

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

**FORM S-8**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**NICE SYSTEMS LTD.**

(Exact Name of Registrant as Specified in Its Charter)

**ISRAEL**  
(State or Other Jurisdiction of Incorporation)

**N/A**  
(I.R.S. Employer Identification Number)

**8 Hapnina Street  
P.O. Box 690  
43107 Ra'anana  
Israel**

(Address of Principal Executive Offices) (Zip Code)

**e-Glue Software Technologies, Inc. 2004 Stock Option Plan**  
(Full Title of the Plan)

**NICE Systems Inc.  
301 Route 17 North  
10th Floor  
Rutherford, New Jersey 07070**

(Name and Address of Agent For Service)

**(201) 964-2600**  
(Telephone Number, Including Area Code, of Agent for Service)

Copies to:

**Adam M. Klein, Adv.  
Goldfarb, Levy, Eran, Meiri, Tzafrir & Co.  
2 Weizmann Street  
Tel Aviv 64239 Israel  
+972-3-608-9999**

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

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

**CALCULATION OF REGISTRATION FEE**

<b>Title of Securities To Be Registered</b>	<b>Amount To Be Registered (2)</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Ordinary Shares, par value NIS 1.00 per share (1)	76,035(3)	\$ 0.26(4)	\$ 19,769	\$ 1.41

- (1) American Depositary Shares (“ADSs”), evidenced by American Depositary Receipts (“ADRs”), issuable upon deposit of Ordinary Shares, par value NIS 1.00 per share, of NICE Systems Ltd. are registered on a separate registration statement. Each ADS represents one Ordinary Share.
- (2) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the “Securities Act”), this Registration Statement also covers such indeterminate number of Ordinary Shares as may be offered or issued to prevent dilution resulting from stock splits, stock dividends, or similar transactions pursuant to the terms of the e-Glue Software Technologies, Inc. 2004 Stock Option Plan.
- (3) Represents Ordinary Shares subject to issuance upon the exercise of stock options outstanding and restricted share units issued in lieu of restricted share units issued under the e-Glue Software Technologies, Inc. 2004 Stock Option Plan and that will be assumed by the Registrant pursuant to an Agreement and Plan of Merger dated as of June 9, 2010.
- (4) Computed in accordance with Rule 457(h) promulgated under the Securities Act. Such computation is based on the exercise price of \$0.26 per share.

## EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by NICE Systems Ltd. (the "Registrant") and relates to 76,035 ordinary shares, par value NIS 1.00 per share (the "Ordinary Shares"), issued or issuable to participants in the e-Glue Software Technologies, Inc. 2004 Stock Option Plan (the "Plan"). Pursuant to an Agreement and Plan of Merger dated as of June 9, 2010, by and among the Registrant and a wholly owned subsidiary of the Registrant, and e-Glue Software Technologies, Inc. (the "Merger Agreement"), the options and restricted share units originally granted under the Plan to officers and employees of e-Glue Software Technologies, Inc. and its subsidiaries will be assumed by the Registrant and converted into options to purchase Ordinary Shares of the Registrant or restricted share units of the Registrant, respectively, upon the closing of the Merger Agreement.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The Securities and Exchange Commission (the "Commission") allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document filed by us with the Commission. Any information referenced this way is considered part of this prospectus, and any information that we file after the date of this prospectus with the Commission will automatically update and supersede this information. We incorporate by reference into this prospectus the following documents:

- (i) The Registrant's Report on Form 20-F for the fiscal year ended December 31, 2009, filed with the Commission on March 31, 2010;
- (ii) The Registrant's Current Report on Form 6-K submitted to the Commission on January 11, 2010;
- (iii) The GAAP financial information contained in Exhibit 99.1 of the Registrant's Current Report on Form 6-K submitted to the Commission on February 17, 2010;
- (iv) The GAAP financial information contained in Exhibit 99.1 of the Registrant's Current Report on Form 6-K submitted to the Commission on May 11, 2010;
- (v) The first sentence in the first paragraph of the press release attached as Exhibit 99.1 of the Registrant's Current Report on Form 6-K submitted to the Commission on June 10, 2010;
- (vi) The first sentence in the first paragraph of the press release attached as Exhibit 99.1 of the Registrant's Current Report on Form 6-K submitted to the Commission on June 22, 2010;
- (vii) The Registrant's Current Report on Form 6-K submitted to the Commission on June 29, 2010; and
- (viii) The descriptions of our ADSs, ADRs and our Ordinary Shares contained in the Company's Registration Statement on Form F-3 filed with the Commission on September 18, 2007 and including any subsequent amendment or report filed for the purpose of updating such description.

In addition, any future filings made by us with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, and any future reports on Form 6-K submitted by us to the Commission during such period (or portions thereof) that are identified in such forms as being incorporated into this Registration Statement, shall be considered to be incorporated in this Registration Statement by reference, shall be considered a part of this Registration Statement from the date of filing or submission of such documents and shall update and supersede the information in this Registration Statement.

#### ITEM 4. DESCRIPTION OF SECURITIES

Not applicable.

#### ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable.

#### ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

##### *Exemption of Office Holders*

Under the Companies Law, an Israeli company may not exempt an office holder from liability for breach of his duty of loyalty, but may exempt in advance an office holder from liability to the company, in whole or in part, for a breach of his duty of care (except in connection with distributions), provided the articles of association of the company allow it to do so. Our articles of association do not allow us to do so.

##### *Office Holder Insurance*

Our articles of association provide that, subject to the provisions of the Companies Law, we may enter into a contract for the insurance of the liability of any of our office holders with respect to:

- a breach of his duty of care to us or to another person,
- a breach of his duty of loyalty to us, provided that the office holder acted in good faith and had reasonable grounds to assume that his act would not prejudice our interests, or
- a financial liability imposed upon him in favor of another person concerning an act performed by him in his capacity as an office holder.

##### *Indemnification of Office Holders*

Our articles of association provide that we may indemnify an office holder against:

- a financial liability imposed on or incurred by an office holder in favor of another person by any judgment, including a settlement or an arbitrator's award approved by a court concerning an act performed in his capacity as an office holder. Such indemnification may be approved (i) after the liability has been incurred or (ii) in advance, provided that the undertaking is limited to types of events which our board of directors deems to be foreseeable in light of our actual operations at the time of the undertaking and limited to an amount or criterion determined by our board of directors to be reasonable under the circumstances, and further provided that such events and amounts or criterion are set forth in the undertaking to indemnify, and provided that the total amount of indemnification for all persons we have agreed to indemnify in such circumstances does not exceed, in the aggregate twenty-five percent (25%) of our shareholders' equity at the time of the actual indemnification;

- reasonable litigation expenses, including attorney's fees, expended by the office holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, expended by the office holder or charged to him by a court, in proceedings instituted against him by or on our behalf or by another person, or in a criminal charge from which he was acquitted, or a criminal charge in which he was convicted for a criminal offense that does not require proof of intent, in each case relating to an act performed in his capacity as an office holder.

We have undertaken to indemnify our directors and officers pursuant to applicable law. We have obtained directors and officers liability insurance for the benefit of our directors and officers.

*Limitations on Exemption, Insurance and Indemnification*

The Companies Law provides that a company may not exempt or indemnify an office holder, or enter into an insurance contract, which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his duty of loyalty unless, with respect to insurance coverage or indemnification, the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the office holder of his duty of care if the breach was done intentionally or recklessly;
- any act or omission done with the intent to derive an illegal personal benefit; or
- any fine levied against the office holder.

*Required Approvals*

In addition, under the Companies Law, any exemption of, indemnification of, or procurement of insurance coverage for, our office holders must be approved by our audit committee and our board of directors and, if the beneficiary is a director, by our shareholders. We have obtained such approvals for the procurement of liability insurance covering our officers and directors and for the grant of indemnification letters to our officers and directors.

**ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED**

Not Applicable.

## ITEM 8. EXHIBITS

The following exhibits are filed with or incorporated by reference into this Registration Statement (numbering corresponds to Exhibit Table in Item 601 of Regulation S-K):

- 4.1 Amended and Restated Memorandum of Association of NICE Systems Ltd. (an English translation), as amended through December 21, 2006 (previously filed as Exhibit 1.1 to, and incorporated by reference from, NICE's Annual Report on Form 20-F filed with the Commission on June 13, 2007).
- 4.2 Amended and Restated Articles of Association of NICE Systems Ltd., as amended through June 29, 2010.
- 4.3 Form of Share Certificate (previously filed as Exhibit 4.1 to, and incorporated by reference from, NICE's Amendment No. 1 to Registration Statement on Form F-1 (Registration No. 333-99640) filed with the Commission on December 29, 1995).
- 4.4 e-Glue Software Technologies, Inc. 2004 Stock Option Plan, as amended.
- 5 Opinion of Goldfarb, Levy, Eran, Meiri, Tzafrir & Co.
- 23.1 Consent of Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global.
- 23.2 Consent of Goldfarb, Levy, Eran, Meiri, Tzafrir & Co. (included in Exhibit 5).
- 24 Power of Attorney (included in signature page of this Registration Statement).

## ITEM 9. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

ided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the registration information is on Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act), that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8, and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ra'anana, State of Israel, on the 12<sup>th</sup> day of July, 2010.

### NICE SYSTEMS LTD.

By: /s/ Zeev Bregman                      /s/Dafna Gruber  
Zeev Bregman                              Dafna Gruber  
President and CEO                      Corporate VP and CFO

### POWER OF ATTORNEY

Know all men by these present, that each individual whose signature appears below constitutes and appoints Zeev Bregman, Dafna Gruber, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her place and stead, in any and all capacities, to sign any all amendments (including post-effective amendments) to this Registration Statement and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby rectifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following person in the capacities and on the dates identified:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ron Gutler</u> Ron Gutler	Chairman of the Board of Directors	July 12, 2010
<u>/s/ Joseph Atsmon</u> Joseph Atsmon	Vice-Chairman of the Board of Directors	July 12, 2010
<u>/s/ Zeev Bregman</u> Zeev Bregman	President and Chief Executive Officer (Principal Executive Officer)	July 12, 2010
<u>/s/ Dafna Gruber</u> Dafna Gruber	Chief Financial Officer (Principal Financial Officer)	July 12, 2010
<u>/s/ Rimon Ben-Shaoul</u> Rimon Ben-Shaoul	Director	July 12, 2010
<u>/s/ Yoseph Dauber</u> Yoseph Dauber	Director	July 12, 2010
<u>/s/ Dan Falk</u> Dan Falk	Director	July 12, 2010
<u>/s/ John Hughes</u> John Hughes	Director	July 12, 2010
<u>/s/ Yocheved Dvir</u> Yocheved Dvir	Director	July 12, 2010
<u>/s/ David Kostman</u> David Kostman	Director	July 12, 2010

Authorized Representative in the United States:

NICE SYSTEMS INC.

July 12, 2010

By: /s/ David Ottensoser  
Name: David Ottensoser  
Title: Corporate Secretary

## INDEX TO EXHIBITS

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THE COMPANIES LAW, 5759-1999

A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

NICE-SYSTEMS LTD.

1. DEFINITIONS; INTERPRETATION

(a) "Companies Law" - the Israeli Companies Law, 5759-1999 as the same shall be amended from time to time, or any other law which shall replace that Law, together with any amendments and regulations thereto.

(b) "Companies Ordinance" - those sections of the Israeli Companies Ordinance [New Version] 5743-1983 that shall remain in force after the date of the coming into force of the Companies Law, as the same shall be amended from time to time.

(c) Unless the subject or the context otherwise requires: words and expressions defined in the Companies Law and in the Companies Ordinance, as the case may be, shall have the same meanings herein; words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender; and words and expressions importing persons shall include bodies corporate.

(d) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

2. OBJECT AND PURPOSE OF THE COMPANY

The object and the purpose of the Company are as set forth in Section 2 of the Memorandum of Association of the Company.

3. LIMITATION OF LIABILITY

The liability of the shareholders of the Company is limited as set forth in Section 3 of the Memorandum of Association of the Company.

<PAGE>

## SHARE CAPITAL

### 4. SHARE CAPITAL

The share capital of the Company is one hundred and twenty five million New Israeli Shekels (NIS 125,000,000) divided into one hundred and twenty five million (125,000,000) Ordinary Shares of nominal value of NIS 1.00 each ("Ordinary Shares").

### 5. INCREASE OF SHARE CAPITAL

(a) The Company may, from time to time, by resolution of the shareholders, whether or not all the shares then authorized have been issued, resolve to increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares of the original share capital.

### 6. THE RIGHTS OF ORDINARY SHARES

The Ordinary Shares confer upon the holders thereof all rights accruing to a shareholder of the Company, as provided in these Articles, including, inter alia, the right to receive notices of (in the manner proscribed in Articles 20 and 50 of these Articles), and to attend, shareholder meetings of the shareholders; for each share held - the right to one vote at all shareholders' meetings for all purposes, and to share equally, on a per share basis, in such dividends as may be declared by the Board of Directors in accordance with the terms of these Articles and the Companies Law; and upon liquidation or dissolution, the right to participate in the distribution of any surplus assets of the Company legally available for distribution to shareholders after payment of all debts and other liabilities of the Company, in accordance with the terms of these Articles and the law. All Ordinary Shares rank PARI PASSU in all respects with each other.

### 7. SPECIAL RIGHTS; MODIFICATIONS OF RIGHTS

(a) Subject to the provisions of any law, the Company may, from time to time, by resolution of the shareholders, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

(b) (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles, may be modified or abrogated by the Company, by a shareholder resolution, subject to the consent of the holders of a majority of the voting power of such class by written consent or at a separate General Meeting of the holders of the shares of such class.

(ii) The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any separate General Meeting of the holders of the shares of a particular class.

(iii) Unless otherwise provided by these Articles, the enlargement of an existing class of shares, or the issuance of additional shares thereof, shall not be deemed, for purposes of this Article 7(b), to modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

8. CONSOLIDATION, SUBDIVISION, CANCELLATION AND REDUCTION OF SHARE CAPITAL

(a) The Company may (subject, however, to the provisions of Article 7(b) hereof and to applicable law), from time to time, by resolution of the Company's shareholders:

(i) consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares,

(ii) subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles (subject to the provisions of the Companies Law), and the shareholders resolution whereby any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled, or

(iv) reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by law.

(b) With respect to any consolidation of issued shares into shares of larger nominal value, and with respect to any other action which may result in fractional shares, the Board of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, including, INTER ALIA, resort to one or more of the following actions:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;

(ii) allot, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iii) redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) cause the transfer of fractional shares by certain shareholders of the Company to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board of Directors is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this sub-Article 8(b)(iv).

(c) The notice of a General Meeting with respect to the adoption of a resolution under Article 8(a) above, shall specify the actions to be adopted by the Board of Directors under Article 8(b) above.

#### SHARES

#### 9. ISSUANCE OF SHARE CERTIFICATES; REPLACEMENT OF LOST CERTIFICATES

(a) Share certificates of issued shares shall, if issued, be issued under the seal or the rubber stamp of the Company or the Company printed name, and shall bear the signatures of two Directors, or of one Director and of the Secretary of the Company, or of any other person or persons authorized thereto by the Board of Directors.

