdiction of incorporation: Israel
- Name under which the subsidiary does business: Gamida Cell – Teva Joint Venture Ltd.

2. Gamida Cell Inc.

- Jurisdiction of incorporation: Delaware
- Name under which the subsidiary does business: N/A

3. Gamida Cryo Ltd.

- Jurisdiction of incorporation: Israel
 - Name under which the subsidiary does business: Gamida Cryo Ltd.
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