

Microbot Medical Inc.
Form DEF 14A
August 11, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant To Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] Confidential, for Use of the Commissions Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Section 240.14a-12

MICROBOT MEDICAL INC.

(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(3)

Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

MICROBOT MEDICAL INC.

25 Recreation Park Drive, Unit 108

Hingham, MA 02043

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 12, 2017

Dear Shareholders:

NOTICE IS HEREBY GIVEN, that the 2017 Annual Meeting of Shareholders of Microbot Medical Inc. (the “Company”) will be held at 11:00 A.M., Eastern Standard Time on September 12, 2017 at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Chrysler Center, 666 Third Avenue, Floor 25, New York, NY 10017. At the Annual Meeting, you will be asked to vote on:

1. The election of two Class II directors to the Board of Directors of the Company to serve until the 2020 Annual Meeting of Shareholders;
2. The ratification of Brightman Almagor Zohar & Co., a Member of Deloitte Touche Tohmatsu Limited, or its U.S. affiliate, as the Company’s independent registered public accounting firm for the year ending December 31, 2017;
3. To approve the Microbot Medical Inc. 2017 Equity Incentive Plan;
4. The approval of a non-binding advisory resolution supporting the compensation of the Company’s named executive officers;
5. The approval of a non-binding advisory resolution regarding the frequency of future non-binding advisory votes related to future named executive officer compensation; and
6. To transact such other and further business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on July 24, 2017 as the record date for determining shareholders who are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

Your vote is important to us. Whether or not you intend to be present at the meeting, please sign and date the enclosed proxy card and return it in the enclosed envelope. Returning a proxy will not deprive you of your right to attend the Annual Meeting and vote your shares in person.

The foregoing items of business are more fully described in the accompanying proxy statement.

By Order of the Board of Directors,

Harel Gadot

Chairman, President and Chief Executive Officer

Dated: August 11, 2017

Hingham, Massachusetts

MICROBOT MEDICAL INC.

25 Recreation Park Drive, Unit 108

Hingham, MA 02043

PROXY STATEMENT

2017 ANNUAL MEETING OF SHAREHOLDERS

September 12, 2017

This proxy statement and the accompanying proxy card is furnished in connection with the solicitation by the Board of Directors (the “Board”) of Microbot Medical Inc., a Delaware corporation (the “Company”), of proxies for use at the 2017 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Chrysler Center, 666 Third Avenue, Floor 25, New York, NY 10017 at 11:00 A.M., Eastern Standard Time, on September 12, 2017, or at any adjournment or postponement thereof, for the purposes set forth in this proxy statement and the accompanying Notice of Annual Meeting of Shareholders. This proxy statement and the accompanying proxy card is first being mailed on or about August 14, 2017 to all Shareholders of the Company entitled to vote at the Annual Meeting (the “Shareholders”).

The Company will bear the cost of solicitation of proxies. Directors, officers and employees of the Company may solicit proxies by telephone, email, facsimile, in person or otherwise for no additional compensation. The Company has retained Morrow Sodali LLC to act as a proxy solicitor in conjunction with the annual stockholders meeting at an estimated cost of \$10,000 plus expenses. The Company will pay the entire costs of such solicitation as well as the costs of printing and filing this proxy statement and proxy card. The Company will reimburse banks, brokerage firms, proxy solicitors, and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of shares.

The Board of Directors has fixed the close of business on July 24, 2017, as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting or at any postponement or adjournment thereof. There were 34,805,333 shares of our common stock, \$.01 par value, outstanding on July 24, 2017, each of which is entitled to one vote for each share on the matters to be voted upon.

Stockholders are being asked to vote on five proposals at the Company’s 2017 Annual Meeting. The proposals to be voted on and related recommendations from the Board of Directors are as follows:

- Proposal Number 1. The election of two Class II directors to the Board of Directors of the Company to serve until the 2020 Annual Meeting of Shareholders. The Board of Directors recommends that you vote “FOR” each of the nominees.
- Proposal Number 2. The ratification of Brightman Almagor Zohar & Co., a Member of Deloitte Touche Tohmatsu Limited, or its U.S. affiliate, as the Company’s independent registered public accounting firm for the year ending December 31, 2017. The Board of Directors recommends that you vote “FOR” this proposal.
- Proposal Number 3. To approve the Microbot Medical Inc. 2017 Equity Incentive Plan. The Board of Directors recommends that you vote “FOR” this proposal.
- Proposal Number 4. The approval of a non-binding advisory resolution supporting the compensation of the Company’s named executive officers. The Board of Directors recommends that you vote “FOR” this proposal.
- Proposal Number 5. The approval of a non-binding advisory resolution regarding the frequency of future non-binding advisory votes related to future named executive officer compensation. The Board of Directors recommends that you vote in favor of “THREE YEARS” for the non-binding advisory vote relating to future named executive officer compensation.

In the election of directors, which is Proposal Number 1, you may vote “FOR” both of the nominees or your vote may be “WITHHELD” with respect to one or both of the nominees. For Proposal Number 2, Proposal Number 3 and Proposal Number 4, you may vote “FOR,” vote “AGAINST” or “ABSTAIN.” For Proposal Number 5, you may vote for every “1 YEAR,” “2 YEARS” or “3 YEARS,” or “ABSTAIN.” If you “ABSTAIN” as to Proposal Number 2, Proposal Number 3, Proposal Number 4 and Proposal Number 5, the abstention will have no effect.

Shares of our common stock represented by proxies in the form enclosed that are properly executed and returned to us and not revoked will be voted as specified in the proxy by the stockholder. In the absence of contrary instructions, or in instances where no specifications are made, the shares will be voted:

i. FOR the election of two (2) Class II directors to the Board of Directors of the Company to serve until the 2020 Annual Meeting of Shareholders.

ii. FOR the ratification of Brightman Almagor Zohar & Co., a Member of Deloitte Touche Tohmatsu Limited, or its U.S. affiliate, as the Company's independent registered public accounting firm for the year ending December 31, 2017.

iii. FOR the approval of the Microbot Medical Inc. 2017 Equity Incentive Plan.

iv. FOR the advisory resolution to approve the compensation of the company's named executive officers as described herein under "Proposal Number 4 — Advisory Vote on Executive Officer Compensation."

v. FOR every "3 YEARS" for the advisory resolution to set the frequency with which executive compensation will be subject to future advisory stockholder votes as described herein under Proposal Number 5 — Advisory Vote on the Frequency of Future Executive Compensation Advisory Votes.

vi. In the discretion of the named proxies as to any other matter that may properly come before the Annual Meeting

Any stockholder signing and delivering a proxy may revoke it at any time before it is voted by delivering to the company's corporate secretary a written revocation or a duly executed proxy bearing a date later than the date of the proxy being revoked. Any stockholder attending the Annual Meeting in person may revoke his, her or its proxy and vote his, her or its shares at the Annual Meeting.

How to vote shares at our 2017 Annual Meeting.

Voting at the Annual Meeting. All Company stockholders are invited to attend the Annual Meeting in person. Any stockholder that attends the meeting in person may deliver a completed proxy card in person or vote by completing a ballot, which will be available at the meeting. However, each stockholder intending to vote in person at the Annual Meeting should note that if his, her or its shares are held in the name of a bank, broker or other nominee, such stockholder must obtain a legal proxy, executed in his, her or its favor, from the holder of record to be able to vote at the Annual Meeting. Stockholders should allow enough time prior to the Annual Meeting to obtain this proxy from the holder of record, if needed.

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This year, registered stockholders of the Company, meaning stockholders who hold the Company's stock directly (not through a bank, broker, or other nominee) may cast their vote in any of the following ways:

Vote by Internet. Registered stockholders can vote over the Internet at www.envisionreports.com/MBOT by following the instructions on the proxy card. Internet voting facilities for registered stockholders of record will be available 24 hours a day and will close at 10:00 a.m. (EDT) on September 12, 2017.

Vote by Mail. Registered stockholders can vote by mail by signing, dating and mailing the enclosed proxy card in the postage-paid envelope provided. If the envelope is missing, such a stockholder can mail the completed proxy card or voting instruction card to Proxy Services, c/o Computershare Investor Services, P.O. Box 505008, Louisville, KY 40233-9814. The completed card must be received no later than September 11, 2017.

Vote by Telephone. Registered stockholders can vote by telephone by calling the phone number located on the top of your proxy card and following the voice prompts. You will need information from your proxy card to submit your proxy by telephone. Telephone voting facilities for registered stockholders of record will be available 24 hours a day and will close at 10:00 a.m. (EDT) on September 12, 2017.

This year, beneficial stockholders of the Company, meaning stockholders who hold the Company's stock in the name of a bank, broker, or other nominee (commonly referred to as holding shares in "street name") may cast their vote in any of the following ways:

Vote by Internet. Beneficial stockholders can vote over the Internet at www.proxyvote.com by following the online instructions. Internet voting facilities for beneficial stockholders of record will be available 24 hours a day and will close at 10:00 a.m. (EDT) on September 12, 2017.

