

TEAM AGREEMENT

(PROPRIETARY INTEREST)

This Team Agreement is made this ___ day of _____, 2002

Between:

[_____] (i.d. No. _____),
of _____ ("**Chief Researcher**")

[_____] (i.d. No. _____),
of _____ ("_____")

[_____] (i.d. No. _____),
of _____ ("_____")

jointly and severally ("**the Researcher/s**"), of the first part;

and

THE WEIZMANN INSTITUTE OF SCIENCE ("**the Institute**") of _____, of the second part;

and

YEDA RESEARCH AND DEVELOPMENT CO. LIMITED ("**Yeda**") of P.O. Box 95 Rehovot 76100 Israel, of the third part;

(hereinafter: "**the Parties**")

WHEREAS by operation of Israeli law and/or pursuant to terms of employment or other agreements and the rules of the Institute known as the "Rules of Intellectual Property and Conflict of Interests" (version 2001), (such rules, as amended from time to time, hereinafter "**the Rules**") and by agreement between Yeda and the Institute, the ownership of the Invention/s and of all intellectual property relating to such Invention/s vests and shall vest in Yeda; and

WHEREAS the Researcher/s are employee/s of the Institute as well as any persons who are not Institute employees who use the Institute

facilities, including students and post-docs, and all guest scientists who perform any task or participate in any research at the Institute laboratories or other facilities; and

WHEREAS by agreement with the Institute and pursuant to the Rules, Yeda engages in marketing and commercialization of all intellectual property generated at the Institute, including the Invention/s; and

WHEREAS Yeda with a view toward the commercialization of the Invention/s has entered into a _____ agreement relating to invention/s entitled _____ (the “**Invention/s**”), with _____ (the “**Company**” and the “**Commercialization Agreement**”) respectively; and

WHEREAS the Researcher/s or some of them are specified in Appendix B to the Patent Agreement/s listed in **Attachement A** hereto (the “**Patent Agreement/s**”) as Contributors to the Invention/s; and

WHEREAS the Researcher/s are persons who have engaged in the research at the Institute leading to the Invention/s and/or are members of the team that will engage in the performance of further research at the Institute pursuant to the Commercialization Agreement (as defined below) (the “**Further Research**”); and

WHEREAS the Parties wish to determine the allocation of any Proprietary Interest (as defined below) and of receipts deriving therefrom received by Yeda under the Commercialization Agreement; and

WHEREAS the Parties hereto acknowledge that another Team Agreement relating to the Invention/s and determining the allocation of any Proceeds (as defined below) received by Yeda under the Commercialisation Agreement was signed (“**the Other Team Agreement**”).

NOW THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Definitions - In this Agreement, the following expressions shall have the following meanings:
 - 1.1. “**Proprietary Interest**” – means any right of any kind, negotiable or otherwise and whether or not listed for trading on any stock exchange, in any entity or body, corporate or otherwise, including, but not limited to, equity, shares, stocks, warrants, ADR’s, options, debentures, securities convertible into equity or into options to equity and any other instrument conferring upon its holder or beneficiary any right in any such entity or body and any option to receive any

such right granted to Yeda pursuant to the Commercialization Agreement including any rights of any kind received in exchange to such rights, but excluding any such right or option granted in lieu of reimbursement of expenses.

- 1.2. **“Entity”** – means the Company or other body in which the Proprietary Interest is granted;
- 1.3. **“Trigger Event”** – means any of the following:
- (i) the termination of the research period under the Commercialisation Agreement;
 - (ii) the Proprietary Interest in the Entity which has been received by Yeda pursuant to the Commercialisation Agreement becoming freely realisable according to the Commercialisation Agreement, any other relevant agreements and the by-laws or other constitutional documents of the Entity; or
 - (iii) the registration for trading on a stock market of securities including the Proprietary Interest received by Yeda pursuant to the Commercialisation Agreement;
- 1.4. **“Receipts”** – means:
- (i) cash dividends allocated by the Entity and actually received by Yeda on Proprietary Interest, out of profits of the Entity from current activities or out of the proceeds of the sale of the Entity’s assets and activities; and
 - (ii) the proceeds received by Yeda from the sale of all or part of the Proprietary Interest;
- 1.5. **“Costs”** – means:
- (i) all expenses and professional fees, including, but without limitation, those of lawyers and patent agents, that will be incurred in connection with the Invention/s and/or the Further Results or any patent application or patent relating thereto, or in connection with the assignment and transfer of the Invention/s and/or the Further Results or any patent application or patent relating thereto to Yeda;
 - (ii) other expenses including, without limitation, the charges of lawyers, patent agents and other

experts, which will be incurred by Yeda for the purpose of, or in connection with, the preparation, negotiation, execution, implementation and/or enforcement of the Commercialization Agreement and/or this Agreement;