(b) Each shareholder, registered in the Register of Shareholders (as defined in the Companies law), shall be entitled to one numbered certificate for all the shares of any class registered in his name, or if the Board of Directors so approves, to several certificates, each for one or more of such shares, in the form as shall be determined by the Board of Directors and according to the law.

(c) A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register of Shareholders in respect of such co-ownership.

(d) If a share certificate is defaced, lost or destroyed, it may be replaced, provided that the original certificate is presented to and destroyed by the Board of Directors or it is proved to the satisfaction of the Board of Directors that the certificate has been lost or destroyed, and upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity or security, as the Board of Directors may think fit.

#### 10. ALLOTMENT OF SHARES

The unissued shares shall be under the control of the Board of Directors, who shall have the power to allot shares or otherwise dispose of them to such persons, on such terms and conditions (including INTER ALIA terms relating to calls as set forth in Article 11(f) hereof), and either at par or at a premium, and at such times, as the Board of Directors may think fit, and the power to grant to any person the option to acquire from the Company any shares, either at par or at a premium, during such time and for such consideration as the Board of Directors may think fit.

11. CALLS ON SHARES; FORFEITURE AND SURRENDER

(a) The Board of Directors may, from time to time, make such calls as it may think fit upon a shareholder in respect of any sum unpaid in respect of shares held by such shareholder which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each shareholder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

(b) Notice of any call shall be given in writing to the shareholder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made, provided, however, that before the time for any such payment, the Board of Directors may, by notice in writing to such shareholder(s), revoke such call in whole or in part, extend such time, or alter such person and/or place. In the event of a call payable in installments, only one notice thereof need be given.

(c) If, by the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions herein contained with respect to such calls shall apply to each such amount.

(d) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.

(e) Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and at such time(s) as the Board of Directors may prescribe.

(f) Upon the allotment of shares, the Board of Directors may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

(g) If any shareholder fails to pay any amount payable in respect of a call, or interest thereon as provided for herein, on or before the day fixed for payment of the same, the Company, by resolution of the Board of Directors, may at any time thereafter, so long as the said amount or interest remains unpaid, forfeit all or any of the shares in respect of which said call had been made. Any expense incurred by the Company in attempting to collect any such amount or interest, including, INTER ALIA, attorneys' fees and costs of suit, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

(h) Upon the adoption of a resolution of forfeiture, the Board of Directors shall cause notice thereof to be given to such shareholder, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Board of Directors), such shares shall be ipso facto forfeited, provided, however, that, prior to the expiration of such period, the Board of Directors may nullify such resolution of forfeiture, but no such nullification shall stop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(i) Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(j) The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share.

(k) Any share forfeited or surrendered as provided herein shall become the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board of Directors thinks fit.

(l) Any shareholder whose shares have been forfeited or surrendered shall cease to be a shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 11(e) above, and the Board of Directors, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing by the shareholder in question (but not yet due) in respect of all shares owned by such shareholder, solely or jointly with another, and in respect of any other matter or transaction whatsoever.

(m) The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it thinks fit, but no such nullification shall stop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 11.

(n) Except to the extent the same may be waived or subordinated in writing and to the extent permitted by applicable law, the Company shall have a first and paramount lien upon all the shares registered in the name of each shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts, liabilities and engagements arising from any cause whatsoever, solely or jointly with another, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(o) The Board of Directors may cause the Company to sell any shares subject to such lien when any such debt, liability or engagement has matured, in such manner as the Board of Directors may think fit, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such shareholder, his executors or administrators.

(p) The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such shareholder (whether or not the same have matured), or any specific part of the same (as the Company may determine), and the residue (if any) shall be paid to the shareholder, his executors, administrators or assigns.

## TRANSFER OF SHARES

### 12. EFFECTIVENESS AND REGISTRATION

No transfer of shares shall be registered in the Register of Shareholders unless a proper instrument of transfer (in form and substance satisfactory to the Secretary of the Company) has been submitted to the Company, together with such other evidence of title as the Board of Directors may reasonably require. Until the transferee has been registered in the Register of Shareholders in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof.

## TRANSMISSION OF SHARES

### 13. DECEDENTS' SHARES

(a) In case of a share registered in the names of two or more holders established by law, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 13(b) have been effectively invoked.

(b) Any person becoming entitled to a share in consequence of the death of any person, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board of Directors may reasonably deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title), shall be registered as a shareholder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

### 14. RECEIVERS AND LIQUIDATORS

(a) The Company may recognize the receiver, liquidator or similar official of any corporate shareholder in winding-up or dissolution, or the receiver, trustee or similar official in bankruptcy or in connection with the reorganization of any shareholder, as being entitled to the shares registered in the name of such shareholder.

(b) The receiver, liquidator or similar official of a corporate shareholder in winding-up or dissolution, or the receiver, trustee or similar official in bankruptcy or in connection with the reorganization of any shareholder, upon producing such evidence as the Board of Directors may deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title, shall with the consent of the Board of Directors (which the Board of Directors may grant or refuse in its absolute discretion), be registered as a shareholder in respect of such shares in the Register of Shareholders, or may, subject to the regulations as to transfer herein contained, transfer such shares.

RECORD DATE WITH RESPECT TO OWNERSHIP OF SHARES

15. RECORD DATE FOR GENERAL MEETINGS

The shareholders entitled to receive notice of, to participate in and to vote thereon at a General Meeting, or to express consent to or dissent from any corporate action in writing, shall be the shareholders on the date set in the resolution of the Board of Directors to convene the General Meeting, provided that, such date shall not be earlier than forty (40) days prior to the date of the General Meeting and not later than four (4) days prior to the date of such General Meeting, or different periods as shall be permitted by law. A determination of shareholders of record with respect to a General Meeting shall apply to any adjournment of such meeting.

16. RECORD DATE FOR DISTRIBUTION OF DIVIDENDS

The shareholders entitled to receive dividends shall be the shareholders on the date upon which it was resolved to distribute the dividend or at such later date as shall be provided in the resolution in question.

GENERAL MEETINGS

17. GENERAL MEETINGS

(a) An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board of Directors.

(b) All General Meetings other than Annual General Meetings shall be called "SPECIAL GENERAL MEETINGS." The Board of Directors may, whenever it thinks fit, convene a Special General Meeting at such time and place, within or without the State of Israel, as may be determined by the Board of Directors. Special General Meetings may also be convened upon requisition in accordance with the Companies Law.

18. SHAREHOLDER PROPOSALS

(a) A shareholder (including two or more shareholders that are acting in concert, a "PROPOSING SHAREHOLDER") holding one percent or more of the outstanding voting rights in the Company may request, subject to Section 66(b) of the Companies Law, that the Board of Directors include a proposal on the agenda of a General Meeting to be held in the future, provided that the Proposing Shareholder gives timely notice of such request in writing (a "PROPOSAL REQUEST") to the Secretary of the Company and the Proposal Request complies with all the requirements of this Article 18, these Articles and applicable law and stock exchange rules. To be considered timely, a Proposal Request must be delivered, either in person or by certified mail, postage prepaid, and received at the principal executive office of the Company, no less than sixty (60) days prior to the date of the Company's proxy statement in connection with such General Meeting.

(b) The Proposal Request shall set forth (i) the name, business address, telephone number and fax number or email address of the Proposing Shareholder (or each member of the group constituting the Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity, (ii) the number of Ordinary Shares held by the Proposing Shareholder, directly or indirectly, and, if any of such Ordinary Shares are held indirectly, an explanation of how they are held and by whom, and, if such Proposing Shareholder is not the holder of record of any such Ordinary Shares, a written statement from the holder of record or authorized bank, broker, depository or other nominee, as the case may be, indicating the number of Ordinary Shares the Proposing Shareholder is entitled to vote as of a date that no more than ten (10) days prior to the date of delivery of the Proposal Request, (iii) any agreements, arrangements, understandings or relationships between the Proposing Shareholder and any other person with respect to any securities of the Company or the subject matter of the Proposal Request, (iv) the Proposing Shareholder's purpose in making the Proposal Request, (v) the complete text in the English language of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting and, if the Proposing Shareholder wishes to have a statement in support of the Proposing Shareholder's proposal included in the Company's proxy statement, a copy of such statement, which shall be in the English language and shall not exceed 500 words, (vi) a statement of whether the Proposing Shareholder has a personal interest in the proposal and, if so, a description in reasonable detail of such personal interest, and (vii) if the proposal of the Proposing Shareholder is to nominate a candidate for election to the Board of Directors, (A) a declaration signed by the nominee and the other information required under Section 224B of the Companies Law, (B) to the extent not otherwise provided in the Request Proposal, the information in respect of the nominee as would be provided in response to the disclosure requirements of Item 6A (directors and senior management), Item 6E (share ownership) and Item 7B (related party transactions) of Form 20-F of the U.S. Securities and Exchange Commission, (C) a representation of whether the nominee meets the objective criteria for an independent director of the Company under the listing rules of the NASDAQ Stock Market (or such other stock exchange on which the Ordinary Shares are then listed) and if not, then an explanation of why not, and (D) a statement signed by the nominee that he consents to be named in the Company's notices and proxy materials relating to the General Meeting and, if elected, to serve on the Board of Directors. In addition, the Proposing Shareholder shall promptly provide any other information reasonably requested by the Company. The Company shall be entitled to publish information provided by a Proposing Shareholder pursuant to Article 18, and the Proposing Shareholder shall be responsible for the accuracy thereof. The parenthetical regulation headings contained in this Article 18(b) are for convenience only and shall not be deemed a part hereof or used to limit the scope of disclosure required by this Article 18(b). References in this Article 18(b) to particular laws, regulations or rules shall be deemed to apply to such amended or successor laws, regulations or rules as shall be in effect from time to time.

(c) A Proposing Shareholder holding five percent or more of the outstanding voting rights in the Company (or five percent or more of the outstanding share capital and one percent or more of the voting rights in the Company) may request, subject to Section 63(b)(2) of the Companies Law, that the Board of Directors convene a Special General Meeting, provided that the request complies with all the applicable requirements of a "Proposal Request" set forth in Article 18(b), these Articles and applicable law and stock exchange rules.

19. POWERS OF THE GENERAL MEETING

Subject to the provisions of the Companies Law and of these Articles, the resolutions in respect to the following matters shall be adopted by the General Meeting:

(a) Amendments to the Articles, as set forth in Section 20 of the Companies Law.

(b) Exercise of the authorities of the Board of Directors in accordance with the provisions of Section 52(a) of the Companies Law.

(c) Appointment of the outside auditor(s) of the Company, the determination of its/their terms of engagement with the Company and termination of its/their engagement with the Company, all in accordance with the provisions of Sections 154-167 of the Companies Law.

(d) Appointment of independent ("external") Directors in accordance with the provisions of Section 239 of the Companies Law ("External Directors").

(e) Approval of actions and transactions that require the approval of the General Meeting pursuant to Sections 255 and 268-275 of the Companies Law.

(f) An increase and a decrease of the authorized share capital of the Company, pursuant to Sections 286 and 287 of the Companies Law.

(g) A merger, as set forth in Section 320(a) of the Companies Law.

20. NOTICE OF GENERAL MEETINGS

(a) Not less than twenty-one (21) days' prior notice shall be given of every General Meeting (the "Notice"). The Notice shall be published in two (2) newspapers in Israel and as shall be required by law or rules and regulations of the stock exchanges on which the Company's shares are listed. The Notice shall specify the place, date and hour of the General Meeting, its agenda, a summary of proposed resolutions and the procedure for voting in such General Meeting by proxy statement and any other matter as shall be required by law. Notices shall not be sent to each of the shareholders registered in the Company's Register of Shareholders.

(b) The validity of any resolutions carried at a General Meeting shall not be affected if the Company, by oversight, has not sent a notice of the convening of the meeting, or has sent an incomplete or incorrect notice regarding the convening of the meeting or its agenda, or has not served a notice as aforesaid or has delayed in sending or delivering the said notice.

PROCEEDINGS AT GENERAL MEETINGS

21. QUORUM

(a) Two or more shareholders (not in default in payment of any sum referred to in Article 26(a) hereof), present in person or by proxy or by written ballot, as shall be permitted, and holding shares conferring in the aggregate twenty-five percent (25%) or more of the voting power of the Company, shall constitute a quorum at General Meetings.

(b) If within half an hour from the time appointed for the meeting a quorum is not present, if convened upon requisition under sections 63, 64 or 65 of the Companies Law, the meeting shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as specified in the Notice of such meeting or as the Chairman may determine with the consent of the holders of a majority of the voting power represented at the meeting in person or by proxy or by written ballot, as shall be permitted, and voting on the question of adjournment. At such adjourned meeting, any two (2) shareholders (not in default as aforesaid) present in person or by proxy or by written ballot, as shall be permitted, shall constitute a quorum.

(c) No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business.

22. CHAIRMAN

Any member of the Board of Directors shall preside as Chairman at any General Meeting of the Company. If there is no such member, or if at any meeting such member is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as Chairman, the shareholders present shall choose someone of their member to be Chairman. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a shareholder or proxy of a shareholder if, in fact, he is also a shareholder or such proxy).

23. ADOPTION OF RESOLUTIONS AT GENERAL MEETINGS

(a) Unless otherwise specifically provided in these Articles or under any applicable law, all resolutions submitted to the shareholders shall be deemed adopted if approved by the holders of a simple majority of the voting power represented at the meeting in person or by proxy or by written ballot, as shall be permitted, and voting thereon.

(b) Every question submitted to a General Meeting shall be decided by a count of votes.

(c) A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

24. POWER TO ADJOURN

(a) The Chairman of a General Meeting, in which the required quorum is present, may resolve to adjourn the meeting, for no more than thirty(30)days, to such time and place as shall be determined but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

(b) It shall not be necessary to give any notice of an adjournment under Article 24(a), unless the meeting is adjourned for more than twenty-one (21) days in which event notice thereof shall be given in the manner required for the meeting as originally called.

#### 25. VOTING POWER

Subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, every shareholder shall have one vote for each share held by him of record, on every resolution.

#### 26. VOTING RIGHTS

(a) The shareholders entitled to vote at a General Meeting shall be the shareholders listed in the Company's Register of Shareholders on the record date, as specified in Article 15.

(b) A company or other corporate body being a shareholder of the Company may, by resolution of its directors or any other managing body thereof, authorize any person to be its representative at any meeting of the Company. Any person so authorized shall be entitled to exercise on behalf of such shareholder all the power which the latter could have exercised if it were an individual shareholder. Upon the request of the Chairman of the meeting, written evidence of such authorization (in form acceptable to the Chairman) shall be delivered to him.

(c) Any shareholder entitled to vote may vote either personally or by proxy (who need not be a shareholder of the Company), or, if the shareholder is a company or other corporate body, by a representative authorized pursuant to Article 26(b) or by a written ballot, as permitted by law and according to these Articles.

(d) If two or more persons are registered as joint holders of any share, the vote of the senior who tenders a vote, in person or by proxy or by written ballot, as shall be permitted, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

(e) No shareholders shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

(f) The Board of Directors may determine, in its discretion, the matters that may be voted upon a written ballot to the Company (without attendance in person or by proxy or by written ballot, as shall be permitted, at a General Meeting, in addition to the matters listed in Section 87(c) of the Companies law.