Vote by Mail. Beneficial stockholders can vote by mail by signing, dating and mailing the enclosed voting instruction form ("VIF") in the postage-paid envelope provided. The completed card must be received no later than September 11, 2017.

Vote by Telephone. Beneficial stockholders can vote by telephone by calling the phone number located on the top of your VIF and following the voice prompts. Telephone voting facilities for beneficial stockholders of record will be available 24 hours a day and will close at 10:00 a.m. (EDT) on September 12, 2017.

The shares voted electronically or represented by the proxy cards received, properly marked, dated, signed and not revoked, will be voted at the Annual Meeting.

Quorum, Required Votes and Method of Tabulation

Consistent with Delaware law and the Company's amended and restated by-laws, a majority of the votes entitled to be cast on a particular matter, present in person or represented by proxy, constitutes a quorum as to such matter. The Company will appoint one or more election inspectors for the meeting to count votes cast by proxy or in person at the Annual Meeting.

If you hold shares beneficially in street name and do not provide your broker or nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions have not been given. This year if you hold shares beneficially in street name and do not vote your shares, your broker or nominee can vote your shares at its discretion on Proposal Number 2. In tabulating the voting result for any proposal for which the required vote is based on the number of shares present, shares that constitute broker non-votes are not considered entitled to vote on that proposal. However, for proposals for which the required vote is based on the number of shares of common stock issued and outstanding, broker non-votes have the same effect as a vote "AGAINST" the proposal.

Thus, broker non-votes will not affect the outcome of Proposal Number 1 through Proposal Number 5 provided a quorum is established.

What Vote is Required to Approve Each Item?

Election of directors by stockholders, which is Proposal Number 1, will be determined by a plurality of the votes cast by the stockholders entitled to vote at the election that are either present in person or represented by proxy.

For Proposal Number 2, the affirmative “FOR” vote is required by the holders of a majority of the shares present at the Annual Meeting in person or by proxy and voting. Abstentions will have no effect on the outcome of this proposal.

For Proposal Number 3, the affirmative “FOR” vote is required by the holders of a majority of the shares present at the Annual Meeting in person or by proxy and voting. Abstentions will have no effect on the outcome of this proposal.

For Proposal Number 4, the affirmative “FOR” vote is required by the holders of a majority of the shares present at the Annual Meeting in person or by proxy and voting. Because this vote is advisory only, it will not be binding on the Company, the Board or the Compensation Committee of the Board. However, the Board and the Compensation Committee will review the voting results and take them into consideration when making future decisions about executive compensation. Abstentions will have no effect on the outcome of this proposal.

For Proposal Number 5, the alternative receiving the greatest number of votes will be the frequency that stockholders approve. Because your vote is advisory, it will not be binding on the Company, the Board or the Compensation Committee of the Board. However, the Board will review the voting results and take them into consideration when determining the frequency of future non-binding advisory votes on the compensation of our named executive officers. Abstentions will have no effect on the outcome of this proposal.

Management does not know of any matters to be presented at this year's Annual Meeting other than those set forth in this proxy statement and in the notice accompanying this proxy statement. Stockholders will have no appraisal rights under Delaware law with respect to any of the matters expected to be voted on at the Annual Meeting. If other matters should properly come before the meeting, the proxy holders will vote such matters in their discretion. Any stockholder has the right to revoke his, her or its proxy at any time until it is voted.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the number of shares of our common stock beneficially owned, as of August 6, 2017, by (i) each of our directors, (ii) each of our named executive officers, (iii) all of our current directors and executive officers as a group, and (iv) all those known by us to be a beneficial owner of more than 5% of the Company's common stock. In general, "beneficial ownership" refers to shares that an individual or entity has the power to vote or dispose of, and any rights to acquire common stock that are currently exercisable or will become exercisable within 60 days of August 6, 2017. We calculated percentage ownership in accordance with the rules of the SEC. The percentage of common stock beneficially owned is based on 34,805,333 shares outstanding as of August 6, 2017. In addition, shares issuable pursuant to options or other convertible securities that may be acquired within 60 days of August 6, 2017 are deemed to be issued and outstanding and have been treated as outstanding in calculating and determining the beneficial ownership and percentage ownership of those persons possessing those securities, but not for any other persons.

This table is based on information supplied by each prospective director, officer and principal stockholder of the Company. Except as indicated in footnotes to this table, the Company believes that the stockholders named in this table have sole voting and investment power with respect to all shares of Common Stock shown to be beneficially owned by them, based on information provided by such stockholders. Unless otherwise indicated, the address for each director, executive officer and 5% or greater stockholders of the Company listed is: c/o Microbot Medical Inc., 25 Recreation Park Drive, Unit 108, Hingham, MA 02043.

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned	
Directors and Executive Officers			
Harel Gadot(1)	3,820,664	10.62	%
Yoav Waizer	—	—	
Moshe Shoham(2)	2,550,231	7.18	%
Yoseph Bornstein(3)	5,305,409	15.24	%
Solomon Mayer	—	—	
Scott Burell	—	—	

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Martin Madden	—	—	
David Ben Naim	—	—	
Yehezkel (Hezi) Himelfarb	—	—	
All current directors and executive officers as a group (9 persons)(4)	11,676,304	31.83	%
Five Percent Shareholders			
LSA - Life Science Accelerator Ltd.(3)	5,305,409	15.24	%
Technion Research and Development Foundation Ltd.(5)	3,555,339	10.21	%
MEDX Ventures Group LLC(6)	3,820,664	10.62	%
Saber Holding GmbH(7)	4,307,003	12.37	%
GreenBlock Capital, LLC	1,753,091	5.04	%

Includes 1,167,960 shares of the Company's common stock issuable upon the exercise of options granted to MEDX (1) Ventures Group. All of such shares and options are held by MEDX Ventures Group LLC, which is beneficially owned by Mr. Gadot. See Note 6 below.

(2) Includes 708,141 shares of the Company's common stock issuable upon the exercise of options.

- Based on representations and other information made or provided to the Company by Mr. Bornstein, Mr. Bornstein is the CEO and Director of LSA and of Shizim, and Mr. Bornstein is the majority equity owner of Shizim. Shizim (3) is the majority equity owner of LSA. Accordingly, Mr. Bornstein may be deemed to share voting and investment power over the shares beneficially owned by these entities and has an address of 16 Iris Street, Rosh-Ha' Ayin Israel 4858022.
- (4) Includes shares of the Company's common stock issuable upon the exercise of options as set forth in footnotes (1) and (2).
- (5) The address of Technion Research and Development Foundation is Technion City, Malat Bldg., 5th Floor, Haifa, Israel 3200003.
Includes 1,167,960 shares of the Company's common stock issuable upon the exercise of options granted to MEDX Ventures Group. Mr. Gadot is the Chief Executive Officer, Company Group Chairman and majority equity owner of MEDX Venture Group and thus may be deemed to share voting and investment power over the shares beneficially owned by this entity.
- (6) Pursuant to a Schedule 13D/A-2 filed on June 20, 2017, Mrs. Sandra Berkson owns 100% of the equity of Saber Holding GmbH. Mr. Avram Berkson and Mrs. Sandra Berkson have shared power with Saber to vote or direct the vote, and to dispose or direct the disposition, of such shares. Saber's address is Krummbaumgasse 10/20, 1020 Wein, Austria.
- (7)

BOARD OF DIRECTORS

General

We currently have seven directors serving on our Board. The following table lists the names, ages and positions of the individuals who serve as directors of the Company, as of August 6, 2017:

Name	Age	Position
Harel Gadot	45	President, Chief Executive Officer and Chairman of the Board of Directors
Yoav Waizer(1)(2)	52	Director
Moshe Shoham(2)	65	Director
Yoseph Bornstein(1)(3)	59	Director
Solomon Mayer	63	Director
Scott Burell(1)(2)(3)	52	Director
Martin Madden	57	Director

(1) Member of Audit Committee.

(2) Member of Corporate Governance Committee.

(3) Member of Compensation Committee

Because we have a classified Board, with each of our directors serving a staggered three-year term, only our Class II Directors are standing for election at our 2016 Annual Meeting. The following table shows the current composition of the three classes of our Board:

Class I Directors (terms scheduled to expire in 2019):

Harel Gadot
Yoav Waizer
Martin Madden

Class II Directors:

Solomon Mayer (term scheduled to expire in 2017)
Scott Burell (term scheduled to expire in 2017, but nominated to stand for reelection at our 2017 Annual Meeting)

In addition Yehezkel (Hezi) Himelfarb, our General Manager and Chief Operating Officer, has been nominated to stand for election at our 2017 Annual Meeting to replace Mr. Mayer as a Class II Director.

Class III Directors (terms scheduled to expire in 2018)

Yoseph Bornstein
Moshe Shoham

The independent members of our Board, as determined by the Board in accordance with the existing Nasdaq Listing rules, are Messrs. Waizer, Shoham, Bornstein, Mayer, Burell and Madden. Mr. Himelfarb would not be an independent member of our Board. The Board held approximately 20 regular meetings during the fiscal year ended December 31, 2016 while we were a private company and after we became a public company. This does not include meetings of the predecessor Board when our company was named and operating as StemCells, Inc. (“StemCells”). Each of our directors attended at least 85% of such meetings of the Board. While we encourage our directors to attend the Company’s annual Shareholder meeting, we do not have a policy requiring that they do so. None of our directors attended the Company’s 2016 annual stockholder meeting, as all of our directors were appointed to the Board subsequent to the 2016 annual stockholder meeting.