#### PROXIES

#### 27. INSTRUMENT OF APPOINTMENT

(a) The instrument appointing a proxy shall be in writing and shall be in any usual or common form or in such other form as may be approved by the Board of Directors. It shall be duly signed by the appointor or, if such appointor is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s).

(b) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at its Registered Office, or at its principal place of business or at the offices of its transfer agent or at such other place as the Board of Directors may specify) not less than forty-eight (48) hours (or such shorter period as may be determined by the Board of Directors) before the time fixed for the meeting at which the person named in the instrument proposes to vote.

#### 28. EFFECT OF DEATH OF APPOINTOR OR REVOCATION OF APPOINTMENT

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the previous death of the appointing shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the revocation of the appointment or the transfer of the share in respect of which the vote is cast, provided no written notification of such death, revocation or transfer shall have been received by the Company or by the Chairman of the meeting before such vote is cast, and provided, further, that the appointing shareholder, if present in person at said meeting, may revoke the appointment by means of a writing, oral notification to the Chairman, or otherwise.

#### BOARD OF DIRECTORS

#### 29. POWERS OF BOARD OF DIRECTORS

(a) The Board of Directors shall have all powers vested in it according to the Companies Law and these Articles, shall have any and all authorities not vested in any other organ of the Company according to the Companies Law and these Articles, shall be authorized to determine the policy of the Company, shall supervise the performance and actions of the General Manager, and, without derogating from the above, shall have all the following powers:

(i) determine the Company's plans of action, the principles of their financing and the order of priority among them;

(ii) examine the financial status of the Company, and set the frame of credit that the Company shall be entitled to acquire;

(iii) determine the organizational structure of the Company and its compensation policies;

(iv) may resolve to issue series of debentures;

(v) shall be responsible for the preparation and approval of the financial statements of the Company, as set forth in Section 171 of the Companies Law;

(vi) report to the Annual General Meeting of the status of the Company's affairs and of their financial outcomes, as set forth in Section 173 of the Companies Law.

(vii) appoint the General Manager and may terminate such appointment, in accordance with Section 250 of the Companies Law;

(viii) resolve in the matters on actions and transactions that require its approval according to Sections 255 and 268-275 of the Companies Law and of the provisions of these Articles;

(ix) issue shares and convertible securities up to the total amount of the authorized share capital of the Company, in accordance with Section 288 of the Companies Law;

(x) decide on a "distribution" as set forth in Sections 307-308 of the Companies Law;

(xi) express its opinion on a special tender offer, as set forth in Section 329 of the Companies Law.

(b) The powers of the Board of Directors described in Articles 29(a)(i)-29(a)(xi) above shall not be delegated to the General Manager(s) of the Company.

#### 30. EXERCISE OF POWERS OF DIRECTORS

(a) A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all the authorities, powers and discretion vested in or exercisable by the Board of Directors.

(b) A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a simple majority of the Directors then in office who are lawfully entitled to participate in the meeting and vote thereon and present when such resolution is put to a vote and voting thereon.

(c) A resolution may be adopted by the Board of Directors without convening a meeting if all Directors then in office and lawfully entitled to vote thereon (as conclusively determined by the Chairman of the Audit Committee, and in the absence of such determination - by the Chairman of the Board of Directors) have given their consent (in any manner whatsoever) not to convene a meeting. Such a resolution shall be adopted if approved by a simple majority of the Directors entitled to vote thereon (as determined as aforesaid). The Chairman of the Board shall sign any resolutions so adopted, including the decision to adopt said resolutions without a meeting.

#### 31. DELEGATION OF POWERS

The Board of Directors may, subject to the provisions of the Companies Law, delegate its powers to committees, each consisting of two or more persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any such Committee authorized to exercise the powers of the Board of Directors shall include at least one (1) External Director. Any Committee so formed (in these Articles referred to as a "Committee of the Board of Directors"), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors shall, mutatis mutandis, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as not superseded by any regulations adopted by the Board of Directors under this Article. Unless otherwise expressly provided by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall not be empowered to further delegate such powers.

32. NUMBER OF DIRECTORS

Until otherwise determined by resolution of the Company's shareholders, the Board of Directors shall consist of not less than three (3) nor more than thirteen (13) Directors, including at least two (2) External Directors.

33. ELECTION AND REMOVAL OF DIRECTORS

Directors shall be elected at the Annual General Meeting by the vote of the holders of a simple majority of the voting power represented at such meeting in person or by proxy or by written ballot, as shall be permitted, and voting on the election of directors. The Directors so elected shall hold office until the next Annual General Meeting. The holders of a simple majority of the voting power represented at a General Meeting and voting thereon shall be entitled to remove any Director(s) from office, to elect directors in place of the Director(s) so removed or to fill any vacancy, however created, on the Board of Directors. Notwithstanding anything to the contrary herein, the term of a Director may commence as of a date later than the date of the shareholder resolution electing said Director, if so specified in said shareholder resolution.

34. CONTINUING DIRECTORS IN THE EVENT OF VACANCIES

(a) Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may be filled by a vote of a majority of the Directors then in office, even if less than quorum. A Director elected to fill a vacancy shall be elected to hold office until the next annual General Meeting.

(b) If the position of one or more Directors is vacated, the continuing Directors shall be entitled to act in every matter so long as their number is not less than the statutory minimum number required at the time. If, at any time, their number decreases below said statutory minimum number, they will not be entitled to act except in an emergency, and they may fill vacant positions on the Board of Directors pursuant to Article 34(a) herein or call a General Meeting of the Company for the purpose of electing Directors to fill any vacancies.

35. VACATION OF OFFICE

(a) The office of a Director shall be vacated, ipso facto, upon the occurrence of any of the following: (i) such Director's death, (ii) such Director is convicted of a crime as described in Section 232 of the Companies Law, (iii) such Director is removed by a court or law in accordance with Section 233 or 247 of the Companies Law, (iv) such Director becomes legally incompetent, (v) if such Director is an individual, such Director is declared bankrupt, (vi) if such Director is a corporate entity, upon its winding-up, liquidation, whether voluntary or involuntary or (vii) upon a resolution of the Company's shareholders pursuant to Article 33(a) above.

(b) The office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

36. REMUNERATION OF DIRECTORS

Each Director shall be paid remuneration by the Company for his services as Director as such remuneration shall have been approved pursuant to the provisions of the Companies Law.

37. NO ALTERNATE DIRECTORS

A Director may not appoint an alternate for himself.

PROCEEDINGS OF THE BOARD OF DIRECTORS

38. MEETINGS

(a) The Board of Directors may meet and adjourn its meetings according to the Company's needs but at least once in every three (3) months, and otherwise regulate such meetings and proceedings as the Directors think fit. Meetings of the Board of Directors may be held telephonically or by any other means of communication provided that each Director participating in such meeting can hear and be heard by all other Directors participating in such meeting.

(b) Any Director may at any time convene a meeting of the Board of Directors, but not less than seven (7) days' notice (oral or written) shall be given of any meeting so convened. The failure to give notice to a Director in the manner required hereby may be waived by such Director. Upon the unanimous approval of the Directors, a meeting of the Board of Directors can be convened without any prior notice. The notice of a meeting shall include the agenda of the meeting.

39. QUORUM

A quorum at a meeting of the Board of Directors shall be constituted by the presence, in person or by any other means of communication by which the Directors may hear each other simultaneously, of a majority of the Directors then in office who are lawfully entitled to participate in the meeting and vote thereon (as conclusively determined by the Chairman of the Board of Directors). No business shall be transacted at a meeting of the Board of Directors unless the requisite quorum is present as aforesaid when the meeting proceeds to business.

40. CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors shall from time to time elect one of its members to be the Chairman of the Board of Directors, and it may from time to time remove such Chairman from office and appoint another in its place. The Chairman of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting, or if he is unwilling to take the chair, the Directors present shall choose one of their number to be the chairman of such meeting.

The General Manager of the Company shall not serve as the Chairman of the Board of Directors, and the Chairman of the Board of Directors shall not be granted authorities of the General Manager, unless such appointment, or grant, as the case may be, is approved by the shareholders in a General Meeting in accordance with Section 121(c) of the Companies Law. The office of Chairman shall not entitle the holder to a second or casting vote.

#### 41. VALIDITY OF ACTS DESPITE DEFECTS

Subject to the provisions of the Companies Law, all acts done bona fide at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

#### GENERAL MANAGER

#### 42. GENERAL MANAGER

(a) The Board of Directors shall appoint from time to time one or more persons as General Manager(s) of the Company.

(b) The General Manager shall be responsible for the day-to-day management of the affairs of the Company within the framework of the policies determined by the Board of Directors from time to time and subject to the discretion of the Board of Directors.

(c) The General Manager shall have full managerial and operational authority to carry out all the activities which the Company may carry on by law and under these Articles and which have not been vested by law or by these Articles in any other organ of the Company. The General Manager shall be subject to the supervision of the Board of Directors.

(d) The General Manager may, subject to the provisions of the Companies Law, from time to time, appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the General Manager may think fit, and may terminate the service of any such person. The General Manager may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the salaries and emoluments, of all such persons.

#### MINUTES

#### 43. MINUTES

(a) Minutes of each General Meeting and of each meeting of the Board of Directors shall be recorded and duly entered in books provided for that purpose. The minutes of each meeting of the Board of Directors shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

(b) Any minutes as aforesaid, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting, shall constitute prima facie evidence of the matters recorded therein.

(c) Subject to the provisions of the Companies Law, each shareholder shall have the right to inspect the minutes of the General Meetings.

#### DIVIDENDS

##### 44. DECLARATION OF DIVIDENDS

Subject to the Companies Law, the Board of Directors may from time to time declare, and cause the Company to pay dividends out of the profits of the Company. Subject to the Companies Law, the Board of Directors shall determine the time for payment of such dividends and the record date for determining the shareholders entitled thereto.

##### 45. AMOUNT PAYABLE BY WAY OF DIVIDENDS

(a) Subject to the rights of the holders of shares with special rights as to dividends, if any, any dividend paid by the Company shall be allocated among the shareholders entitled thereto in proportion to the nominal value of their respective holdings of the shares in respect of which such dividend is being paid.

(b) Shares which are fully paid up or which are credited as fully or partly paid within any period which in respect thereof dividends are paid shall entitle the holders thereof to a dividend in proportion to the amount paid up or credited as paid up in respect of the nominal value of such shares and to the date of payment thereof (pro rata temporis).

##### 46. INTEREST

No dividend shall carry interest as against the Company.

##### 47. UNCLAIMED DIVIDENDS

All unclaimed dividends payable in respect of a share may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, PROVIDED, HOWEVER, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

## ACCOUNTS

### 48. AUDITORS

The outside auditor(s) of the Company shall be appointed by resolution of the Company's shareholders at the General Meeting and shall serve until its/their re-election, removal or replacement by subsequent resolution, provided that each term of service shall not extend beyond the third Annual Meeting after the Annual Meeting at which such auditor was appointed. The authorities, rights and duties of the outside auditor(s) of the Company, shall be regulated by applicable law. The Board of Directors shall have the power and authority to fix the remuneration of the auditor(s).

## RIGHTS OF SIGNATURE

### 49. RIGHTS OF SIGNATURE

The Board of Directors shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority.

## NOTICES

### 50. NOTICES

Without derogating from the provisions of Article 20:

(a) In the event the Company elects to send any written notice or other document to any of its shareholders such notice may be served either personally or by sending it by prepaid registered mail (airmail if sent to a place outside Israel) addressed to such shareholder at his address as described in the Register of Shareholders or such other address as he may have designated in writing for the receipt of notices and other documents. In the event a shareholder elects to send the Company any written notice or other document such notice may be served by tendering the same in person to the Secretary or the General Manager of the Company at the principal office of the Company or by sending it by prepaid registered mail (airmail if posted outside Israel) to the Company at its Registered Address. Any such notice or other document shall be deemed to have been served forty-eight (48) hours after it has been posted (seven (7) business days if sent internationally), or when actually received by the addressee if sooner than two days or seven days, as the case may be, after it has been posted, or when actually tendered in person, to such shareholder (or to the Secretary or the General Manager), provided, however, that notice may be sent by cablegram, telex, telecopier (facsimile) or other electronic means (to an address provided to the Company by any shareholder) and confirmed by registered mail as aforesaid, and such notice shall be deemed to have been given twenty-four (24) hours after such cablegram, telex, telecopy or other electronic communication has been sent (provided, that electronic confirmation of the successful sending of such notice was received) or when actually received by such shareholder (or by the Company), whichever is earlier. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 50(a).

(b) All notices to be given to the shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Shareholders, and any notice so given shall be sufficient notice to the holders of such share.

(c) Any shareholder whose address is not described in the Register of Shareholders, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

#### INSURANCE AND INDEMNITY

#### 51. INDEMNITY AND INSURANCE

##### (a) Indemnification

(i) Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Company may indemnify an Office Holder with respect to the following liabilities and expenses, provided that such liabilities or expenses were incurred by such Office Holder in such Office Holder's capacity as an Office Holder of the Company:

(1) a monetary liability imposed on or incurred by an Office Holder pursuant to a judgment in favor of another person, including a judgment imposed on such Office Holder in a settlement or in an arbitration decision that was approved by a court of law;

(2) reasonable litigation expenses, including attorney's fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; and

(3) reasonable legal expenses, including attorney's fees, which the Office Holder incurred or with which the Office Holder was charged by a court of law, in a proceeding brought against the Office Holder, by the Company, on its behalf or by another person, or in a criminal prosecution in which the Office Holder was acquitted, or in a criminal prosecution in which the Office Holder was convicted of an offense that does not require proof of criminal intent.

(ii) The foregoing indemnification may be procured by the Company (a) retroactively and (b) as a commitment in advance to indemnify an Office Holder, provided that, in respect of Article 51(a)(i)(1), such commitment shall be limited to (i) such events that in the opinion of the Board of Directors are foreseeable in light of the Company's actual operations at the time the undertaking to indemnify is provided, and (ii) to the amounts or criterion that the Board of Directors deems reasonable under the circumstances, and further provided that such events and amounts or criterion are set forth in the undertaking to indemnify, and which shall in no event exceed, in the aggregate, twenty five percent (25%) of the Company's shareholder's equity at the time of the indemnification .

(b) Insurance

(i) Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Company may enter into an agreement to insure an Office Holder for any responsibility or liability that may be imposed on such Office Holder in connection with an act performed by such Office Holder in such Office Holder's capacity as an Office Holder of the Company, with respect to each of the following:

(1) violation of the duty of care of the Office Holder towards the Company or towards another person;

(2) breach of the duty of loyalty towards the Company, provided that the Office Holder acted in good faith and with reasonable grounds to assume that the such action would not prejudice the benefit of the Company; and

(3) a financial obligation imposed on the Office Holder for the benefit of another person.

(ii) Articles 51(a) and 51(b)(i) shall not apply under any of the following circumstances:

(1) a breach of an Office Holder's duty of loyalty, except as specified in Article 51(b)(i)(2);

(2) a reckless or intentional violation of an Office Holder's duty of care;

(3) an action intended to reap a personal gain illegally; and

(4) a fine or ransom levied on an Office Holder.

(iii) The Company may procure insurance for or indemnify any person who is not an Office Holder, including without limitation, any employee, agent, consultant or contractor, provided, however, that any such insurance or indemnification is in accordance with the provisions of these Articles and the Companies Law.

MERGER

52. MERGER

A merger (as defined in the Companies Law) of the Company shall require the approval of the holders of a majority of seventy five percent (75%) of the voting power represented at the General Meeting in person or by proxy or by written ballot, as shall be permitted, and voting thereon in accordance with the provisions of the Companies Law.

WINDING UP

53. WINDING UP

If the Company be wound up, then, subject to applicable law, after satisfaction of the Company's liabilities to creditors, the Company's liquidation proceeds shall be distributed to the shareholders of the Company in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made. A voluntary winding up of the Company shall require the approval of the holders of a majority of at least seventy five percent (75%) of the voting power represented at a General Meeting in person or by proxy or by written ballot, as shall be permitted, and voting thereon.

AMENDMENT OF THESE ARTICLES

54. Any amendment of these Articles shall require the approval of the holders of a simple majority of the voting power represented at the General Meeting in person or by proxy or by written ballot, as shall be permitted, and voting thereon.

## e-Glue SOFTWARE TECHNOLOGIES, INC.

## 2004 STOCK OPTION PLAN

## 1. PURPOSE

The purpose of this e-Glue Software Technologies, Inc. 2004 Stock Option Plan (the "PLAN") is to encourage employees, directors and other individuals (whether or not employees) who render services to e-Glue Software Technologies, Inc. (the "COMPANY") and its Subsidiaries as hereinafter defined), to continue their association with the Company and its Subsidiaries by providing opportunities for them to participate in the ownership of the Company and in its future growth through the granting of options to acquire the Company's stock ("OPTIONS") and stock to be transferred subject to restrictions ("RESTRICTED STOCK"). The term "SUBSIDIARY" as used in the Plan means a corporation or other business entity of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent (50%) or more of the total combined voting power of all classes of stock, in the case of a corporation, or fifty percent (50%) or more of the total combined interests by value, in the case of any other type of business entity.

## 2. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Board of Directors of the Company (the "BOARD"). The Board shall from time to time determine to whom Options or Restricted Stock shall be granted under the Plan, whether Options granted are intended to be incentive stock options ("ISOS") or nonqualified stock options ("NSOS"), the terms of the Options and the number of shares of Common Stock (as hereinafter defined) that may be granted under Options, and the terms and number of shares of Restricted Stock.

(b) If the circumstances described in Section 2(d) are applicable, the Board shall delegate to the Compensation Committee of the Board (the "COMPENSATION COMMITTEE") the authority of the Board to make determinations and to take actions described in this Section 2 and elsewhere in the Plan. The Board may otherwise delegate to the Compensation Committee the authority to make such determinations and to take such actions as the Board shall determine in its discretion. The Compensation Committee shall report to the Board any such determinations made and actions taken pursuant to such delegated authority. Should the Board delegate such authority to the Compensation Committee, any reference in this Plan to the "Board" shall refer also to the Compensation Committee.

(c) The Board shall have the authority to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan. All questions of interpretation and application of such rules and regulations of the Plan and of Options or Restricted Stock granted hereunder shall be subject to the determination of the Board, which shall be final and binding. The Plan shall be administered in such a manner as to permit those Options granted hereunder and specially designated under Section 5 hereof as an ISO to qualify as incentive stock options as described in Section 422 of the Internal Revenue Code of 1986, as amended (the "CODE").

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(d) If at any time Section 16 of the Securities Exchange Act of 1934, as amended from time to time (the "EXCHANGE ACT"), is applicable to the Company, each member of the Compensation Committee shall be a "non-employee director" or the equivalent within the meaning of Rule 16b-3 under the Exchange Act and, during any period that Section 162(m) of the Code is applicable to the Company, an "outside director" within the meaning of Section 162 of the Code and the regulations thereunder. With respect to persons subject to Section 16 of the Exchange Act ("INSIDERS"), transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act. To the extent any provision of the Plan or action by the Board or Compensation Committee fails to so comply, it shall be deemed to be modified so as to be in compliance with such Rule or, if such modification is not possible, it shall be deemed to be null and void, to the extent permitted by law and deemed advisable by the Board or Compensation Committee.

### 3. STOCK SUBJECT TO THE PLAN

The total number of shares of capital stock of the Company that may be subject to Options and Restricted Stock grants under the Plan shall be 1,354,394 shares of the Company's Common Stock, \$.001 par value per share (the "COMMON STOCK"), from either authorized but unissued shares or treasury shares. The number of shares stated in this Section 3 shall be subject to adjustment in accordance with the provisions of Section 9. Shares of Restricted Stock that fail to vest and shares of Common Stock subject to an Option that is not fully exercised prior to its expiration or other termination shall again become available for grant under the terms of the Plan.

### 4. ELIGIBILITY

The individuals who shall be eligible to receive Option grants and Restricted Stock grants under the Plan shall be employees, directors and other individuals who render services to the management, operation or development of the Company or a Subsidiary and who have contributed or may be expected to contribute to the success of the Company or a Subsidiary. In determining the suitability of an individual to be granted an option, as well as in determining the number of options to be granted to any individual, the Board shall take into account the position and responsibilities of the individual being considered, the nature and value to the Company or its subsidiaries of his or her service and accomplishments, his or her present and potential contribution to the success of the Company or its subsidiaries, and such other factors as the Board may deem relevant. ISOs shall not be granted to any individual who is not an employee of the Company or a Subsidiary that is a corporation for federal tax purposes. The term "Optionee," as used in the Plan, refers to any individual to whom an Option has been granted.

### 5. TERMS AND CONDITIONS OF OPTIONS

Every Option shall be evidenced by a written Stock Option Agreement in such form as the Board shall approve from time to time, specifying the number of shares of Common Stock that may be purchased pursuant to the Option, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an ISO or an NSO and such other terms and conditions as the Board shall approve, and containing or incorporating by reference the following terms and conditions.

(a) DURATION. Each Option shall expire ten years from its date of grant, PROVIDED, HOWEVER, that no ISO granted to an employee who owns (directly or under the attribution rules of Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Subsidiary shall expire later than five (5) years from its date of grant.

(b) VESTING SCHEDULE. Options granted under the Plan will be subject to a four (4) year vesting period, as follows: twenty five percent (25%) of the Options granted to any Optionee shall vest and become exercisable one (1) year from the day they were granted to such Optionee, with the balance of seventy-five percent (75%) of the Options, vesting in equal installments, on a quarterly basis over the following three (3) years thereafter, unless otherwise specified by the Board or the Compensation Committee.

(c) EXERCISE PRICE. The exercise price of each Option shall be any lawful consideration, as specified by the Board in its discretion; PROVIDED, HOWEVER, that the price shall be at least 100 percent of the Fair Market Value (as hereinafter defined) of the shares on the date on which the Board awards the Option, which shall be considered the date of grant of the Option for purposes of fixing the price; and PROVIDED, FURTHER, that the price with respect to options granted to an Optionee who at the time of grant owns (directly or under the attribution rules of Section 424(d) of the Code) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or of any Subsidiary shall be at least 110 percent of the Fair Market Value of the shares on the date of grant of such options. Notwithstanding the above, the Board may resolve to grant Options to non US employees at an exercise price less than the Fair Market Value of the shares on the date of grant of such options. For purposes of the Plan, except as may be otherwise explicitly provided in the Plan or in any Stock Option Agreement, the "Fair Market Value" of a share of Common Stock at any particular date shall be determined according to the following rules: (i) if the Common Stock is not at the time listed or admitted to trading on a stock exchange or the Nasdaq Stock Market, the Fair Market Value shall be the closing price of the Common Stock on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Board and regularly reporting the price of the Common Stock in such market, including any market that is outside of the United States; PROVIDED, HOWEVER, that if the price of the Common Stock is not so reported, the Fair Market Value shall be determined in good faith by the Board, which may take into consideration (1) the price paid for the Common Stock in the most recent trade of a substantial number of shares known to the Board to have occurred at arm's length between willing and knowledgeable investors, (2) an appraisal by an independent party or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect; or (ii) if the Common Stock is at the time listed or admitted to trading on any stock exchange, including any market that is outside of the United States, or the Nasdaq Stock Market, then the Fair Market Value shall be the mean between the lowest and highest reported sale prices (or the highest reported bid price and the lowest reported asked price) of the Common Stock on the date in question on the principal exchange or the Nasdaq Stock Market, as the case may be, on which the Common Stock is then listed or admitted to trading. If no reported sale of Common Stock takes place on the date in question on the principal exchange or the Nasdaq Stock Market, as the case may be, then the most recent previous reported closing sale price of the Common Stock (or, in the Board's discretion, the reported closing asked price) of the Common Stock on such date on the principal exchange or the Nasdaq Stock Market, as the case may be, shall be determinative of Fair Market Value.

(d) METHOD OF EXERCISE.

(i) To the extent that it has become exercisable under the terms of the Stock Option Agreement, an Option may be exercised from time to time by notice acceptable to the Chief Financial Officer of the Company, or his delegate, stating the number of shares with respect to which the Option is being exercised and accompanied by payment of the exercise price in cash or check payable to the Company, or, if the Stock Option Agreement so provides, other payment or deemed payment described in this Section 5(d), or by means of a "cashless exercise" as described in Section 5(d)(ii). Such notice shall be delivered in person to the Chief Financial Officer of the Company, or his delegate, or shall be sent by registered mail, return receipt requested, to the Chief Executive Officer of the Company, or his delegate, in which case delivery shall be deemed made on the date such notice is deposited in the mail.

(ii) If permitted under applicable securities laws, an Option may be exercised by means of a "cashless exercise" procedure in which a broker reasonably acceptable to the Company (a) transmits the exercise price to the Company in cash or acceptable cash equivalents, either (i) against the Optionee's notice of exercise and the Company's confirmation that it will deliver to the broker stock certificates issued in the name of the broker for at least that number of shares having a fair market value equal to the exercise price, or (ii) as the proceeds of a margin loan to the Optionee; or (b) agrees to pay the exercise price to the Company in cash or acceptable cash equivalents upon the broker's receipt from the Company of stock certificates issued in the name of the broker for at least that number of shares having a fair market value equal to the exercise price. The Optionee's notice of exercise of an Option pursuant to a "cashless exercise" procedure must include the name and address of the broker involved, a clear description of the procedure, and such other information or undertaking by the broker as the Company shall reasonably require.

(iii) Within ten days after the time specified in an Optionee's notice of exercise, the Company shall, without issue or transfer tax to the Optionee, deliver to him at the main office of the Company, or such other place as shall be mutually acceptable, a stock certificate for the shares as to which his Option is exercised. If the Optionee fails to pay for or to accept delivery of all or any part of the number of shares specified in his notice upon tender of delivery thereof, his right to exercise the Option with respect to those shares shall be terminated, unless the Company otherwise agrees.

(e) EXERCISABILITY. An Option may be exercised so long as it is outstanding from time to time in whole or in part, to the extent it is vested, and subject to the terms and conditions that the Board in its discretion may provide in the Stock Option Agreement, PROVIDED, HOWEVER, that any partial exercise must be for a minimum of ten (10) shares of Common Stock. Such terms and conditions shall include provisions for exercise within twelve (12) months after his or her death or disability (within the meaning of Section 22(e)(3)) of the Code, PROVIDED that no Option shall be exercisable after the expiration of the period described in paragraph (a) above. Except as the Board in its discretion may otherwise provide in the Stock Option Agreement, an Option shall cease to be exercisable upon the expiration of three (3) months following the termination of the Optionee's employment with, or his other provision of services to, the Company or a Subsidiary, subject to paragraph (a) above and Section 9 hereof.

(f) NOTICE OF ISO STOCK DISPOSITION. The Optionee must notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any shares of Common Stock issued upon exercise of an ISO before the later of (i) the second anniversary of the date of grant of the ISO and (ii) the first anniversary of the date the shares were issued upon his exercise of the ISO.

(g) NO RIGHTS AS STOCKHOLDER. An Optionee shall have no rights as a stockholder with respect to any shares covered by an Option until the date of issuance of a stock certificate to him for the shares. No adjustment shall be made for dividends or other rights for which the record date is earlier than the date the stock certificate is issued, other than as required or permitted pursuant to Section 8.

(h) TRANSFERABILITY OF OPTIONS. Options shall not be transferable by the Optionee otherwise than by will or under the laws of descent and distribution, and shall be exercisable during his or her lifetime only by the Optionee, except that the Board may specify in a Stock Option Agreement that pertains to an NSO that the Optionee may transfer such NSO to a member of the Immediate Family of the Optionee, to a trust solely for the benefit of the Optionee and the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or members are the Optionee and members of the Optionee's Immediate Family. "Immediate Family" shall mean, with respect to any Optionee, such Optionee's child, stepchild, spouse, son-in-law or daughter-in-law, and shall include adoptive relationships.

#### 6. RESTRICTED STOCK

(a) The Board may grant or award shares of Restricted Stock in respect of such number of shares of Common Stock, and subject to such terms or conditions, as the Board shall determine and specify in a Restricted Stock Agreement, and may provide in a Stock Option Agreement for an Option to be exercisable for Restricted Stock.

(b) A holder of Restricted Stock shall have all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive any cash dividends, unless the Board shall otherwise determine. Certificates representing Restricted Stock shall be imprinted with a legend to the effect that the shares represented may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the Restricted Stock Agreement and, if the Board so determines, the holder may be required to deposit the certificates with the President, Treasurer, Secretary or other officer of the Company or with an escrow agent designated by the Board, together with a stock power or other instrument of transfer appropriately endorsed in blank.

#### 7. METHOD OF GRANTING OPTIONS AND RESTRICTED STOCK

The grant of Options and Restricted Stock shall be made by action of the Board at a meeting at which a quorum of its members is present, or by unanimous written consent of all its members, PROVIDED, HOWEVER, that if an individual to whom a grant has been made fails to execute and deliver to the Board a Stock Option Agreement or Restricted Stock Agreement within thirty (30) days after it is submitted to him, the Option or Restricted Stock under the agreement shall be voidable by the Company at its election, without further notice to the grantee.

#### 8. REQUIREMENTS OF LAW

The Company shall not be required to transfer Restricted Stock or to sell or issue any shares upon the exercise of any Option if the issuance of such shares will result in a violation by the Optionee or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended from time to time (the "SECURITIES ACT"), upon the transfer of Restricted Stock or the exercise of any Option, the Company shall not be required to issue shares unless the Board has received evidence satisfactory to it to the effect that the holder of the Restricted Stock or the Option will not transfer such shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that registration is not required. Any determination in this connection by the Board shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the transfer of Restricted Stock or the exercise of an Option to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.