Committees of the Board of Directors

Presently, the Board has three standing committees — the Audit Committee, the Compensation and Stock Option Committee (the “Compensation Committee”), and the Corporate Governance and Nominating Committee (the “Corporate Governance Committee”). All members of the Audit Committee, the Compensation Committee, and the Corporate Governance Committee are, and are required by the charters of the respective committees to be, independent as determined under Nasdaq Listing rules.

Audit Committee

The Audit Committee is composed of Messrs. Burell, Waizer and Bornstein. Each of the members of the Audit Committee is independent, and the Board has determined that Mr. Burell is an “audit committee financial expert,” as defined in SEC rules. The Audit Committee did not hold any meetings during the fiscal year ended December 31, 2016, because we did not have any independent committees until the merger with StemCells. This does not include meetings of the Audit Committee when our company was named and operating as StemCells. The Audit Committee acts pursuant to a written charter, which is available through our website at www.microbotmedical.com.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. The Audit Committee does this primarily by reviewing the Company’s financial reports and other financial information as well as the Company’s systems of internal controls regarding finance, accounting, legal compliance, and ethics that

management and the Board have established. The Audit Committee also assesses the Company's auditing, accounting and financial processes more generally. The Audit Committee meets at least quarterly, and at such other times as it finds necessary. The Audit Committee recommends to the Board the appointment of a firm of independent auditors to audit the financial statements of the Company and meets with such personnel of the Company to review the scope and the results of the annual audit, the amount of audit fees, the Company's internal accounting controls, the Company's financial statements contained in this proxy statement, and other related matters.

Compensation Committee

The Compensation Committee is composed of Messrs. Burell and Bornstein. Each of the members of the Compensation Committee is independent. The Compensation Committee did not hold any meetings during the fiscal year ended December 31, 2016, because we did not have any independent committees until the merger with StemCells. This does not include meetings of the Compensation Committee when our company was named and operating as StemCells. The Compensation Committee acts pursuant to a written charter, which is available through our website at www.microbotmedical.com. The Compensation Committee makes recommendations to the Board and management concerning salaries in general, determines executive compensation and approves incentive compensation for employees and consultants.

Corporate Governance Committee

The Corporate Governance Committee is composed of Messrs. Shoham, Waizer and Burell. The Corporate Governance Committee did not hold any meetings during the fiscal year ended December 31, 2016, because we did not have any independent committees until the merger with StemCells. This does not include meetings of the Corporate Governance Committee when our company was named and operating as StemCells. Each of the members of the Corporate Governance Committee is independent. The Corporate Governance Committee acts pursuant to a written charter, which is available through our website at www.microbotmedical.com.

The Corporate Governance Committee oversees nominations to the Board and considers the experience, ability and character of potential nominees to serve as directors, as well as particular skills or knowledge that may be desirable in light of the Company's position at any time. From time to time, the Corporate Governance Committee may engage the services of a paid search firm to help the Corporate Governance Committee identify potential nominees to the Board. The Corporate Governance Committee and Board seek to nominate and appoint candidates to the Board who have significant business experience, technical expertise or personal attributes, or a combination of these, sufficient to suggest, in the Board's judgment, that the candidate would have the ability to help direct the affairs of the Company and enhance the Board as a whole. The Corporate Governance Committee may identify potential candidates through any reliable means available, including recommendations of past or current members of the Board from their knowledge of the industry and of the Company. The Corporate Governance Committee also considers past service on the Board or on the board of directors of other publicly traded or technology focused companies. The Corporate Governance Committee has not adopted a formulaic approach to evaluating potential nominees to the Board; it does not have a formal policy concerning diversity, for example. Rather, the Corporate Governance Committee weighs and considers the experience, expertise, intellect, and judgment of potential nominees irrespective of their race, gender, age, religion, or other personal characteristics. The Corporate Governance Committee may look for nominees that can bring new skill sets or diverse business perspectives. At this time, the Company does not have a formal policy with regard to the consideration of any director nominees recommended by its stockholders. However, any recommendations received from stockholders will be evaluated in the same manner that potential nominees recommended by board members, management or other parties are evaluated. Any stockholder nominations proposed for consideration should include the nominee's name and qualifications for board membership and should be addressed to: Microbot Medical Inc., 25 Recreation Park Drive, Unit 108, Hingham, MA 02043; Attention: Secretary. We do not intend to treat stockholder recommendations in any manner different from other recommendations.

The members of the Corporate Governance Committee have approved the nominations of the Class II directors standing for election or reelection, as the case may be, at our 2017 Annual Meeting.

Director Oversight and Qualifications

While management is responsible for the day-to-day management of the risks the Company faces, the Board, as a whole and through its committees, has responsibility for the oversight of risk management. An important part of risk management is not only understanding the risks facing the Company and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. In support of this oversight function, the Board receives regular reports from our Chief Executive Officer and members of senior management on operational, financial, legal, and regulatory issues and risks. The Audit Committee additionally is charged under its charter with oversight of financial risk, including the Company's internal controls, and it receives regular reports from management, the Company's internal auditors and the Company's independent auditors. The chairman of the Board and independent members of the Board work together to provide strong, independent oversight of the Company's management and affairs through its standing committees and, when necessary, special meetings of directors.

We believe each of our directors brings valuable skills, experience, judgment, and perspectives to our company. The Board took the following qualifications into consideration, among other things, when nominating or appointing our current directors:

Harel Gadot, became President, Chief Executive Officer and Chairman of the Company's Board following the consummation of the merger of C&RD Israel Ltd, a wholly owned subsidiary of the Company, with and into Microbot Medical Ltd. ("Microbot Israel"), with Microbot Israel surviving as a wholly owned subsidiary of the Company (the "Merger"). Mr. Gadot is a co-founder of Microbot Israel and has served as Microbot Israel's Chief Executive Officer since Microbot Israel was founded in November 2010. He has been the Chairman of Microbot Israel's board of directors since July 2014. He also serves as the Chairman of XACT Robotics Ltd., an Israel-based private company seeking to develop a novel platform technology for robotic needle steering in minimally invasive interventional procedures such as biopsies and ablations, since August 2013 and MEDX Xelerator LP since July 2016. From December 2007 to April 2010 Mr. Gadot was a Worldwide Group Marketing Director at Ethicon Inc., a Johnson and Johnson Company, where he was responsible for the global strategic marketing of the Company. Mr. Gadot also held management positions, as well as leading regional strategic position for Europe, Middle-East and Africa, as well as In Israel, while at Johnson and Johnson. Mr. Gadot served as director for ConTIPI Ltd. from August 2010 until November 2013 when ConTIPI Ltd. was acquired by Kimberly-Clark Corporation. Mr. Gadot holds a B.Sc.in Business from Siena College, Loudonville NY, and an M.B.A. from the University of Manchester, UK. The Company believes that Mr. Gadot is qualified to serve as Chairman of the Board and as President and Chief Executive Officer of the Company due to his extensive experience in strategic marketing and general management in the medical device industry.

Yoav Waizer, became a director of the Company following the Merger and has served as a member of the Board of Directors of Microbot Israel since May 2015. Mr. Waizer is a Partner and Chief Executive Officer of Medica Venture Partners, a healthcare dedicated venture investing out of Israel in innovative capital-starved early stage and special situation companies, since November 2005. Prior to his Tenure at Medica, Mr. Waizer served as CFO & COO at Cedar Fund, a venture capital fund focuses on investing in Israel-related high-tech companies in the telecom, networking, Internet-infrastructure and enterprise software areas and prior to that Mr. Waizer was the CFO of Star Ventures Israel, the Israeli fund of Star Ventures, a \$1 billion venture capital fund investing in all stages of development within the Telecom, Enterprise S/W, Wireless and Life Sciences sectors. Mr. Waizer is currently a director of InterCure Ltd., a company focused on investing in medical technology companies that is traded on the Tel Aviv Stock Exchange, a director and a member of the investment committee of Yeda Research and Development Company Ltd., the commercial arm of the Weizmann Institute of Science (Israel's leading technological institute), and a director of XACT Robotics Ltd., an Israel-based private company seeking to develop a novel platform technology for robotic needle steering in minimally invasive interventional procedures such as biopsies and ablations. Mr. Waizer holds Master of Business Administration in Information Systems and B.Sc. in Accounting and Statistics, both from the Tel-Aviv University. The Company believes that Mr. Waizer is qualified to serve as a member of the Company's Board due to his extensive investment experience and extensive knowledge of the life sciences industry.