#### 9. CHANGES IN CAPITAL STRUCTURE

(a) In the event that the outstanding shares of Common Stock are hereafter exchanged for a different number or kind of shares or other securities of the Company, by reason of a reorganization, recapitalization, exchange of shares, stock split, combination of shares or dividend payable in shares or other securities, a corresponding adjustment shall be made by the Board in the number and kind of shares or other securities covered by outstanding Options and for which Options may be granted under the Plan. Any such adjustment in outstanding Options shall be made without change in the total price applicable to the unexercised portion of the Option, but the price per share specified in each Stock Option Agreement shall be correspondingly adjusted, PROVIDED, HOWEVER, that no adjustment shall be made with respect to an ISO that would constitute a modification as defined in Section 424 of the Code without the consent of the holder. Any such adjustment made by the Board shall be conclusive and binding upon all affected persons, including the Company and all Optionees.

(b) If, while unexercised Options remain outstanding under the Plan, the Company merges or consolidates with a wholly-owned Subsidiary for the purpose of reincorporating itself under the laws of another jurisdiction, the Optionees will be entitled to acquire shares of common stock of the reincorporated Company upon the same terms and conditions as were in effect immediately prior to such reincorporation (unless such reincorporation involves a change in the number of shares or the capitalization of the Company, in which case proportional adjustments shall be made as provided above) and the Plan, unless otherwise rescinded by the Board, will remain the Plan of the reincorporated Company.

(c) Except as otherwise provided in the preceding paragraph, if the Company is merged or consolidated with another corporation, whether or not the Company is the surviving entity, or if the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another entity while unexercised Options remain outstanding under the Plan, or if other circumstances occur in which the Board in its sole and absolute discretion deems it appropriate for the provisions of this paragraph to apply (in each case, an "APPLICABLE EVENT"), then: (i) in the discretion of the Board, each holder of an outstanding Option shall be entitled, upon exercise of the Option, to receive in lieu of shares of Common Stock, such stock or other securities or property as he or she would have received had he exercised the Option immediately prior to the Applicable Event; or (ii) the Board may, in its discretion, waive, generally or in one or more specific cases, any limitations imposed on exercise (including without limitation a change in any existing vesting schedule) so that some or all Options shall be exercisable from and after a date prior to the effective date of such Applicable Event, as specified by the Board in its discretion, or (iii) the Board may, in its discretion, convert some or all Options into Options to purchase the stock or other securities of the surviving corporation pursuant to such Applicable Event; or (iv) the Board may, in its discretion, convert the outstanding and unexercised options to purchase stock or other securities of any corporation into Options to purchase Common Stock, whether pursuant to the Plan or not, pursuant to an Applicable Event; or (v) the Board may, in its discretion, cancel all outstanding and unexercised Options as of the effective date of any such Applicable Event; PROVIDED, HOWEVER, that notice of any cancellation pursuant to clause (v) shall be given to each holder of an Option not less than thirty (30) days preceding the effective date of such Applicable Event; and PROVIDED, FURTHER, that the Board may, in its discretion, waive, generally or in one or more specific instances, any limitations imposed on exercise (including a change in any existing vesting schedule) with respect to any Option so that such Option shall be exercisable in full or in part during such thirty (30) day period, as the Board may, in its discretion, determine.

(d) Except as expressly provided to the contrary in this Section 9, the issuance by the Company of shares of stock of any class for cash or property or for services, either upon direct sale or upon the exercise of rights or warrants, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect the number, class or price of shares of Common Stock then subject to outstanding Options.

#### 10. FORFEITURE FOR DISHONESTY OR TERMINATION FOR CAUSE

Notwithstanding any provision of the Plan to the contrary, if the Board determines, after full consideration of the facts, that:

(a) the Optionee or holder of Restricted Stock has been engaged in fraud, embezzlement or theft in the course of his or her employment by or involvement with the Company or a Subsidiary, has made unauthorized disclosure of trade secrets or other proprietary information of the Company or a Subsidiary or of a third party who has entrusted such information to the Company or a Subsidiary, or has been convicted of a felony or any crime that reflects negatively upon the Company; or

(b) the Optionee or holder of Restricted Stock has violated the terms of any employment, noncompetition, nonsolicitation, confidentiality, nondisclosure or other agreement with the Company to which he is a party; or

(c) the employment or involvement with the Company or a Subsidiary of the Optionee or holder of Restricted Stock was terminated for "cause," as defined in any agreement with the Optionee or holder of Restricted Stock governing his or her relationship with the Company, or if there is no such agreement, as determined by the Board, which may determine that "cause" includes among other matters the willful failure or refusal of the Optionee or holder of Restricted Stock to perform and carry out his or her assigned duties and responsibilities diligently and in a manner satisfactory to the Board;

then the Optionee's right to exercise an Option shall terminate as of the date of such act (in the case of (a) or (b)) or such termination (in the case of (c)), the Optionee shall forfeit all unexercised Options and the Company shall have the right to repurchase all or any part of the shares of Common Stock acquired by the Optionee upon any previous exercise of any Option or any previous acquisition by the holder of Restricted Stock, whether then vested or unvested, at a price equal to the lower of (x) the amount paid to the Company upon such exercise or acquisition, or (y) the Fair Market Value of such shares at the time of repurchase. If an Optionee whose behavior the Company asserts falls within the provisions of the clauses above has exercised or attempts to exercise an Option prior to consideration of the application of this Section 10 or prior to a decision of the Board, the Company shall not be required to recognize such exercise until the Board has made its decision and, in the event any exercise shall have taken place, it shall be of no force and effect (and shall be void AB INITIO) if the Board makes an adverse determination; PROVIDED, HOWEVER, that if the Board finds in favor of the Optionee then the Optionee will be deemed to have exercised the Option retroactively as of the date he or she originally gave notice of his or her attempt to exercise or actual exercise, as the case may be. The decision of the Board as to the cause of an Optionee's or holder of Restricted Stock's discharge and the damage done to the Company shall be final, binding and conclusive. No decision of the Board, however, shall affect in any manner the finality of the discharge of such Optionee or holder of Restricted Stock by the Company. For purposes of this Section 10, reference to the Company shall include any Subsidiary.

#### 11. CERTAIN AGREEMENTS

Without limiting the foregoing, the Board may provide in an Optionee's Stock Option Agreement (or in a grantee's Restricted Stock Agreement) that any exercise of such Option (or any grant of Restricted Stock) is conditioned on the Optionee's (or grantee's) execution of one or more letter agreements or other documents concerning investment intent, transfer restrictions, and such other matters as the Board may deem appropriate.

#### 12. MISCELLANEOUS

(a) NO GUARANTEE OF EMPLOYMENT OR OTHER SERVICE RELATIONSHIP. Neither the Plan nor any Stock Option Agreement or Restricted Stock Agreement shall give an employee the right to continue in the employment of the Company or a Subsidiary or give the Company or a Subsidiary the right to require an employee to continue in employment. Neither the Plan nor any Stock Option Agreement or Restricted Stock Agreement shall give a director or other service provider the right to continue to perform services for the Company or a Subsidiary or give the Company or a Subsidiary the right to require the director or service provider to continue to perform services.

(b) TAX WITHHOLDING. To the extent required by law, the Company shall withhold or cause to be withheld income and other taxes with respect to any income recognized by an Optionee by reason of the exercise or vesting of an Option or Restricted Stock, and as a condition to the receipt of any Option or Restricted Stock the Optionee shall agree that if the amount payable to him by the Company and any Subsidiary in the ordinary course is insufficient to pay such taxes, then he shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax withholding obligations.

Without limiting the foregoing, the Board may in its discretion permit any Optionee's withholding obligation to be paid in whole or in part in the form of shares of Common Stock by withholding from the shares to be issued or by accepting delivery from the Optionee of shares already owned by him. The Fair Market Value of the shares for such purposes shall be determined as set forth in Section 5(b). An Optionee may not make any such payment in the form of shares of Common Stock acquired upon the exercise of an ISO until the shares have been held by him for at least two years after the date the ISO was granted and at least one year after the date the ISO was exercised. If payment of withholding taxes is made in whole or in part in shares of Common Stock, the Optionee shall deliver to the Company stock certificates registered in his name representing shares of Common Stock legally and beneficially owned by him, fully vested and free of all liens, claims and encumbrances of every kind, duly endorsed or accompanied by stock powers duly endorsed by the record holder of the shares represented by such stock certificates. If the Optionee is subject to Section 16(a) of the Exchange Act, his ability to pay his withholding obligation in the form of shares of Common Stock shall be subject to such additional restrictions as may be necessary to avoid any transaction that might give rise to liability under Section 16(b) of the Exchange Act.

ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY OPTIONS OR RESTRICTED STOCK, OR IN THE CASE OF AN OPTION, FROM ITS EXERCISE, FROM THE SALE OR DISPOSITION OF THE SHARES OR RESTRICTED STOCK OR FROM ANY OTHER ACT OF THE OPTIONEE IN CONNECTION WITH THE FOREGOING SHALL BE BORNE SOLELY BY THE OPTIONEE, AND THE OPTIONEE SHALL INDEMNIFY THE COMPANY AND SHALL HOLD IT HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PENALTY, INTEREST OR INDEMNIFICATION THEREON OR THEREUPON

Each Optionee shall notify the Company in writing within ten (10) days after the date such Optionee first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the value of Stock or Options granted or received hereunder, and each Optionee agrees to any settlement, closing or other similar agreement in connection with the foregoing. Upon request, an Optionee shall provide to the Company any information or document relating to any event described in the preceding sentence which the Company (in its sole discretion) requires in order to calculate and substantiate any change in the Company's tax liability as a result of such event.

(c) USE OF PROCEEDS. The proceeds from the sale of shares pursuant to Options shall constitute general funds of the Company.

(d) CONSTRUCTION. All masculine pronouns used in the Plan shall include both sexes; the singular shall include the plural and the plural the singular unless the context otherwise requires. The titles of the sections of the Plan are included for convenience only and shall not be construed as modifying or affecting their provisions.

(e) GOVERNING LAW. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflict of laws.

#### 13. EFFECTIVE DATE, DURATION, AMENDMENT AND TERMINATION OF PLAN

The Plan shall be effective as of November \_\_, 2004, subject to ratification by (a) the holders of a majority of the outstanding shares of capital stock present, or represented, and entitled to vote thereon (voting as a single class) at a duly held meeting of the stockholders of the Company or (b) by the written consent of the holders of a majority (or such greater percentage as may be prescribed under the Company's charter, by-laws and applicable state law) of the capital stock of the Company entitled to vote thereon (voting as a single class), in either case within twelve months after such date. Options or Restricted Stock that are conditioned upon the ratification of the Plan by the stockholders may be granted prior to ratification. The Board may grant Options or Restricted Stock under the Plan from time to time until the close of business on November \_\_, 2014. The Board may at any time amend the Plan; PROVIDED, HOWEVER, that without approval of the Company's stockholders there shall be no: (a) change in the number of shares of Common Stock that may be issued under the Plan, except by operation of the provisions of Section 9, either to any one Optionee or in the aggregate; (b) change in the class of persons eligible to receive Options or Restricted Stock; or (c) other change in the Plan that requires stockholder approval under applicable law. No amendment shall adversely affect outstanding Options or Restricted Stock without the consent of the Optionee or holder of Restricted Stock. The Plan may be terminated at any time by action of the Board, but any such termination will not terminate any Option or Restricted Stock then outstanding without the consent of the Optionee or the holder of such Restricted Stock.

#### 14. RULES PARTICULAR TO SPECIFIC COUNTRIES

(a) NOTWITHSTANDING anything herein to the contrary, the terms and conditions of the Plan may be amended with respect to particular types of Optionees as determined by the Board (for example - Israeli employees) by an addendum to the Plan (the "APPENDIX").

(b) THE Company may adopt one or more Appendixes. Each Appendix shall be approved by the Board and as required or advisable under applicable law.

(c) THE terms of an Appendix shall govern only with respect to the types of Optionees specified in such Appendix.

(d) In the case that the terms and conditions set forth in an Appendix conflict with any provisions of the Plan, the provisions of the Appendix shall govern with respect to Optionees that are subject to such Appendix, provided, however, that such Appendix shall not be construed to grant the Optionees rights not consistent with the terms of the Plan, unless specifically provided in such Appendix.

[Form of Stock Option Agreement]

ALL OF THE TERMS OF THIS AGREEMENT AND THE INFORMATION HEREIN ARE CONFIDENTIAL.

This Stock Option Agreement (this "AGREEMENT") is made as of this day of by and between e-Glue Software Technologies, Inc., a Delaware corporation (the "COMPANY"), and (the "OPTIONEE").

WITNESSETH THAT:

WHEREAS, the Company instituted the "e-Glue Software Technologies, Inc. 2004 Stock Option Plan" (the "PLAN"); and

WHEREAS, the Board of Directors of the Company (the "BOARD") has granted to the Optionee a stock option upon the terms and subject to the conditions of this Agreement and of the Plan (which is hereby incorporated herein); and

WHEREAS, the Board has designated this stock option [an incentive / a non-qualified] stock option in accordance with the Plan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Optionee agree as follows:

1. GRANT. Subject to the terms and conditions hereinafter set forth and the terms and conditions of the Plan, the Company (which term shall include, unless the context otherwise clearly requires, all Subsidiaries of the Company) hereby grants to the Optionee the following option (the "OPTION") to purchase from the Company the number of shares specified in SCHEDULE 1 attached hereto of the Common Stock, \$.001 par value per share (the "COMMON STOCK"), of the Company.

2. EXERCISE PRICE AND FURTHER CONDITIONS. This Option may be exercised at the exercise price per share of Common Stock set forth in SCHEDULE 1 attached hereto, subject to the Vesting Schedule set forth in Section 3 herein and the adjustment as provided herein and in the Plan. Pursuant to Section 11 of the Plan, the exercise of this Option may also be conditioned on the Optionee's execution of certain letter agreements or other documents, including, without limitation, those expressly referred to herein.

3. VESTING SCHEDULE. Options granted under this Agreement will be exercisable subject to a four (4) year vesting period, as follows: twenty five percent (25%) of the Options granted to the Optionee shall vest and become exercisable one (1) year from the day they were granted to the Optionee, with the balance of seventy five percent (75%) of the Options, vesting and becoming exercisable in equal installments, on a quarterly basis over the following three (3) years thereafter, unless otherwise approved by the Board as set forth in SCHEDULE 1 to this Agreement.

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4. TERM AND EXERCISABILITY OF OPTION. This Option shall expire on the expiration date specified in SCHEDULE 1 attached hereto and shall be exercisable prior to that date in accordance with and subject to the conditions set forth in the Plan and those conditions, if any, set forth in SCHEDULE 1 attached hereto or in Section 2 hereof. If before this Option has been exercised in full, the Optionee ceases to be an employee of or provide services for the Company or a Subsidiary, for any reason other than a termination for a reason specified in Section 10 of the Plan, the Optionee may exercise this Option to the extent that he or she might have exercised it on the date of termination of his or her employment, but only during the period ending on the earlier of (a) the date on which the Option expires in accordance with SCHEDULE 1 attached hereto or (b) three (3) months after the date of termination of the Optionee's employment with the Company or a Subsidiary, or of his provision of services to the Company or a Subsidiary. However, if the Optionee dies before the date of expiration of this Option and while in the employ of or during the course of providing services, for the Company or a Subsidiary or during the three (3) month period described in the preceding sentence, or in the event of the retirement of the Optionee for reasons of disability (within the meaning of Section 22(e)(3) of the Code) the Option shall remain exercisable until the earlier of its date of expiration in accordance with SCHEDULE 1 attached hereto or one year from the date of such death or retirement. If the Optionee dies before this Option has been exercised in full, the executor, administrator or personal representative of the estate of the Optionee may exercise this Option as set forth in the preceding sentence.