Moshe Shoham, D.Sc., became a director of the Company following the Merger. Professor Shoham is a co-founder of Microbot Israel and has served as Chairman of Microbot Israel's Scientific Advisor Board and as a Director since Microbot Israel was founded in November 2010. Prof. Shoham has been the head of the robotics laboratory at the Technion-Israel Institute of Technology, Department of Mechanical Engineering since October 1990 and has been a professor in the Department of Mechanical Engineering at the Technion-Israel Institute of Technology since October 1989. Prior to that, Professor Shoham was the director of the robotic laboratory in the Department of Mechanical Engineering at Columbia University from September 1986 to September 1989. Professor Shoham has served as a foreign member of the National Academy of Engineering in the United States since October 2014. In addition, Professor Shoham founded Mazor Surgical Technologies Ltd., a publically traded medical device company in the field of surgical robotics, and has been its Chief Technology Officer since January 2003. Professor Shoham earned a B.Sc. in 1978, a M.Sc. in 1982 and a D.Sc. in 1986 from the Technion-Israel Institute of Technology. The Company believes that Professor Shoham is qualified to serve as a member of the Board due to his extensive knowledge of the Company's technologies and the surgical robotics industry, and his extensive business and academic experience in the field of surgical robotics.

Yoseph Bornstein, became a director of the Company following the Merger. Mr. Bornstein is a co-founder of Microbot Israel and has been a member of the Board of Directors since Microbot Israel was founded in November 2010. Mr. Bornstein founded Shizim Ltd., a life science holding group in October 2000 and has served as its president since then. Mr. Bornstein is the Chairman of GCP Clinical Studies Ltd., a provider of clinical research services and educational programs in Israel since January 2002. He is the Chairman of Biotis Ltd., a service company for the bio-pharmaceutical industry, since June 2000. In addition, he is the Chairman of Dolphin Medical Ltd., a service company for the medical device industry, since April 2012 and the Chairman of ASIS Enterprises B.B.G. Ltd., a business August 2007. In October 1992, Mr. Bornstein founded Pharmateam Ltd., an Israeli company that specialized in representing international pharmaceutical companies, which was sold in 2000. Mr. Bornstein is also a founder of a number of other privately held life-science companies. Mr. Bornstein served as the Biotechnology Committee Chairman of the Unites States-Israel Science & Technology Commission (the "USISTF") from September 2002 to February 2005 as well as a consultant for USISTF from September 2002 to February 2005. He is also the founder of

ILSI-Israel Life Science Industry Organization and ITTN-Israel Tech Transfer Organization. The Company believes that Mr. Bornstein is qualified to serve as a member of the Board due to his extensive experience in, and knowledge of, the life sciences industry and international business.

Solomon Mayer, became a director of the Company following the Merger. Mr. Mayer has served as a member of the Board of Directors of Microbot Israel since June 2014, as the designated director of Alpha Capital. Mr. Mayer has served as the President and Chief Executive Officer of Mooney Aviation Company since June 1999. He also serves as President of Chailife Line, an organization devoted to help restore normalcy to family life and better enable them to withstand the crises and challenges of serious pediatric illness. In addition, Mr. Mayer serves as a Director of the Laniado Hospital, International Medical Search Co. of New York and Blastgard International, Inc. The Company believes that Mr. Mayer is qualified to serve as a member of the Board due to his investment experience and extensive management experience as an executive and director of a variety of companies.

Scott R. Burell, became a director of the Company following the Merger. He is the Chief Financial Officer, Secretary and Treasurer of CombiMatrix Corporation (NASDAQ: CBMX), a family health-focused clinical molecular diagnostic laboratory specializing in pre-implantation genetic screening, prenatal diagnosis, miscarriage analysis, and pediatric developmental disorders, since November 2006. He successfully led the split-off of CombiMatrix in 2007 from its former parent, has led several successful public and private debt and equity financing transactions as well as CombiMatrix's reorganization in 2010. Prior to this, Mr. Burell had served as CombiMatrix's Vice President of Finance since November 2001 and as its Controller from February 2001 to November 2001. From May 1999 to first joining CombiMatrix in February 2001, Mr. Burell was the Controller for Network Commerce, Inc., a publicly traded technology and information infrastructure company located in Seattle. Prior to this, Mr. Burell spent 9 years with Arthur Andersen's Audit and Business Advisory practice in Seattle. During his tenure in public accounting, Mr. Burell worked with many clients, both public and private, in the high-tech and healthcare markets, and was involved in numerous public offerings, spin-offs, mergers and acquisitions. Mr. Burell is also a Board member and Audit Committee Chairman of AgEagle Aerial Systems, Inc., a private agricultural drone company based in Kansas. Mr. Burell obtained his Washington state CPA license in 1992 and is a certified public accountant (currently inactive). He holds Bachelor of Science degrees in Accounting and Business Finance from Central Washington University. The Company believes Mr. Burell's qualifications to serve on the Board include his experience as an executive of a public life sciences company and knowledge of financial accounting in the medical technology field.

Martin Madden, became a director of the Company on February 6, 2017. Mr. Madden has held various positions at Johnson & Johnson and its affiliates from 1986 to January 2017, most recently as Vice President, Research & Development of DePuy Synthes, a Johnson & Johnson Company, from February 2016 to January 2017. Prior to that, from July 2015 to February 2016, Mr. Madden was the Vice President, New Product Development of Johnson & Johnson Medical Devices. From January 2012 to July 2015, Mr. Madden was the Vice President, Research & Development of Johnson & Johnson's Global Surgery Group. Mr. Madden holds a MBA from Columbia University, a M.S. from Carnegie Mellon University in Mechanical Engineering, and a B.S. from the University of Dayton in Mechanical Engineering. The Company believes that Mr. Madden is qualified to serve as a member of the Board due to his extensive experience in research and development, portfolio planning, technology assessment and assimilation, and project management and budgeting.

Shareholders who wish to communicate with our Board of Directors or with a particular director may send a letter to our corporate secretary at the following address: Microbot Medical Inc., 25 Recreation Park Drive, Unit 108, Hingham, MA 02043. Any communication should clearly specify that it is intended to be made to the entire Board or to one or more of our directors. Our corporate secretary will review all such correspondence and forward to our Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the secretary, deals with the functions of the Board or committees thereof or that he otherwise determines requires their attention. The secretary maintains a log of all correspondence received by us that is addressed to members of the Board, and any director may at any time review and request copies of any such correspondence.

The biography of Yehezkel (Hezi) Himelfarb, a director nominee, is set forth below under "-Executive Officers."

Executive Officers

Following are the name, age and other information for our named executive officers, as of August 6, 2017. All company officers have been appointed to serve until their successors are elected and qualified or until their earlier resignation or removal. Information regarding Harel Gadot, our Chairman, President and Chief Executive Officer, is set forth above under “–Board of Directors.”

Name	Age	Position
David Ben Naim	48	Chief Financial Officer
Yehezkel (Hezi) Himelfarb	59	General Manager and Chief Operating Officer, Director Nominee

David Ben Naim, became the Company's Chief Financial Officer following the consummation of the Merger. Mr. Ben Naim is the general manager of DBN Finance Services Ltd., a company which provides outsourcing financial services to public and private companies, since 2014. Through DBN Finance Services, Mr. Ben Naim has acted as the outsourced CFO for Emerald Medical Applications Corp. (OTC:MRLA), a digital health startup company engaged in the development, sale and service of imaging solutions, and Tempramed Inc., a private medical device company. Prior to that, Mr. Ben Naim served as Chief Financial Officer for several companies in the biomedical and technology industries. From July 2012 to September 2014, Mr. Ben Naim served as Chief Financial Officer for Insuline Medical Ltd. (TASE: INSL), an Israel-based company focused on improving performance of insulin treatment methods. From 2008 until 2011, Mr. Ben Naim served as Chief Financial Officer of Crow Technologies 1977 Ltd. (OTC:CRWTF), a company that designs, develops, manufactures and sells a broad range of security and alarm systems. From 2007 to 2008, Mr. Ben Naim served as Chief Financial Officer of Ilex Medical Ltd. (TASE:ILX), a leading company in the medical diagnostics field. From 2003 to 2007, Mr. Ben Naim was the Corporate Controller of Tadiran Telecom Ltd. He started his career in 1998 at Deloitte & Touche where he left in 2003 as an Audit Senior Manager. Mr. Ben Naim holds a B.A. in social sciences from Open University, Israel, a CPA license from Ramat Gan College, Israel, and an M.B.A. from Ono Academic College, Israel.

Yehezkel (Hezi) Himelfarb, became the Company's Chief Operating Officer and General Manager of the Company's Israeli operations on December 5, 2016. Mr. Himelfarb was the Chief Executive Officer from 2008 through November 2016 and a member of the board of directors from 2008 through August 2016 of IceCure Medical Ltd., a Tel Aviv Stock Exchange listed company (TLV:ICCM) that develops advanced cryotherapy systems (cryoablation) intended for the growing physician-office market. Prior to that, from 1999 to 2008, Mr. Himelfarb was the President, Chief Executive Officer and a member of the board of directors of Remon Medical Technologies, Inc., a venture backed US/Israeli company that developed and commercialized smart, miniature implants which enabled physicians to assess and treat a variety of medical conditions, where he, among other things, led its acquisition by Boston Scientific. From 1996 to 1999, he was the Vice President and Chief Operating Officer of Medtronic-InStent (Israel), which was part of Medtronic's vascular division. From 1982 to 1996, Mr. Himelfarb had various positions at Scitex Corporation Ltd., which was an Israeli-based company specializing in specialty equipment production. Mr. Himelfarb holds a B.Sc. in Electronic Engineering and an M.B.A. in Marketing and Engineering Management, both from Tel Aviv University. The Company believes that Mr. Himelfarb is qualified to serve as a director of the Company due to his extensive experience managing medical device companies.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our executive officers, directors, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC reports of ownership of our securities and changes in reported ownership. Executive officers, directors and greater than 10% beneficial owners are required by SEC rules to furnish us with copies of all Section 16(a) reports they file. Based solely on a review of the copies of such forms furnished to us, or written representations from the reporting persons that no Form 5 was required, we believe that, during the fiscal year ended December 31, 2016, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners have been met, with the following exceptions: Of our former executive officers and directors from prior to the Merger, Gregory T. Schiffman filed two late Form 4's and one late Form 4 amendment; Ian J. Massey filed one late Form 4; and George

Koshy filed one late Form 4. Of our current executive officers and directors from the Merger, David Ben Naim filed one late Form 3.

Code of Business Conduct and Ethics

We have adopted a Code of Ethics and Conduct that applies to all of our directors, officers, employees, and consultants. A copy of our code of ethics is posted on our website at www.microbotmedical.com. We intend to disclose any substantive amendment or waivers to this code on our website. There were no substantive amendments or waivers to this code in 2016.

EXECUTIVE COMPENSATION

The following table sets forth information regarding each element of compensation that was paid or awarded to the named executive officers of the Company for the periods indicated.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Compensation (\$)	All Other Compensation (\$)	Total (\$)
Harel Gadot(1) Chief Executive Officer	2016	275,000	—	—	—	—	—	275,000
	2015	91,000	—	—	—	—	—	91,000
	2014	184,000	—	—	186,000(2)	—	—	370,000
Hezi Himelfarb(3) Chief Operating Officer & General Manager	2016	16,000	—	—	—	—	—	16,000
	2015	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—
David Ben Naim(4) Chief Financial Officer	2016	6,000	—	—	—	—	—	6,000
	2015	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—
Executive Officers of the Company in 2016 (Through Merger)								
Martin McGlynn Former Chief Executive Officer	2016	952,396	—	—	—	—	570,000 (5)	1,522,396
	2015	570,000	—	1,908,360	—	—	44,362	2,522,722
	2014	570,000	219,450	—	—	—	43,334	832,784
Ian Massey Former President & Chief Executive Officer	2016	359,325	—	—	(6) —	—	216,667 (7)	575,992 (8)
	2015	291,569	94,615	765,000	—	—	10,690	1,161,874
	2014	—	—	—	—	—	—	—
Gregory Schiffman Former Chief Financial Officer	2016	413,437	—	—	(9) —	—	187,500 (10)	600,937 (8)
	2015	450,000	180,000	487,920	—	—	28,114	1,146,034
	2014	450,000	157,500	458,500	—	—	28,110	1,094,110

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Kenneth Stratton	2016	478,476	—	—	—	—	189,667	(11)	668,143
Former interim	2015	320,000	102,400	364,800	—	—	33,510		820,710
President, General Counsel	2014	320,000	89,600	—	—	—	32,580		442,180
George Koshy	2016	616,123(12)	—	—	—	—			616,123
Former Chief Accounting Officer									

Mr. Gadot's compensation prior to the Merger on November 28, 2016 was paid pursuant to a consulting agreement (1) with MEDX Ventures Group LLC, of which Mr. Gadot is the Chief Executive Officer, Company Group Chairman and majority equity owner.

Amounts shown do not reflect cash compensation actually received by the named executive officer. Instead, the amounts shown are the non-cash aggregate grant date fair values of stock option awards made during the periods presented as determined pursuant to ASC Topic 718 and excludes the effect of forfeiture assumptions. The (2) assumptions used to calculate the fair value of stock option awards are set forth under Note 10 to the Consolidated Financial Statements of the Company included in the Company's Form 10-K for the fiscal year ended December 31, 2016.

(3) Mr. Himelfarb commenced employment in December 2016.

(4) Mr. Ben Naim commenced employment in December 2016.

(5) Under the terms of his separation agreement with the Company, among other things, Mr. McGlynn received a one-time lump sum payment of \$570,000.

In connection with an amendment to Dr. Massey's then-existing employment agreement, on January 14, 2016, the Company awarded him restricted stock units to receive up to 1,250,000 shares of common stock, with vesting of (6) these units tied to the timely and successful conduct and completion of its Phase II clinical study in spinal cord injury. An additional award of restricted stock units to receive up to 378,460 shares of common stock, with the same vesting, was made on March 15, 2016.

(7) Under the terms of his separation agreement with the Company, among other things, Mr. Massey received a one-time lump sum payment of \$216,667.

(8) Does not include value of restricted stock units granted in 2016.

On March 15, 2016, the Company awarded Mr. Schiffman restricted stock units to receive up to 720,000 shares of (9) common stock, with vesting of these units tied to the timely and successful conduct and completion of its Phase II clinical study in spinal cord injury.

Under the terms of his separation agreement with the Company, among other things, Mr. Schiffman received a (10) one-time lump sum payment of \$187,500 plus COBRA premiums for a period of twelve months following termination.

Under the terms of his separation agreement with the Company, among other things, Mr. Stratton received a one-time lump sum payment of \$141,667 plus COBRA premiums for a period of twelve months following (11) termination. In addition, Mr. Stratton was awarded a \$48,000 transaction success fee in connection with the completion of the Merger as an incentive for his management of the business during the negotiations and the pre-closing period.

(12) Includes annual base compensation and retention payments to Mr. Koshy in 2016. Information is based on the W-2 provided to Mr. Koshy for the 2016 fiscal year.

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity awards held by each of the named executive officers as of the end of the fiscal year ended December 31, 2016.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Market value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested	
Harel Gadot (1)	1,167,693	—	\$0.28	9/01/2024	—	—	—	
Hezi Himelfarb	—	—	—	—	—	—	—	
David Ben Naim	—	—	—	—	—	—	—	
Former Executive Officers of the Company								
Martin McGlynn	—	—	—	—	—	—	—	
Ian Massey	—	—	—	—	—	—	—	
Greg Schiffman	—	—	—	—	—	—	—	
Kenneth Stratton	139	(2)	\$2,829.60(2)	2/28/2017	—	—	—	
George Koshy	80	(2)	\$2,386.80(2)	8/23/2017	(3)	—	—	

52	(2)	–	\$1,890.00	(2)	5/15/2019	(3)	–	–	–	–
23	(2)	–	\$1,101.60	(2)	6/01/2020	(3)	–	–	–	–

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- Such options were granted to MEDX Ventures Group LLC, which is controlled by Mr. Gadot, under Microbot Israel’s Employee Stock Option Plan, and represented the right to receive 403,592 ordinary shares of Microbot Israel at an exercise price of \$0.8 per share. As of the Merger, the options represent the right to receive 1,167,693 shares of the common stock of the Company, at an exercise price of \$0.28 per share.
- (1) As adjusted to reflect the Company’s 1:9 reverse stock split.
- (2) Such options expired on approximately February 28, 2017, pursuant to the terms of the option grant, as a result of Mr. Koshy ceasing to be employed by the Company as of approximately November 28, 2016.
- (3)

Harel Gadot Employment Agreement

The Company entered into an employment agreement (the “Gadot Agreement”) with Harel Gadot on November 28, 2016, to serve as the Company’s Chairman of the Board and Chief Executive Officer, on an indefinite basis subject to the termination provisions described in the Agreement. Pursuant to the terms of the Gadot Agreement, Mr. Gadot shall receive an annual base salary of \$360,000. The salary will be reviewed on an annual basis by the Compensation Committee to determine potential increases taking into account such performance metrics and criteria as established by Mr. Gadot and the Company.

Mr. Gadot shall also be entitled to receive a target annual cash bonus of up to a maximum amount of 40% of base salary. On March 9, 2017, the Company adopted a 2017 bonus plan (the “Bonus Plan”). The Bonus Plan provides for the payment of Mr. Gadot’s bonus based on certain milestones of the Company being satisfied, as follows:

The Company having closed a financing of at least \$3 million in the first quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in January 2017.

The Company having closed a financing of at least \$10 million by the end of the third quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in June 2017.

The Company having entered into research agreements with Wayne State University (the “Wayne Agreement”) and The Washington University in St. Louis (the “Washington Agreement”) by the end of the first quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in January 2017.

The Company having initiated studies pursuant to both the Wayne Agreement and the Washington Agreement, by the end of April 2017, at which time 15% of the bonus would be payable. Such milestone was satisfied in April 2017.

The Company having completed the initial study from at least one of the Wayne Agreement and the Washington Agreement, by the end of 2017, at which time 15% of the bonus would be payable.

The Company meeting its 2017 budget, as approved by the Board of Directors of the Company by March 31, 2017, at which time 10% of the bonus would be payable.