5. METHOD OF EXERCISE. To the extent that the right to purchase shares of Common Stock is exercisable hereunder, this Option may be exercised from time to time (i) by notice acceptable to the Company substantially in the form attached hereto as EXHIBIT A stating the number of shares with respect to which this Option is being exercised and accompanied by payment in full of the exercise price for the number of shares to be delivered by cash or check or (ii) by means of a "cashless exercise" procedure set forth in Section 5(d)(ii) of the Plan. Any exercise of less than all the options that are vested at the time of exercise must be for a minimum of ten (10) shares. As soon as practicable after its receipt of such notice, the Company shall, without transfer or issue tax to the Optionee (or other person entitled to exercise this Option), deliver to the Optionee (or other person entitled to exercise this Option), at the principal executive offices of the Company or such other place as shall be mutually acceptable, a stock certificate or certificates for such shares out of theretofore authorized but unissued shares or reacquired shares of its Common Stock as the Company may elect; PROVIDED, HOWEVER, that the time of such delivery may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable requirements of law.

6. NONASSIGNABILITY OF OPTION RIGHTS. This Option shall not be assignable or transferable by the Optionee except by will or by the laws of descent and distribution and during the life of the Optionee, this Option shall be exercisable only by him or her.

7. FORFEITURE FOR DISHONESTY OR TERMINATION FOR CAUSE. Notwithstanding any provision of this Agreement to the contrary, if the Board determines, after full consideration of the facts, that:

(a) the Optionee has been engaged in fraud, embezzlement or theft in the course of his or her employment by or involvement with the Company or a Subsidiary, has made unauthorized disclosure of trade secrets or other proprietary information of the Company or a Subsidiary or of a third party who has entrusted such information to the Company or a Subsidiary, or has been convicted of a felony or any crime that reflects negatively upon the Company; or

(b) the Optionee has violated the terms of any employment, noncompetition, nonsolicitation, confidentiality, nondisclosure or other agreement with the Company to which he is a party; or

(c) the employment or involvement with the Company or a Subsidiary of the Optionee was terminated for "cause," as defined in any agreement with the Optionee governing his or her relationship with the Company, or if there is no such agreement, as determined by the Board, which may determine that "cause" includes among other matters the willful failure or refusal of the Optionee to perform and carry out his or her assigned duties and responsibilities diligently and in a manner satisfactory to the Board;

then the Optionee's right to exercise this Option shall terminate as of the date of such act (in the case of (a) or (b)) or such termination (in the case of (c)), the Optionee shall forfeit the unexercised portion of this Option and the Company shall have the right to repurchase all or any part of the shares of Common Stock acquired by the Optionee upon any previous exercise of this Option, at a price equal to the lower of (x) the amount paid to the Company upon such exercise, or (y) the Fair Market Value of such shares at the time of repurchase. If the Company asserts that the Optionee's behavior falls within the provisions of the clauses above and the Optionee has exercised or attempts to exercise this Option prior to consideration of the application of this Section 7 or prior to a decision of the Board, the Company shall not be required to recognize such exercise until the Board has made its decision and, in the event any exercise shall have taken place, it shall be of no force and effect (and shall be void AB INITIO) if the Board makes an adverse determination; PROVIDED, HOWEVER, that if the Board finds in favor of the Optionee then the Optionee will be deemed to have exercised this Option retroactively as of the date he or she originally gave notice of his or her attempt to exercise or actual exercise, as the case may be. The decision of the Board as to the cause of the Optionee's discharge and the damage done to the Company shall be final, binding and conclusive. No decision of the Board, however, shall affect in any manner the finality of the discharge of the Optionee by the Company. For purposes of this Section 7, reference to the Company shall include any Subsidiary.

8. RIGHT OF FIRST REFUSAL; Drag Along; Right of Repurchase.

(a) If at any time the Optionee (which term for purposes of this Section 8 shall mean the Optionee and his executors, administrators and any other person to whom the Option may be transferred by will or the laws of descent and distribution) desires to sell, assign or otherwise transfer (including by gift) any of the shares of Common Stock acquired pursuant to the exercise of this Option, the Optionee shall first offer such shares to the Company by giving written notice of the Optionee's desire so to sell, assign or transfer such shares. The notice shall state the number of shares offered, the name of the person or persons to whom it is proposed to sell, assign or transfer such shares and the price (if any) at which such shares are intended to be sold, assigned or transferred. Such notice shall constitute an offer to the Company for the Company to purchase the number of shares set forth in the notice at a price per share equal to the price stated therein or, in the case of a proposed transfer without consideration, at the exercise price per share of this Option. The Company may accept the offer as to all or a part of such shares by notifying the Optionee in writing within 15 days after receipt of such notice of its acceptance of the offer. If the Company accepts the offer in whole or in part, the Company shall have 30 days thereafter within which to purchase the offered shares that it has elected to purchase at a price per share as aforesaid. If within the applicable time periods the Optionee does not receive notice of the Company's intention to purchase the offered shares, or if payment in full of the purchase price is not tendered by the Company, the offer shall be deemed to have been rejected as to any shares not so purchased and the Optionee may transfer title to such Shares as shall not have been so purchased within 90 days from the date of the Optionee's written notice to the Company of the Optionee's intention to sell, but such transfer shall be made only to the proposed transferee and at the proposed price as stated in such notice and after compliance with any other provisions of this Option and any other agreements that are applicable to the transfer of such Shares. Shares that are so transferred to such transferee shall continue to be subject to the rights of the Company set forth in this Section 8, as well as all applicable provisions of the Stock Restriction Agreement.

(b) No sale, assignment, pledge or transfer of any of the shares covered by this Option shall be effective unless all of the applicable provisions of this Section 8 have been duly complied with, and the Company may inscribe on the face of any certificate representing any of such shares a legend referring to the provisions of this Section 8. If any transfer of shares is made or attempted in violation of this Section 8, or if shares are not offered to the Company as required this Section 8, the Company shall have the right to purchase such shares from the Optionee or his transferee at any time before or after the transfer. In addition to any other legal or equitable remedies which it may have, the Company may enforce its rights by actions for specific performance (to the extent permitted by law) and may refuse to recognize any transferee as a stockholder for any purpose, until all applicable provisions hereof have been complied with.

(c) Drag-Along. As a condition to the receipt of any Stock pursuant to the grant of Options, Optionee hereby irrevocably agrees that his/her Stock shall be subject to any and all drag-along and/or squeeze-out obligations relating to the compulsory transfer of his/her Stock in accordance with the provisions of the Company's Certificate of Incorporation, as may be amended from time to time, and if no such drag-along and/or squeeze-out obligations are provided for in said charter documents, then as such drag-along and/or squeeze-out obligations shall be provided in the latest agreement in effect among the Company's shareholders to which the Company is party which agreement is deemed to be incorporated herein by reference and the Optionee shall be deemed to be a holder of Stock that is party to such agreement. The stockholder of the Company and the Company are entitled to rely on this irrevocable agreement.

(d) Right of Repurchase. To the extent provided in the Company's Certificate of Incorporation, as may be amended from time to time, and subject to applicable law, the Company shall have the right to repurchase all or any part of the Stock purchased upon the exercise of this Option, provided however that such repurchase shall not occur during the six (6) month period following the date of the exercise of the Option, in consideration for the fair market value of the Stock. The fair market value of such Stock shall be determined by the Board in good faith.

9. CONFIDENTIALITY. The Optionee hereby agrees that the entire contents of this Agreement are confidential at all times, and that the Option's exercisability is conditioned on his or her compliance with this covenant; PROVIDED, HOWEVER, that the Optionee may disclose the contents of this Agreement to his or her spouse and to his or her legal and financial advisors.

10. IRREVOCABLE PROXY UNTIL IPO OR MERGER/SALE. Notwithstanding anything herein or in the Plan to the contrary, and as a material precondition to the Company's issuance of Options and Restricted Stock under the Plan, the Optionee shall execute an irrevocable proxy in the form attached hereto as EXHIBIT B, appointing as the Optionee's proxy, any person designated by the Board or the Committee with power of delegation. So long as any such Stock are held by a Trustee such Shares shall be voted by the person designated by the Board or the Committee, in the same proportion as the result of the total shareholder vote in the matter brought to vote. It is hereby clarified the Trustee shall have no voting rights. Notwithstanding the foregoing, any irrevocable proxy granted pursuant hereto shall be of no force or effect upon the earlier of (i) the consummation of the Company's Initial Public Offering or (ii) the consummation of a Merger/Sale, as such terms are defined in the Plan. The proxy is to vote pro-rata to the voting of the other shareholders.

11. COMPLIANCE WITH SECURITIES ACT. (a) The Company shall not be obligated to sell or issue any shares of Common Stock or other securities pursuant to the exercise of this Option unless the shares of Common Stock or other securities with respect to which this Option is being exercised are at that time effectively registered or exempt from registration under the Securities Act and applicable state securities laws. In the event shares or other securities shall be issued that shall not be so registered, the Optionee hereby represents, warrants and agrees that he or she will receive such shares or other securities for investment and not with a view to their resale or distribution, and will execute an appropriate investment letter satisfactory to the Company and its counsel.

(b) NO REGISTRATION RIGHTS - The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

(c) SECURITIES LAW RESTRICTIONS. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Acts or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on share certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

12. MARKET STAND-OFF. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any Option or other contract for the purchase of, purchase any Option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its underwriters. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed 180 days. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Stock subject to the Market Stand-Off, or into which such Stock thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section 12. This Section 12 shall not apply to Stock registered in the public offering under the Securities Act.

13. LEGENDS. All certificates evidencing Restricted Stock purchased under this Agreement shall bear the following legends:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS, OR THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS".

" THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND MAY NOT BE SOLD, EXCHANGED, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH AND SUBJECT TO ALL THE TERMS AND CONDITIONS OF THIS STOCK OPTION AGREEMENT AMONG THE CORPORATION AND OPTIONEE. ANY TRANSFEREE RECEIVES THIS CERTIFICATE SUBJECT TO THE WAIVER OF SUCH RESTRICTIONS."

REMOVAL OF LEGENDS. If, in the opinion of the Company and its counsel, any legend placed on a share certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

ADMINISTRATION. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 13 shall be conclusive and binding on the Optionee and all other persons.

14. RIGHTS AS STOCKHOLDER. The Optionee shall have no rights as a stockholder with respect to any shares of Common Stock or other securities covered by this Option until the date of issuance of a certificate to him or her for such shares or other securities. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued, except as required or permitted by Section 9 of the Plan.

15. WITHHOLDING TAXES. The Optionee hereby agrees, as a condition to any exercise of this Option, to provide to the Company an amount sufficient to satisfy its obligation to withhold certain federal, state and local taxes arising by reason of such exercise (the "WITHHOLDING AMOUNT"), if any, by (a) authorizing the Company and/or a Subsidiary to withhold the Withholding Amount from his cash compensation or (b) remitting the Withholding Amount to the Company in cash; PROVIDED, HOWEVER, that to the extent that the Withholding Amount is not provided by one or a combination of such methods, the Company in its sole and absolute discretion may refuse to issue such shares of Common Stock or may withhold from the shares of Common Stock delivered upon exercise of this Option that number of shares having a Fair Market Value, on the date of exercise, sufficient to eliminate any deficiency in the Withholding Amount.

16. NOTICE OF DISQUALIFYING DISPOSITION. If this Option is an incentive stock option, the Optionee agrees to notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any shares of Common Stock issued upon exercise of the Option before the later of (i) the second anniversary of the date of grant of the Option and (ii) the first anniversary of the date the shares were issued upon his exercise of the Option.

17. TERMINATION OR AMENDMENT OF PLAN. The Board may in its sole and absolute discretion at any time terminate or from time to time modify and amend the Plan, but no such termination or amendment will affect rights and obligations under this Option, to the extent it is then in effect and unexercised.

18. EFFECT UPON EMPLOYMENT. Nothing in this Option or the Plan shall be construed to impose any obligation upon the Company or any Subsidiary to employ or retain in its employ, or continue its involvement with, the Optionee.

19. TIME FOR ACCEPTANCE. Unless the Optionee shall evidence his acceptance of this Option by executing this Agreement and returning it to the Company within thirty (30) days after its delivery to him, the Option and this Agreement shall, in the discretion of the Company, be null and void.

20. GENERAL PROVISIONS.

(a) AMENDMENT; WAIVERS. This Agreement, including the Plan, contains the full and complete understanding and agreement of the parties hereto as to the subject matter hereof and, except as otherwise permitted by the express terms of the Plan and this Agreement, it may not be modified or amended, nor may any provision hereof be waived, except by a further written agreement duly signed by each of the parties; provided, HOWEVER, that a modification or amendment that does not adversely affect the rights of the Optionee hereunder, as they may exist immediately before the effective date of the modification or amendment, shall be effective upon written notice of its provisions to the Optionee. The waiver by either of the parties hereto of any provision hereof in any instance shall not operate as a waiver of any other provision hereof or in any other instance.

(b) BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and, to the extent provided herein and in the Plan, their respective heirs, executors, administrators, representatives, successors and assigns.

(c) CONSTRUCTION. This Agreement is to be construed in accordance with the terms of the Plan. In case of any conflict between the Plan and this Agreement, the Plan shall control. The titles of the sections of this Agreement are included for convenience only and shall not be construed as modifying or affecting their provisions. The masculine gender shall include both sexes; the singular shall include the plural and the plural the singular unless the context otherwise requires. Capitalized terms not defined herein shall have the meanings given to them in the Plan.

(d) GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the applicable laws of the State of Delaware (other than the law governing conflict of law questions) except to the extent the laws of any other jurisdiction are mandatorily applicable.

(e) NOTICES. Any notice in connection with this Agreement shall be deemed to have been properly delivered if it is in writing and is delivered by hand or facsimile or sent by registered mail to the party addressed as follows, unless another address has been substituted by notice so given:

To the Optionee: To his or her address as listed on the books of the Company

To the Company: e-Glue Software Technologies, Inc.  
D.N. Hefer 37845, Israel  
Attention: Mr. Moshe Avlagon, CFO  
Fax: 972-4-6231786

and

with a copy to: Z.A.G. / S&W LLP  
1290 Avenue of the Americas, 29th Floor  
New York, NY 10404, USA  
Attention: Yair Estline, Esq.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Optionee has executed this Agreement and the Company has caused this Agreement to be executed by its officer thereunto duly authorized, all as of the date first set forth above.

e-Glue Software Technologies, Inc.