Mr. Gadot shall be further entitled to a monthly automobile allowance and tax gross up on such allowance of \$1,150, and shall be granted options to purchase shares of common stock of the Company representing 5% of the issued and outstanding shares of the Company, based on vesting and other terms to be determined by the Compensation Committee subsequent to the Effective Time.

In the event Mr. Gadot’s employment is terminated as a result of death, Mr. Gadot’s estate would be entitled to receive any earned annual salary, bonus, reimbursement of business expenses and accrued vacation, if any, that is unpaid up to the date of Mr. Gadot’s death.

In the event Mr. Gadot’s employment is terminated as a result of disability, Mr. Gadot would be entitled to receive any earned annual salary, bonus, and reimbursement of business expenses and accrued vacation, if any, incurred up to the date of termination.

In the event Mr. Gadot’s employment is terminated by the Company for cause, Mr. Gadot would be entitled to receive any compensation then due and payable incurred up to the date of termination.

In the event Mr. Gadot’s employment is terminated by the Company without cause, he would be entitled to receive (i) any earned annual salary; (ii) 12 months’ pay and full benefits, (iii) a pro rata bonus equal to the maximum target bonus for that calendar year; (iv) the dollar value of unused and accrued vacation days; and (v) applicable premiums (inclusive of premiums for Mr. Gadot’s dependents) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, for twelve (12) months from the date of termination for any benefits plan sponsored by the Company. In addition, 100% of any unvested portion of his stock options shall immediately vest and become exercisable.

The Gadot Agreement contains customary non-competition and non-solicitation provisions pursuant to which Mr. Gadot agrees not to compete and solicit with the Company. Mr. Gadot also agreed to customary terms regarding confidentiality and ownership of intellectual property.

Hezi Himelfarb Employment Agreement

We entered into an employment agreement (the “Himelfarb Agreement”) with Mr. Himelfarb on December 5, 2016, to serve as our Chief Operating Officer and General Manager, on an indefinite basis subject to the termination provisions described in the Himelfarb Agreement. Pursuant to the terms of the Himelfarb Agreement, Mr. Himelfarb shall receive a base salary of 64,000 New Israeli Shekel (NIS) per month or NIS 768,000 per year, or the equivalent of approximately \$211,624 per annum based on an exchange rate of \$.28 for NIS 1.0. The salary will be reviewed on an annual basis by the Company’s Board to determine potential salary increases.

Mr. Himelfarb shall be entitled to grants or payments subject to the adoption by the Company at its discretion of a bonus plan or policy. On March 9, 2017, the Company adopted the Bonus Plan. The Bonus Plan provides for the payment of Mr. Himelfarb’s bonus of up to 25% of his base salary based on certain milestones of the Company being satisfied, as follows:

The Company having closed a financing of at least \$3 million in the first quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in January 2017.

The Company having closed a financing of at least \$10 million by the end of the third quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in June 2017.

The Company having entered into research agreements with Wayne State University (the “Wayne Agreement”) and The Washington University in St. Louis (the “Washington Agreement”) by the end of the first quarter of 2017, at which time 20% of the bonus would be payable. Such milestone was satisfied in January 2017.

The Company having initiated studies pursuant to both the Wayne Agreement and the Washington Agreement, by the end of April 2017, at which time 15% of the bonus would be payable. Such milestone was satisfied in April 2017. The Company having completed the initial study from at least one of the Wayne Agreement and the Washington Agreement, by the end of 2017, at which time 15% of the bonus would be payable. The Company meeting its 2017 budget, as approved by the Board of Directors of the Company by March 31, 2017, at which time 10% of the bonus would be payable.

Mr. Himelfarb shall also entitled participate in the Company's motor vehicle program and receive a motor vehicle from the Company's vehicle pool, which shall be leased or rented by the Company for use by Mr. Himelfarb. The Company shall pay an amount equal to 8.33% of Mr. Himelfarb's salary, which shall be allocated to a fund for severance pay to Mr. Himelfarb, and an additional amount equal to 6.25% of Mr. Himelfarb's salary (6.5% as of January 1, 2017), which shall be allocated to a pension plan, in addition to disability insurance contributions and as otherwise may be required by applicable Israeli law from time to time. The Company shall also contribute to an educational fund an amount equal to 7.5% of each monthly payment of Mr. Himelfarb's full salary. Mr. Himelfarb is also entitled to options to purchase 1,087,627 shares of the Company's common stock, which represents 3% of the Company's issued and outstanding shares of common stock as of the closing of the Merger on November 28, 2016. Such options have not yet been granted.

The Himelfarb Agreement contains customary non-competition provisions pursuant to which Mr. Himelfarb agrees not to compete with the Company. Mr. Himelfarb also agreed to customary terms regarding confidentiality and ownership of intellectual property.

David Ben Naim Services Agreement

We entered into a services agreement (the "Services Agreement") with DBN Finance Services effective October 31, 2016, to provide outsourced CFO services. Pursuant to the terms of the Services Agreement, DBN Finance Services will provide its services exclusively through Mr. David Ben Naim, who will serve as the principal financial and accounting officer of Microbot Israel and the Company. Mr. Ben Naim's engagement will continue on an indefinite basis subject to the termination provisions described in the Agreement.

Pursuant to the Agreement as amended, the Company shall pay Mr. Ben Naim a fixed fee of NIS22,000, or the equivalent of approximately \$6,100 per month based on an exchange rate of \$.28 for NIS1.0, plus VAT per month, and the Company shall reimburse DBN Finance Services for reasonable and customary out of pocket expenses incurred by it or Mr. Ben Naim connection with the performance of the duties under the Services Agreement. In addition, the Company shall maintain for the benefit of Mr. Ben Naim a Directors and Officers insurance policy, according to the Company's policy for other directors and officers of the Company.

Both the Company and DBN Finance Services shall have the right to terminate the Agreement for any reason or without reason at any time by furnishing the other party with a 30-day notice of termination. The Company shall further be entitled to terminate the Services Agreement for “cause” without notice, in which case neither DBN Finance Services nor Mr. Ben Naim shall be entitled to any compensation due to such early termination.

DBN Finance Services and Mr. Ben Naim agreed to customary provisions regarding confidentiality and intellectual property ownership. The Services Agreement also contains customary non-competition and non-solicitation provisions pursuant to which DBN Finance Services and Mr. Ben Naim agree not to compete and solicit with the Company during the term of the Agreement and for a period of twelve (12) months following the termination of the Services Agreement.

Indemnification Agreements

In connection with the Merger, the Company entered into indemnification agreements with each of its outgoing directors and executive officers, Eric Bjerkholt, R. Scott Greer, Ricardo Levy, Ph.D., Ian Massey, D.Phil., John Schwartz, Ph.D., Alan Trounson, Ph.D. and Irving Weissman, M.D., as well as with its newly appointed directors. Pursuant to the indemnification agreements, the Company has agreed to indemnify and hold harmless these current and former directors and officers to the fullest extent permitted by the Delaware General Corporation Law. The agreements generally cover expenses that a director or officer incurs or amounts that a director or officer becomes obligated to pay because of any proceeding to which he is made or threatened to be made a party or participant by reason of his service as a current or former director, officer, employee or agent of the Company, provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. The agreements also provide for the advancement of expenses to the directors and officers subject to specified conditions. There are certain exceptions to the Company’s obligation to indemnify the directors and officers, and, with certain exceptions, with respect to proceedings that he initiates.

Limits on Liability and Indemnification

We provide directors and officers insurance for our current directors and officers.

Our certificate of incorporation eliminates the personal liability of our directors to the fullest extent permitted by law. The certificate of incorporation further provides that the Company will indemnify its officers and directors to the fullest extent permitted by law. We believe that this indemnification covers at least negligence on the part of the indemnified parties. Insofar as indemnification for liabilities under the Securities Act of 1933 (the "Act") may be permitted to our directors, officers, and controlling persons under the foregoing provisions or otherwise, we have 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.

Director Compensation

The Company adopted a compensation package for the non-management members of its Board, pursuant to which each such Board member would receive for his services \$12,000 per annum, \$750 per duly called Board meeting and \$250 per unanimous written consent. Furthermore, each member of the Audit Committee receives an additional \$10,000 per annum, and other committee members receive an additional \$5,000 per annum. All such Board members, provided they do not otherwise beneficially own (or represent holders who beneficially own) over 2.5% of the Company's outstanding shares of common stock, are also eligible to receive stock options and other equity incentive grants.

The following table summarizes cash-based and equity compensation information for our outside directors, including annual Board and committee retainer fees and meeting attendance fees, for the year ended December 31, 2016:

Name	Fees earned or paid in cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Yoav Waizer	\$ -	\$ -	\$-	\$ -	\$ -	\$ -	\$-
Moshe Shoham	-	-	330,834	-	-	24,000	(2) 354,834
Yoseph Bornstein	-	-	-	-	-	-	-
Solomon Mayer	-	-	-	-	-	-	-
Scott Burell	-	-	-	-	-	-	-

Martin Madden - - - - -

Amounts shown do not reflect cash compensation actually received by the director. Instead, the amounts shown are the non-cash aggregate grant date fair values of stock option awards made during the period presented as

(1) determined pursuant to ASC Topic 718 and excludes the effect of forfeiture assumptions. The assumptions used to calculate the fair value of stock option awards are set forth under Note 10 to the Consolidated Financial Statements included herein.

(2) Represents consulting fees paid to Professor Shoham.

Mr. Gadot received compensation for his services to the Company as set forth under the summary compensation table above.

Certain Relationships and Related Transactions

Related parties can include any of our directors or executive officers, certain of our Shareholders and their immediate family members. Each year, we prepare and require our directors and executive officers to complete Director and Officer Questionnaires identifying any transactions with us in which the officer or director or their family members have an interest. This helps us identify potential conflicts of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. Our code of ethics requires all directors, officers and employees who may have a potential or apparent conflict of interest to immediately notify our General Manager, who serves as our compliance officer. In addition, the Corporate Governance Committee is responsible for considering and reporting to the Board any questions of possible conflicts of interest of Board members. Our code of ethics further requires pre-clearance before any employee, officer or director engages in any personal or business activity that may raise concerns about conflict, potential conflict or apparent conflict of interest. Copies of our Code of Ethics and the Corporate Governance Committee charter are posted on the corporate governance section of our website at www.microbotmedical.com.

In March 2011, Microbot Israel entered into a consulting agreement with MEDX Ventures Group LLC, of which Mr. Gadot is the Chief Executive Officer, Company Group Chairman and majority equity owner (the “Gadot Consulting Agreement”), pursuant to which Mr. Gadot served as Microbot Israel’s Chief Executive Officer. Under the terms of the Gadot Consulting Agreement, MEDX Ventures Group received a monthly fee of \$17,000, which amount was to increase to \$25,000 per month upon the consummation of a merger or other similar transaction. Under the Gadot Consulting Agreement, MEDX Ventures Group and Mr. Gadot was subject to customary non-competition, non-solicitation, confidentiality and intellectual property ownership provisions. In addition, MEDX Ventures Group was entitled to receive reimbursement for all direct expenses in connection with the performance of services under the Gadot Consulting Agreement. Either Microbot or MEDX Ventures Group was entitled to terminate the Gadot Consulting Agreement upon 60 days’ written notice. MEDX Ventures Group LLC is a Shareholder of Microbot. As a result of the Merger, the Gadot Consulting Agreement was terminated in November 2016 and was replaced with an employment agreement between the Company and Mr. Gadot.

In 2015, Microbot Israel issued convertible promissory notes, at an interest rate of 10%, in the aggregate principal amount of \$411,500 (the “2015 Notes”) to certain investors and Microbot Israel shareholders. The 2015 Notes matured on July 8, 2016. The principal and accrued but unpaid interest on the 2015 Notes converted into 452,650 shares of Series A Preferred Stock of Microbot Israel and warrants to purchase 409,750 shares of Series A Preferred Stock of Microbot Israel. The table below sets forth the 2015 Notes with aggregate principal in excess of \$120,000 that were purchased by Microbot’s directors, executive officers and then holders of more than 5% of its capital stock.

	Outstanding
Name of 2015 Bridge Note Holder	Principal Purchased in 2015
Saber Holding GmbH	\$ 140,000
Leon Lewkowicz	\$ 140,000

In 2016, Microbot Israel issued convertible promissory notes, at an annual interest rate of 10%, in the aggregate principal amount of \$750,000 (the “2016 Notes”) to certain investors and Microbot Israel shareholders. The principal and accrued but unpaid interest on the 2016 Notes converted, at a 20% discount, into common stock upon the consummation of the Merger. The table below sets forth the 2016 Notes with aggregate principal in excess of \$120,000 that were purchased by Microbot Israel’s directors, executive officers and then holders of more than 5% of its capital stock.

	Outstanding
Name of 2016 Bridge Note Holder	Principal Purchased in 2016
Alpha Capital Anstalt	\$ 400,000

Saber Holding GmbH	\$ 175,000
Leon Lewkowicz	\$ 175,000

Microbot Israel entered into a license agreement with Technion Research and Development Foundation Ltd., or TRDF, in 2012 pursuant to which Microbot Israel obtained an exclusive, worldwide, royalty-bearing, sub-licensable license to certain patents and inventions relating to the SCS and TipCAT technology platforms.

On August 15, 2016, Microbot Israel and Alpha Capital Anstalt (“Alpha Capital”), a shareholder of Microbot Israel at that time, entered into an agreement pursuant to which, among other things, Alpha Capital agreed to fund a proposed \$4 million private placement, which obligation would be reduced dollar-for-dollar by any third party investors investing in such private placement. This agreement was superseded by the Letter Agreement referred to below.

The Company entered into a letter agreement (the “Letter Agreement”) with Alpha Capital, dated November 18, 2016 but effective November 28, 2016 pursuant to which Alpha Capital committed to make a cash investment into the Company, no later than December 31, 2016, in an amount equal to the difference between \$4 million and the amount of cash released to the Company, by December 31, 2016, out of escrow pursuant to the Company’s asset sale transaction with BOCO Silicon Valley, Inc., a California corporation. The Company waived Alpha Capital’s commitments under the Letter Agreement.

On August 15, 2016, concurrently with the execution of the Merger Agreement, the Company (then named and operated as StemCells, Inc.) issued a 5.0% secured note (the “Secured Note”) to Alpha Capital, in the principal amount of \$2 million, payable upon the earlier of (i) 30 days following the consummation of the Merger and (ii) December 31, 2016. In addition, on August 15, 2016, the Company and Alpha Capital entered into a Security Agreement to secure the Company’s obligations under the Secured Note (the “Security Agreement”). The Company’s obligations under the Secured Note were secured by a first priority security interest in all of the Company’s intellectual property and certain other general assets. As of November 28, 2016, upon the closing of the Merger, the Company entered into a Securities Exchange Agreement (the “Exchange Agreement”) with Alpha Capital, providing for the issuance to Alpha Capital of a convertible promissory note by the Company (the “Convertible Note”) in a principal amount of \$2,028,767, which is equal to the principal and accrued interest under the Secured Note, in exchange for (a) the full satisfaction, termination and cancellation of the Secured Note and (b) the release and termination of the Security Agreement and the first priority security interest granted thereunder. Pursuant to the terms of the Convertible Note upon issuance, the Convertible Note is convertible into the Company’s common stock any time after November 28, 2017 until the maturity date of November 28, 2019, based on a conversion price of \$0.64, subject to adjustments as provided in the Convertible Note and the other terms and the conditions specified in the Convertible Note. Pursuant to the terms of the Note, the Company is obligated to pay interest on the outstanding principal amount owed under the Note at a fixed rate per annum of 6.0%, payable at maturity or earlier conversion.

On December 16, 2016, the Company entered into a Securities Exchange Agreement with Alpha Capital, pursuant to which Alpha exchanged approximately 9,735,925 shares or rights to acquire shares of the common stock of the Company held by it, for approximately 9,736 shares of a newly designated class of Series A Convertible Preferred Stock, par value \$0.01 per share. The common stock and common stock underlying the rights include all of the shares of common stock issued or issuable to Alpha Capital pursuant to the Merger. The closing of the exchange was effective as of December 27, 2016.

Principal Accountant Fees and Services.

Audit and Tax Fees

The Board, upon the recommendation of the Audit Committee, selected the independent accounting firm of Brightman Almagor Zohar & Co., a Member of Deloitte Touche Tohmatsu Limited (“Deloitte”) to audit the accounts of the

Company for the year ending December 31, 2016.

The Audit Committee considered the tax compliance services provided by Deloitte and concluded that provision of such services is compatible with maintaining the independence of the independent accountants, and approved the provision by Deloitte of tax compliance services with respect to the year ending December 31, 2016.

The Audit Committee received the following information concerning the fees of the independent accountants for the years ended December 31, 2016 and 2015, has considered whether the provision of these services is compatible with independence of the independent accountants, and concluded that it is:

	Year Ended	
	12/31/16	12/31/15
Audit Fees (1)	\$35,000	\$35,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees.	—	—

Audit fees represents fees for the integrated audit of our annual consolidated financial statements and reviews of (1) the interim consolidated financial statements, and review of audit-related SEC filings; also includes fees related to issuing comfort letter(s). Also includes tax filing fees.

Audit and tax fees include administrative overhead charges and reimbursement for out-of-pocket expenses.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures for pre-approving all services (audit and non-audit) performed by our independent auditors. In accordance with such policies and procedures, the Audit Committee is required to pre-approve all audit and non-audit services to be performed by the independent auditors in order to assure that the provision of such services is in accordance with the rules and regulations of the SEC and does not impair the auditors' independence. Under the policy, pre-approval is generally provided up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may pre-approve additional services on a case-by-case basis. During 2015 and through November 28, 2016, Microbot Medical Ltd., the Company's predecessor, did not have a standing audit committee.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements on behalf of the Board, and selects an independent public accounting firm to perform these audits. Management has the primary responsibility for establishing and maintaining adequate internal control over financial reporting, preparing the financial statements, and establishing and maintaining adequate controls over public reporting. Our independent registered public accounting firm for fiscal 2016, Deloitte, had responsibility for conducting an audit of our annual financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles.