\_\_\_\_\_  
(Signature of Optionee)

By: \_\_\_\_\_  
Title:

Schedule 1 to Stock Option Agreement

1. Name of Optionee:
2. Date of grant of Option:
3. Number of shares of Common Stock:
4. Type of Option: [Incentive/Nonqualified]
5. Exercise Price (per share): \$
6. Term: Subject to Section 3 of the Stock Option Agreement, this Option expires at 5:00 p.m. Eastern Time on [date].
7. Exercisability: Provided that on the dates set forth below the Optionee is still employed by or providing services to the Company, the Option will become exercisable as follows and as provided in Section 3 of the Stock Option Agreement:

DATE	NUMBER OF SHARES	CUMULATIVE NUMBER
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Exhibit A to Stock Option Agreement

[FORM FOR EXERCISE OF STOCK OPTION]

e-Glue Software Technologies, Inc.  
[COMPLETE]

Re: Exercise of Option under the e-Glue Software Technologies, Inc. 2004  
Stock Option Plan

Gentlemen:

I hereby elect to exercise the stock option granted to me pursuant and subject to the terms and conditions of the Stock Option Agreement between the Company and me dated as of \_\_\_\_\_, 200\_\_ (the "OPTION AGREEMENT") by and to the extent of purchasing \_\_\_\_ shares of Common Stock, \$.001 par value per share, of \_\_\_\_\_ e-Glue Software Technologies, Inc. (the "COMPANY") for the exercise price of \$\_\_\_\_\_ per share.

Enclosed please find payment, in cash or in such other property as is permitted under the g-Glue Software Technologies, Inc. 2004 Stock Option Plan (the "PLAN"), of the purchase price for said shares. IF I AM MAKING PAYMENT OF ANY PART OF THE PURCHASE PRICE BY DELIVERY OF SHARES OF COMMON STOCK OF THE COMPANY, I HEREBY CONFIRM THAT I HAVE INVESTIGATED AND CONSIDERED THE POSSIBLE INCOME TAX CONSEQUENCES OF MAKING PAYMENTS IN THAT FORM. I agree to provide the Company an amount sufficient to satisfy the obligation of the Company to withhold certain taxes, as provided in Section 14 of the Option Agreement.

Also enclosed are executed letters concerning my investment intent representations.

I specifically confirm to the Company that the shares shall be held subject to all of the terms and conditions of the Option Agreement.

Very truly yours,

Date

\_\_\_\_\_  
(Signed by the Employee or other  
party duly exercising option)

<PAGE>

[Date]

e-Glue Software Technologies, Inc.  
[COMPLETE]

Gentlemen:

In connection with my acquisition of [Number] shares of the Common Stock, \$.001 par value per share (the "SHARES"), of e-Glue Software Technologies, Inc. (the "COMPANY"), from [from the Company at a price of [Amount] per share/from [Name of Seller] for a purchase price of [Amount] per share]/upon the exercise of a stock option at an exercise price of [Amount] per share], I hereby represent to the Company that I am acquiring the Shares to be purchased for my own account for investment and not with a view to, or for resale in connection with, any distribution thereof or the grant of any participation therein, and that I have no present intention of distributing or reselling any thereof, or granting any participation therein. My acquisition of the Shares will be a representation by me to the Company that I am then acquiring the Shares for my own account for investment with no intention of making any distribution thereof. I represent that I understand that there is no trading market for shares of the Company Common Stock, there is no assurance that such market will ever develop, and that any routine resales of the Shares made in reliance upon Rule 144 under the Securities Act of 1933 (the "ACT"), if Rule 144 becomes available with respect to shares of the Company's Common Stock, can be made only in limited amounts in accordance with the terms and conditions of that Rule, and as long as Rule 144 is not available with respect to the Shares, absent registration, compliance with Regulation A under the Act or some other exemption will be required for any resale. The Company is under no obligation to me to register the Shares under the Act, to comply with any exemption under the Act or to furnish me with any information necessary to enable me to sell shares of the Company's Common Stock under Rule 144.

I represent that I fully understand the nature of the risks involved in purchasing the Shares, I am qualified by my own experience to evaluate investments of this type and I am able to bear the economic risks of this investment which may include a total loss of the investment or holding the shares indefinitely. I represent and warrant that I have determined that my investment is a suitable one for me to make in light of all the circumstances, further represent that I have had the opportunity to ask questions of and receive answers from the officers and other employees of the Company regarding the terms and conditions of this purchase as well as the affairs of the Company and related matters and that I have had the opportunity to obtain additional information necessary to verify the accuracy of the information so obtained.

I further represent that I have full authority to carry out this transaction without the consent of any other person.

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[Name]

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Exhibit B to Stock Option Agreement

E-GLUE SOFTWARE TECHNOLOGIES INC,

IRREVOCABLE PROXY

The undersigned holder, being an employee of e-Glue Software Technologies, Inc. (the "COMPANY"), a Delaware corporation, or a subsidiary thereof, who holds (or will hold, after exercising options to purchase the Company's Common Stock) Common Stock of the Company (the "SHARES"), hereby appoints the Company's Secretary (or another person, in the Company's discretion) (the "PROXY HOLDER") as my proxy to vote for me and on my behalf at shareholders meetings of the Company with respect to the Shares. The Proxy Holder is hereby appointed as my true and lawful proxy and attorney-in-fact, with full power of substitution and revocation, to attend meetings of the shareholders of the Company to be held at any time, or any continuation or adjournment thereof, to vote or take action by written consent with respect to the Shares, on all matters as the Proxy Holder shall determine in its discretion, including, without limitation, shareholders meetings, shareholders actions by written consent and waivers. In addition, the undersigned hereby appoints the Proxy Holder as my true and lawful proxy and attorney-in-fact, with full power of substitution, to receive all notices to which I am entitled to by virtue of contract or the Company's By Laws or Certificate of Incorporation. Furthermore, the undersigned hereby appoints the Proxy Holder as my exclusive true and lawful proxy and attorney-in-fact, with full power of substitution, to request from the Company and to receive all information or documentation which I am entitled to by virtue of contract, the Company's By Laws or Certificate of Incorporation or applicable law, as the Proxy Holder shall deem fit in its discretion.

This Proxy is irrevocable, for an indefinite time, or until another date as determined by the Company's Compensation Committee or Board. Notwithstanding the foregoing, this Proxy shall terminate automatically upon the consummation of an initial public offering of the Company's Common Stock. The undersigned further agrees that this proxy is coupled with an interest.

In the case that the Shares shall be held for my benefit by a trustee (the "TRUSTEE"), then this Proxy shall act as irrevocable instructions in writing to the Trustee, so the Trustee shall perform all of the above with respect to the Shares.

This Irrevocable Proxy shall be governed by and construed in accordance with the laws of the State of Israel, without regard to its conflict of laws principles.

This Irrevocable Proxy is effective as of \_\_\_\_\_, 200\_.

\_\_\_\_\_  
SIGNATURE

Name: \_\_\_\_\_

Date:

ACKNOWLEDGED AND AGREED TO:

Proxy Holder:  
\_\_\_\_\_

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APPENDIX A - ISRAEL

1. PURPOSE OF THE APPENDIX

1.1. This Appendix (the "APPENDIX") is made as part of the Plan (as defined herein. All terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.) and pursuant to the provisions of Section 102 of the Israeli Income Tax Ordinance as amended under Amendment number 132 and thereafter (both as defined herein).

1.2. This Appendix governs grants of Options to Israeli employees, either by a Trustee, or without a Trustee or to Israeli consultants and service providers.

2. DEFINITIONS

As used herein, the following definitions shall apply:

2.1. "CAPITAL GAIN METHOD" means the capital gain method under Section 102.

2.2. "ELIGIBLE PARTICIPANT" means any employee as such term is defined in Section 102. Without derogating from the foregoing Eligible Participant shall include any employee or Office Holder (as such term is defined in the Israeli Companies Law, 5759 - 1999) of the Company or any Subsidiary except for such persons that are deemed to be 'BA'AL SHLITA' ("Controlling Person") under Section 32 to the Income Tax Ordinance.

2.3. "INCOME TAX AUTHORITIES" means the Israeli income tax authorities that are authorized to give approvals in relation to this Appendix and grant of Options to Eligible Participants.

2.4. "INCOME TAX ORDINANCE" - the Israeli Income Tax Ordinance (New Version) 1961, as amended from time to time.

2.5. "LABOR INCOME METHOD" means the labor income method under Section 102.

2.6. "OPTIONEE" means any Eligible Participant or Service Provider who is granted Options.

2.7. "PLAN" means the e-Glue Software Technologies, Inc. 2004 Stock Option Plan this Appendix is attached to.

2.8. "REALIZATION EVENT" means, with respect to each Option granted to a certain Optionee, the earlier to occur of: (I) the transfer of Securities from the Trustee to such Optionee; or (II) the sale of Shares by the Trustee; or (III) one day before such Optionee is no longer an Israeli resident (as provided for in Section 100A of the Income Tax Ordinance).

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- 2.9. "RELEASE TERM" means, in the case of the Capital Gain Method, a period ending twenty four (24) months after the end of the year in which certain Options were granted to the Trustee for the benefit of a certain Optionee. In the case of the Labor Income Method 'Release Term' shall mean a period ending twelve (12) months after the end of the year in which certain Options were granted to the Trustee for the benefit of the Optionee.
- 2.10. "SECTION 102" means Section 102 to the Income Tax Ordinance as amended under Amendment number 132 to the Income Tax Ordinance and as further amended from time to time, and / or as superseded and any rules regulations or instructions promulgated or enacted under such Section 102.
- 2.11. "SECURITIES" shall mean Options or Restricted Stock.
- 2.12. "SERVICE PROVIDER" means a person or entity who is engaged by the Company or any Subsidiary to render services (e.g, consulting services, advisory services, development services, marketing and sale services or any other services, including suppliers) to the Company or to such Subsidiary, but not including capital raising services.
- 2.13. "TAX METHOD" means either the Capital Gains Method or the Labor Income Method.
- 2.14. "TRUST" means a trust, maintained under the Trust Agreement entered into between the Company and the Trustee for administration of grant of Options under Section 102.
- 2.15. "TRUST AGREEMENT" means the agreement between the Company and the Trustee as may be in effect from time to time specifying the duties and authority of the Trustee.
- 2.16. "TRUST ASSETS" means all Securities and other assets held in Trust for the benefit of the Optionees pursuant to this Appendix and the Trust Agreement
- 2.17. "TRUSTEE" means \_\_\_\_\_ (and any successor Trustee) who was, or shall be appointed by the Board of Directors of the Company and approved by the Income Tax Authorities to hold the Trust Assets.

### 3. ADMINISTRATION

The Board shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, this Appendix, and of any applicable laws, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan as necessary or advisable in the administration of the Plan, including, without limitation, the authority to: (i) to grant Options; (ii) to determine the kind of consideration payable (if any) with respect to Options; (iii) to determine the period during which Options may be exercised, and whether in whole or in installments; (iv) to determine the persons to whom, and the time or times at which Options shall be granted; (v) to determine the number of shares to be covered by each Option; (vi) to interpret the Plan; (vii) to prescribe, amend and rescind rules and regulations relating to the Plan; (viii) to determine the terms and provisions of the agreements (which need not be identical) entered into in connection with Options granted under the Plan; (ix) to cancel or suspend Options, as necessary; (x) to designate the type of Options to be granted to a Optionee; and (xi) to make all other determinations deemed necessary or advisable for the administration of the Plan. 4.

4. PROVISIONS OF THE APPENDIX SHALL GOVERN

The provisions of this Appendix shall supersede and govern in the case of any inconsistency or conflict arising between the provisions of the Appendix and the provisions of the Plan, provided, however, that this Appendix shall not be construed to grant any Optionee rights not consistent with the terms of the Plan, unless specifically provided herein. 6.

5. SELECTION OF TAX METHOD - CAPITAL GAINS METHOD

The Company chooses the Capital Gain Method ('MASLUL REVACH HON'). This choice may be changed in the future, by a Board resolution, provided, however, that the change is permissible under the provisions of Section 102.

6. HOLDING OF SECURITIES BY THE TRUSTEE

6.1. All Securities shall be issued to the Trustee to be held in the Trust for the benefit of the relevant Optionees. All certificates representing Securities issued to the Trustee under this Appendix shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Options or Shares are released from the Trust as herein provided.

6.2. After the Release Term is over, a Optionee shall be entitled to instruct the Trustee to transfer the Shares held for such Optionee's benefit to such Optionee, provided, however, that the Trustee confirms that all applicable tax as set forth in Section 102 was actually paid and the Trustee holds a confirmation to that effect from Income Tax Authorities.

6.3. In the case that the Company distributes dividends, than the amount of dividends with respect of Shares held in Trust shall be paid to the Optionees that are the beneficial holders of such Shares, subject to deduction at source of the applicable tax. 7.

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7. PROVISIONS GOVERNING THIS APPENDIX AND PLAN

Notwithstanding anything to the contrary in the Plan or elsewhere in this Appendix:

- 7.1. The Plan shall have one, sole, Trustee.
- 7.2. The Appendix shall be subject to one Tax Method, unless the provisions of Section 102 allow otherwise.
- 7.3. The Optionees shall not be entitled to cause a Realization Event to occur unless the Release Term is fulfilled.
- 7.4. All rights or benefits that are received subsequent to the grant or exercise the Options or the Shares underlying such Options (including and not limited to bonus shares) shall be deposited with the Trustee until the end of the Release Term, and all such rights and benefits shall be subject to the Tax Method selected by the Company.

8. EFFECTIVENESS OF THE APPENDIX.

This Appendix shall become effective, and Options may be granted hereunder, only after receipt of the approvals required under Section 102 from the Income Tax Authorities. 8.

9. ADDITIONAL LIMITATIONS

- 9.1. The Company shall not issue Options to an Optionee unless such Optionee has confirmed in writing that he or she are aware of the provisions of Section 102 and the applicable Tax Method, and such Optionee has agreed in writing to the terms of the Trust Agreement, and that he/she shall not cause a Realization Event to occur before the Release Term is over. The form for the above confirmation shall be determined by the Committee, and shall be attached to this Appendix as EXHIBIT A.
- 9.2. The Trustee shall not release any shares held by it in accordance with the terms of this Appendix, until the earlier to occur of: (i) an initial public offering of the Company's Common Stock; (ii) another event, as shall be determined by the Committee, regarding all, or any part of the Optionees; (iii) in the event that a certain Optionee wishes to sell the shares held for his or her benefit by the Trustee, according to a bona fide transaction.
- 9.3. Each grant of Options is conditioned upon the Optionee agreeing irrevocably to discharge the Trustee, the Company and any other office holder, employee or agent thereof from any liability with respect of any action or decision duly taken and BONA FIDE executed in relation to the Plan, or relating to any Grant of Securities.
- 9.4. The Trustee shall use the voting rights vested in any such shares issued upon the exercise of any Options granted under the Plan, in accordance with EXHIBIT B.

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10. GRANT OF OPTIONS NOT BY A TRUSTEE

Notwithstanding the above, the Company shall be entitled to allocate Options not according to the Tax Methods, but by direct grant to Optionees, provided, however, that the requirements of Section 102 are met. In the case of a grant of Options to Service Providers or their employees, Section 102 shall not apply and such Optionees shall be required to execute option agreements in the form approved by the Board or the Compensation Committee.

11. INTEGRATION OF SECTION 102

11.1. The provisions of the Plan and/or of the Option Agreement shall be subject to the provisions of Section 102, and the said provisions shall be deemed an integral part of the Plan and of the Option Agreement.