The Audit Committee oversaw the independent public accounting firm's qualifications and independence, as well as its performance. The Audit Committee assisted the Board in overseeing the preparation of the Company's financial statements, the Company's compliance with legal and regulatory requirements, and the performance of the Company's internal audit function. The Audit Committee met with personnel of the Company and Deloitte to review the scope and the results of the annual audit, the amount of audit fees, the Company's internal accounting controls, the Company's financial statements contained in the Company's Annual Report to Shareholders and other related matters.

The Audit Committee has reviewed and discussed with management the financial statements for fiscal year 2016 audited by Deloitte, as well as management's report on internal control over financial reporting, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. The Audit Committee has discussed with Deloitte various matters related to the financial statements, including those matters required to be discussed by SAS 114 (The Auditor's Communication with Those

Charged with Governance). The Audit Committee has also discussed with Deloitte its report on internal control over financial reporting, has received the written disclosures and the letter from Deloitte required by Public Company Accounting Oversight Board (PCAOB) Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* (Rule 3526), and has discussed with Deloitte its independence.

Based upon such review and discussions, the Audit Committee recommended to the Board of Directors, and the Board approved the recommendation, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2016 for filing with the SEC.

AUDIT COMMITTEE

Scott Burell
Yoav Waizer
Yoseph Bornstein

The foregoing Audit Committee Report shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, and shall not otherwise be deemed filed under these acts, except to the extent we specifically incorporate by reference into such filings.

PROPOSAL 1: NOMINEES FOR ELECTION OF CLASS II DIRECTORS

The number of directors is currently fixed at seven. Both our restated certificate of incorporation, as amended to date, and our amended and restated by-laws provide for the classification of the Board into three classes (Class I, Class II and Class III), as nearly equal in number as possible, with the term of office of one class expiring each year.

Unless otherwise instructed, the enclosed proxy will be voted to elect the nominees named below, one of whom is now a Class II director and the other is now an executive officer, as Class II directors for a term of three years expiring at the 2020 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Both Class II director nominees have been recommended by the Corporate Governance Committee because of their past experience serving on the Company's Board or as an executive officer, the breadth of their business expertise, sound judgment, and demonstrated leadership, among other things. Proxies cannot be voted for a greater number of persons than the number of nominees named below. It is expected that the nominees will be able to serve, but if any are unable to serve, the proxy will be voted for a substitute nominee or nominees designated by the Board.

The Corporate Governance Committee has recommended and the Board has nominated **Yehezkel (Hezi) Himelfarb** and **Scott Burell** for election as the Company's Class II directors to serve as Class II directors until the 2020 Annual Meeting of Shareholders.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THIS PROPOSAL 1 TO ELECT AS DIRECTORS THE TWO NOMINEES DESCRIBED ABOVE.

PROPOSAL 2: RATIFICATION OF INDEPENDENT REGISTERED ACCOUNTING FIRM

The Company is asking the stockholders to ratify the selection of Deloitte, or its U.S. affiliate, as the Company's independent public accountants for the fiscal year ending December 31, 2017. The affirmative vote of the holders of a majority of the shares represented and voting at the Annual Meeting will be required to ratify the selection of Deloitte or its U.S. affiliate.

In the event the stockholders fail to ratify the appointment, the Audit Committee of the Board of Directors will consider it as a recommendation to select other auditors for the subsequent year, which the Audit Committee would then take under advisement. Even if the selection is ratified, the Audit Committee of the Board at its discretion could decide to terminate the engagement of Deloitte or its U.S. affiliate and engage another firm at any time if the Audit Committee determines that such a change would be necessary or desirable in the best interests of the Company and its

stockholders.

A representative of Deloitte is expected to attend the Annual Meeting telephonically and is not expected to make a statement, but will be available to respond to appropriate questions and may make a statement if such representative desires to do so.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THIS PROPOSAL 2 TO RATIFY THE SELECTION OF DELOITTE OR ITS U.S. AFFILIATE AS THE COMPANY’S INDEPENDENT PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2017.

PROPOSAL 3: APPROVAL OF THE MICROBOT MEDICAL INC. 2017 EQUITY INCENTIVE PLAN

On August 10, 2017, the Board of Directors adopted the Microbot Medical Inc. 2017 Equity Incentive Plan, or the 2017 Plan, and unanimously recommends that the stockholders of the Company approve the 2017 Plan.

The Board believes that our ability to offer our key employees, non-employee directors and certain consultants and advisers long-term, equity-based compensation will help enable us to attract, motivate and retain experienced and highly qualified employees, directors and other service providers who will contribute to our financial success. It is the judgment of the Board that approval of the 2017 Plan is in the best interests of the Company and its stockholders.

The following is a brief description of the 2017 Plan. The full text of the 2017 Plan is attached as Exhibit A to this Proxy Statement, and the following description is qualified in its entirety by reference to this Exhibit.

The 2017 Plan permits the issuance of equity-based awards, including incentive stock options, or ISOs, nonqualified stock options, restricted stock and restricted stock units, or RSUs, stock options, restricted stock and RSUs that qualify under Section 102 of the Israeli Tax Ordinance (New Version) 1961, or the ITO, and stock options, restricted stock and RSUs that qualify under Section 3(i) of the ITO (the “Awards”).

The 2017 Plan is administered by the Board, or a committee composed of two or more members of the Board (the “Committee”) which is authorized to grant Awards.

Purpose and Eligible Individuals. The purpose of the 2017 Plan is to retain the services of valued key employees and consultants of the Company and such other persons as the Committee determines and to encourage such persons to acquire a greater proprietary interest in the Company, thereby strengthening their incentive to achieve the objectives of the stockholders of the Company, to serve as an aid and inducement in the hiring of new employees and to provide an equity incentive to consultants and other persons selected by the Committee. Under the 2017 Plan, Awards may be granted to our officers, directors, employees and consultants or the officers, directors, employees and consultants of our subsidiary. Because the grant of Awards under the 2017 Plan will be within the discretion of the Committee, it is not possible to determine the Awards that will be made to executive officers or directors under the 2017 Plan.

Shares Subject to the 2017 Plan. The total number of Awards to acquire shares of Common Stock, shares of restricted stock and RSUs shall be 9,355,763. The maximum number of shares that may be subject to ISOs granted under the 2017 Plan shall be 9,355,763, subject to adjustment as provided in the 2017 Plan. The total amount of Common Stock that may be granted under the 2017 Plan to any single person in any calendar year may not exceed in the aggregate 2,500,000 shares. To the extent that an Award lapses or is forfeited, the shares subject to such Award will again become available for grant under the terms of the 2017 Plan.

Administration. Although the Board has the authority to administer the 2017 Plan, it has the right to delegate, and has in fact delegated, this authority to the Committee, which administers all of the Company’s equity-based compensation plans. Each member of the Committee will be a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code.

Subject to the terms of the 2017 Plan, the Committee’s authority includes the authority to: (1) select or approve Award recipients; (2) determine the terms and conditions of Awards, including the price to be paid by a participant for any Common Stock; and (3) interpret the 2017 Plan and prescribe rules and regulations for its administration.

Stock Options. The Committee may grant ISOs, nonqualified stock options or options under Section 102 or 3(i) of the ITO, or Options. The Committee determines the number of shares of Common Stock subject to each Option, provided that in no event shall the aggregate fair market value of the shares of Common Stock with respect to which ISOs are exercisable for the first time by a participant during any calendar year shall not exceed \$100,000. The Committee determines the exercise price of an Option, its duration and the manner and time of exercise. However, in no event shall an Option be exercisable more than ten years following the grant date thereof. ISOs may be issued only to employees of the Company or of a corporate subsidiary of ours, and the exercise price must be at least equal to the fair market value of the Common Stock as of the date the Option is granted. Further, an ISO must be exercised within ten years of grant. The Committee, in its discretion, may provide the vesting terms of any Option, provided that if no schedule is specified at the time of grant, the Option shall vest as follows: (i) on the six month anniversary of the date of the grant, the Option shall vest and shall become exercisable with respect to 25% of the Common Stock to which it pertains; and (ii) on a quarterly basis over the next 30 months, the Option shall vest and become exercisable with respect to the remaining 75% of the Common Stock to which it pertains. The vesting of one or more outstanding Options may be accelerated by the Committee at such times and in such amounts as it shall determine in its sole discretion. Options may be exercisable for one year following the termination of employment or other service relationship, unless the Committee specifies otherwise, in the event the Option is an ISO, in the event of a termination for “cause” or the expiration date of the Option.

The exercise price of an Option may be paid in cash or by certified or cashier’s check, or, at the discretion of the Committee, in shares of Common Stock owned by the participant, or by means of a “cashless exercise” procedure in which a broker transmits to us the exercise price in cash, either as a margin loan or against the participant’s notice of exercise and confirmation by us that we will issue and deliver to the broker stock certificates for that number of shares of Common Stock having an aggregate fair market value equal to the exercise price.