11.2. For the avoidance of doubt, it is hereby clarified that any provisions of Section 102 which are necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Option Agreement, shall be considered binding upon the parties to the Plan and/or the Option Agreement.

12. GOVERNING LAW AND JURISDICTION

This Appendix shall be governed by and construed and enforced in accordance with the Israeli laws applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Tel-Aviv, Israel, shall have sole jurisdiction in any matters pertaining to this Appendix.

13. TAX CONSEQUENCES

Any tax consequences arising from the grant or exercise of any Option, from the payment for stock covered thereby or from any other event or act (of the Company, and/or its Subsidiaries, and the Trustee or the Optionee), hereunder, shall be borne solely by the Optionee. The Company and/or its Subsidiaries, and the Trustee shall withhold taxes according to the requirements of the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee shall agree to indemnify the Company and/or its Subsidiaries and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee, unless the said liability is a result of default of the Company. The Committee and/or the Trustee shall not be required to release any stock certificate to a Optionee until all required payments have been fully made.

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EXHIBIT A TO APPENDIX A  
OPTION GRANT LETTER AGREEMENT

(the "AGREEMENT")

This letter agreement (the "AGREEMENT") is made as of \_\_\_\_\_, 2004, by and among e-Glue Software Technologies, Inc. (the "COMPANY"), a private company organized under the laws of the state of Delaware with its main place of business at \_\_\_\_\_, Israel, and \_\_\_\_\_, an [Israeli citizen], I.D number \_\_\_\_\_ (the "OPTIONEE").

WHEREAS The Company has adopted a Stock Option Plan (together with applicable Appendixes, the "PLAN"), a copy of which was reviewed by the Optionee; and

WHEREAS The Company has resolved to grant to the Optionee Options, subject to the terms and conditions herein; and

NOW, THEREFORE, it is agreed as follows:

1. All terms not defined herein shall have the meaning ascribed to them in the Plan.
2. The Company has resolved to grant certain options (the "OPTION GRANT") to purchase the Company's Ordinary Shares to the Optionee.
3. The terms of the Option Grant are as follows:
  - 3.1. Number of Options: \_\_\_\_\_ (\_\_\_\_\_).
  - 3.2. Vesting Schedule - as defined in the Plan / \_\_\_\_\_.  
[Choose the relevant alternative]
  - 3.3. Vesting Commencement Date: \_\_\_\_\_, 200\_\_.
  - 3.4. Exercise Price per options: \_\_\_\_\_.
4. The grant of the Option Grant is conditioned upon, and shall not become effective unless and until the Optionee agreeing to the terms of this Agreement.
5. Contact details and personal details of the Optionee as supplied by it:
  - 5.1. Full name: \_\_\_\_\_.
  - 5.2. Identification / registration number: \_\_\_\_\_. [Only for Israeli citizens or entities]
  - 5.3. Address: \_\_\_\_\_.
  - 5.4. Telephone (home): \_\_\_\_\_.
  - 5.5. Cellular Phone: \_\_\_\_\_.
  - 5.6. Facsimile: \_\_\_\_\_.
  - 5.7. E-mail: \_\_\_\_\_.

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6. The grant is made in accordance with the terms of the Plan.

7. Prior to signing this Agreement Optionee had the reasonable opportunity to review the Plan and consult with his / her advisors (such advisors shall not include the Company or anyone on the Company's behalf) as Optionee deemed fit.

8. Optionee hereby confirms that he or she received reasonable opportunity to review the Plan and understand its terms, and that Optionee agrees to the terms and provisions of the Plan.

9. The Optionee acknowledges and agrees that the Company may be merged, or acquired or sold to a third party, and in such case, by signing this Agreement, the Optionee grants the Board, or anyone on behalf of the Board, the right to sign on behalf of such Optionee any document or agreement reasonably necessary, in the Board's discretion, in order to consummate such acquisition, merger or sale.

10. Optionee hereby confirms that he or she is aware of the provisions of Section 102 (the updated Section 102 is attached hereto as EXHIBIT A) and the applicable Tax Method.

11. Optionee shall not exercise shares (as such term is defined in Section 102) before the Release Term.

12. Optionee agrees to the terms in the Trust Agreement (attached hereto as EXHIBIT B). 14.

Sincerely yours,

\_\_\_\_\_  
e-Glue Software Technologies, Inc. \_\_\_\_\_ [OPTIONEE]

By: \_\_\_\_\_ Name: \_\_\_\_\_

Title: \_\_\_\_\_

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EXHIBIT B TO APPENDIX A  
E-GLUE SOFTWARE TECHNOLOGIES INC,

IRREVOCABLE PROXY

The undersigned holder, being an employee of e-Glue Software Technologies, Inc. (the "COMPANY"), a Delaware corporation, or a subsidiary thereof, who holds (or will hold, after exercising options to purchase the Company's Common Stock) Common Stock of the Company (the "SHARES"), hereby appoints the Company's Secretary (or another person, in the Company's discretion) (the "PROXY HOLDER") as my proxy to vote for me and on my behalf at shareholders meetings of the Company with respect to the Shares. The Proxy Holder is hereby appointed as my true and lawful proxy and attorney-in-fact, with full power of substitution and revocation, to attend meetings of the shareholders of the Company to be held at any time, or any continuation or adjournment thereof, to vote or take action by written consent with respect to the Shares, on all matters as the Proxy Holder shall determine in its discretion, including, without limitation, shareholders meetings, shareholders actions by written consent and waivers. In addition, the undersigned hereby appoints the Proxy Holder as my true and lawful proxy and attorney-in-fact, with full power of substitution, to receive all notices to which I am entitled to by virtue of contract or the Company's By Laws or Certificate of Incorporation. Furthermore, the undersigned hereby appoints the Proxy Holder as my exclusive true and lawful proxy and attorney-in-fact, with full power of substitution, to request from the Company and to receive all information or documentation which I am entitled to by virtue of contract, the Company's By Laws or Certificate of Incorporation or applicable law, as the Proxy Holder shall deem fit in its discretion.

This Proxy is irrevocable, for an indefinite time, or until another date as determined by the Company's Compensation Committee or Board. Notwithstanding the foregoing, this Proxy shall terminate automatically upon the consummation of an initial public offering of the Company's Common Stock. The undersigned further agrees that this proxy is coupled with an interest.

In the case that the Shares shall be held for my benefit by a trustee (the "TRUSTEE"), then this Proxy shall act as irrevocable instructions in writing to the Trustee, so the Trustee shall perform all of the above with respect to the Shares.

This Irrevocable Proxy shall be governed by and construed in accordance with the laws of the State of Israel, without regard to its conflict of laws principles.

This Irrevocable Proxy is effective as of \_\_\_\_\_, 200\_.

\_\_\_\_\_  
SIGNATURE

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

ACKNOWLEDGED AND AGREED TO:

Proxy Holder:  
\_\_\_\_\_

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AMENDMENT  
TO E-GLUE SOFTWARE TECHNOLOGIES, INC.  
2004 STOCK OPTION PLAN

This amendment to e-Glue Software Technologies, Inc. 2004 Stock Option Plan is made as of June 9th, 2010 (the "AMENDMENT").

1. Capitalized terms used herein and not defined herein shall have the meaning ascribed to them pursuant to the Plan.

2. Section 1 of the Plan shall be replaced in its entirety with the following:

The purpose of this Plan is to encourage employees, directors and other individuals (whether or not employees) who render services to the Company and its Subsidiaries, to continue their association with the Company and its Subsidiaries by providing opportunities for them to participate in the ownership of the Company and in its future growth through the granting of Options and/or Restricted Stock.

3. Section 3 of the Plan shall be replaced in its entirety with the following:

The total number of shares of capital stock of the Company that may be subject to Options and Restricted Stock grants under the Plan shall be 32,321,750 Option Shares of the Company from either authorized but unissued shares or treasury shares. The number of shares stated in this Section 3 shall be subject to adjustment in accordance with the provisions of Section 9. Shares of Restricted Stock that fail to vest and Options that are not fully exercised prior to its expiration or other termination shall again become available for grant under the terms of the Plan.

4. A new Section 5A will be added to the Plan as follows:

"5A. EXERCISABILITY INTO PREFERRED AA STOCK. Without derogating from anything contained herein, the Board may resolve with respect to certain holders of options to acquire the Company's Common Stock (the "COMMON OPTION"), that such Common Options may be exercised into shares of Preferred AA Stock and/or a combination of shares of Preferred AA Stock and Options and/or Restricted Stock underlying shares of Series D Preferred Stock, so long as such Common Options are outstanding, from time to time, in whole or in part, to the extent such are vested, and subject to the terms and conditions that the Board in its discretion may provide, PROVIDED, HOWEVER, that any partial exercise must be for a minimum of ten (10) shares of Preferred AA Stock. No Common Option shall be exercisable after the expiration of the period described in Section 5(a) above. Except as the Board in its discretion may otherwise provide in the Stock Option Agreement, a Common Option shall cease to be exercisable upon the expiration of three (3) months following the termination of the Optionee's employment with, or his other provision of services to, the Company or a Subsidiary, subject to Section 5 (a) above and Section 9 below."

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5. Section 6(b) of the Plan shall be amended and replaced with the following (changes from the version of the Plan are underlined):

(b) A holder of Restricted (Stock) SHARES shall have all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive any cash dividends, unless the Board shall otherwise determine. Certificates representing Restricted (Stock) SHARES shall be imprinted with a legend to the effect that the shares represented may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the Restricted (Stock) SHARES Agreement and, if the Board so determines, the holder may be required to deposit the certificates with the President, Treasurer, Secretary or other officer of the Company or with an escrow agent designated by the Board, together with a stock power or other instrument of transfer appropriately endorsed in blank."

6. New Sections 6(c), 6(d), 6(e) and 6(f) shall be added to the Plan as follows:

"(c) The Board may grant or award Restricted Share Units in respect of such number of Option Shares, and subject to such terms or conditions, as the Board shall determine and specify in a Restricted Share Units Agreement, and may provide in a Stock Option Agreement for an Option to be exercisable for Restricted Share Units. Such Restricted Share Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Share Units Agreements entered into under the Plan need not be identical. Restricted Share Units may be granted in consideration of a reduction in the recipient's other compensation.

(d) No voting or dividend rights as a shareholder shall exist prior to the actual issuance of shares in the name of the recipient of Restricted Share Units. Notwithstanding anything else in this Plan (as may be amended from time to time) to the contrary, unless otherwise specified by the Board, each Restricted Share Unit shall be for a term of 10 years. Each Restricted Share Units Agreement shall specify its term and any conditions on the time or times for settlement, and provide for expiration prior to the end of its term in the event of termination of employment or service providing to the Company, and may provide for earlier settlement in the event of the recipient's death, disability or other events.

(e) Restricted Share Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Units agreement.

(f) Settlement of vested Restricted Share Units shall be made in the form of shares. Distribution to a recipient of Restricted Share Units of an amount (or amounts) from settlement of vested Restricted Share Units can be deferred to a date after settlement as determined by the Board. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until the grant of Restricted Share Units is settled, the number of such Restricted Share Units shall be subject to adjustment pursuant hereto."

7. A new Section 15 will be added to the Plan as follows:

"15. DEFINITIONS

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Except for definitions of capitalized terms set forth in Plan, the capitalized terms set forth below shall have the meaning ascribed next to them.

- (a) "COMMON STOCK" shall mean common stock, \$.001 par value per share of the Company.
  - (b) "COMPANY" shall mean e-Glue Software Technologies, Inc.
  - (c) "OPTION" shall mean an option to purchase Option Shares and/or Restricted Stock (as the case may be) subject to the provisions of this Plan.
  - (d) "OPTION SHARE" shall mean shares of Common Stock and/or Preferred AA Stock and/or Preferred D Stock, respectively.
  - (e) "PLAN" shall mean e-Glue Software Technologies, Inc. 2004 Stock Option Plan.
  - (f) "PREFERRED AA STOCK" shall mean Series AA Preferred Stock, \$.001 par value per share of the Company.
  - (g) "PREFERRED D STOCK" shall mean Series D Preferred Stock, \$.001 par value per share of the Company.
  - (h) "RESTRICTED SHARES" shall mean restricted shares of any series or class of Option Share of the Company.
  - (i) "RESTRICTED SHARE UNITS" shall mean restricted share units of any series or class of Option Share of the Company.
  - (j) "RESTRICTED STOCK" shall mean Restricted Shares and/or Restricted Share Units.
  - (k) "SUBSIDIARY" shall mean a corporation or other business entity of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent (50%) or more of the total combined voting power of all classes of stock, in the case of a corporation, or fifty percent (50%) or more of the total combined interests by value, in the case of any other type of business entity."
8. Except for Sections 3 and 5(i) of the Plan, the term "Common Stock" throughout the Plan, shall be replaced with the term "Option Shares".
9. This Amendment is made in accordance with the provisions of Section 13 of the Plan.
10. Except as set forth herein, the Plan shall remain in full force and effect in accordance with its terms and conditions.
11. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

\* \* \*

Goldfarb, Levy, Eran, Meiri, Tzafirir & Co.  
Law Offices  
2 Weizmann Street 64239  
Tel Aviv, Israel

July 12, 2010

NICE Systems Ltd.  
8 Hapnina Street  
P.O. Box 690  
43107 Ra'anana  
Israel

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), on behalf of NICE Systems Ltd. (the "Company"), relating to 76,035 of the Company's Ordinary Shares, NIS 1.00 nominal value per share (the "Shares"), issuable under the e-Glue Software Technologies, Inc. 2004 Stock Option Plan (the "Plan"), which will be assumed pursuant to an Agreement and Plan of Merger dated as of June 9, 2010, by and among the Registrant and a wholly owned subsidiary of the Registrant, and e-Glue Software Technologies, Inc. (the "Agreement"), upon the closing of the transactions contemplated by the Agreement.

We are members of the Israel Bar and we express no opinion as to any matter relating to the laws of any jurisdiction other than the laws of Israel.

In connection with this opinion, we have examined such corporate records, other documents, and such questions of Israeli law as we have considered necessary or appropriate. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, the authenticity of the originals of such copies and the due constitution of the Board of Directors of the Company.

Based on the foregoing and subject to the qualifications stated herein, we advise you that in our opinion, the Shares have been duly and validly authorized, and when, and if, issued pursuant to the terms of the Plan were, or will be, validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as part of the Registration Statement. This consent is not to be construed as an admission that we are a person whose consent is required to be filed with the Registration Statement under the provisions of the Act.

Very truly yours,

/s/ GOLDFARB, LEVY, ERAN, MEIRI, TZAFRIR & CO.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8) of NICE Systems Ltd. for the registration of 76,035 of its ordinary shares under the e-Glue Software Technologies, Inc. 2004 Stock Option Plan (the "Plan") of our report dated March 31, 2010, with respect to the consolidated financial statements of NICE Systems Ltd. for the year ended December 31, 2009, and the effectiveness of internal control over financial reporting of NICE-Systems Ltd., which is included in its Annual Report (Form 20-F), filed with the Securities and Exchange Commission.

/s/ KOST FORER GABBAY & KASIERER

KOST FORER, GABBAY & KASIERER  
A Member of Ernst & Young Global

Tel-Aviv, Israel  
July 12, 2010