- (iii) all other expenses including, without limitation, the charges of lawyers, patent agents and other experts, which will be incurred by Yeda for the purpose of, or in connection with the collection and/or receipt of the Proceeds and/or the Proprietary Interest and/or Receipts received by Yeda under the Commercialization Agreement and otherwise in connection with such Proceeds and/or Proprietary Interest;
- (iv) all taxes and other obligatory payments, if any, imposed on Yeda in connection with the Proceeds and/or Proprietary Interest and/or Receipts received by Yeda under the Commercialization Agreement under any law other than Israeli law;

1.6. **“Proceeds”** – means royalties and all other receipts of whatever name or nature (whether being license fees, being paid in respect of sales or in respect of the granting of sublicenses or being the proceeds of the outright sale of rights), payable to Yeda by the Company pursuant to the Commercialization Agreement in connection with the granting of a license to exploit the Invention/s, if any or with the outright sale of rights therein, as the case may be. Proprietary Interest, research grants, other research funding and reimbursement of expenses are not included in the term “Proceeds”.

2. The Researchers acknowledge and confirm that all right, title and interest in the Invention/s and in the results of the Further Research, if any (**“the Further Results”**) and all intellectual property relating to the Invention/s or the Further Results vests and shall vest in Yeda. The Researchers and the Institute each undertake, upon Yeda's request from time to time, at no charge to Yeda, to execute and deliver to Yeda all documents, including, without limitation, instruments of conveyance, transfer, assignment and confirmation and to take such other steps and render such assistance as Yeda may deem necessary, in order effectively to transfer, assign, convey, vest and confirm in and to Yeda the ownership of the Invention/s and the Further Results (and related intellectual property), or in order to assist enable Yeda to in the prosecuting or defending of any litigation and proceedings relating to the Invention/s and/or the Further Results. All costs and expenses incurred in taking any of the said actions shall be borne by Yeda.

3. The Researchers shall cooperate with Yeda and/or its representatives with regard to the preparation and prosecution of patent applications relating to the Invention/s and/or the Further Results, including by signing all documents which Yeda and/or its representative shall request them to sign, from time to time, for the said purpose. The Researchers acknowledge that all patent applications shall be filed in the name of Yeda, except in cases where Yeda deems it necessary that the patent applications be filed in the name of the Researchers and then assigned to Yeda. Where a patent application has been filed in the name of the Researchers, the Researchers shall cooperate with Yeda and its representatives, at their request, in effecting the assignment to Yeda.
4. The Researchers undertake to assist Yeda in every way necessary in order for it to fulfill its obligations under the Commercialization Agreement. Without derogating from the generality of the foregoing, the Researcher shall keep any information or materials furnished to them by the Company confidential.
5. The Researchers undertake to keep confidential and not to divulge or disclose the Invention/s or any portion thereof or any information relating or relevant thereto, except and to the extent that they are instructed or authorized to do so by Yeda. The obligation of confidentiality shall not apply to any portion of the Invention/s which is in the public domain, nor shall it apply to scientific publications, the contents of which have been approved by Yeda prior to publication. Such approval shall not be withheld or delayed unreasonably and, except to the extent such publications shall prejudice the possibility of obtaining patent or other similar protection for the Invention/s, Yeda shall endeavor to assist the Researchers in facilitating such publications. Furthermore, prior to the formal publication of any such patent application the Researchers shall not disclose its content to a commercial entity without Yeda's prior consent.
6. The provisions of clause 5 above shall apply *mutatis mutandis* to the Further Results and to any other new material, data or information relevant to the Invention/s generated by the Researchers or any of them.
7. (a) Subject to the other provisions of this Agreement, the Researchers shall be entitled (in aggregate):
 - (i) upon the occurrence of a Trigger Event, to receive shares representing 40% (forty percent) of any Proprietary Interest actually received by Yeda in the Entity after deduction of Costs; and
 - (ii) to 40% (forty percent) of Receipts actually received by Yeda, prior to a Trigger Event, after deduction of Costs.

(b) The aggregate entitlement of all Researcher/s pursuant to clause 7(a) above is referred to hereinafter as **“the Researchers’ Benefits”**.

8. It is agreed, further, that each Researcher shall bear and pay any amount payable to any tax authority and/or other obligatory payments imposed on such Researcher with respect to such Researcher’s share of the Researchers’ Benefits.
9. Subject to clauses 14, 15 and 16 below, the Researchers’ Benefits shall be divided in the following proportions:

10. The Researcher/s declare that to the best of their knowledge all those who are entitled to a share in the Researchers’ Benefits actually received under the Commercialization Agreement, including without limitation all those who are specified in Appendix B to The Patent Agreement/s as Contributors to the Invention/s, are indeed included in this Team Agreement.
11. The allocation amongst the Researchers of the Researchers’ Benefits has been proposed by the Chief Investigator, based on the direct relative contribution of the Researchers who have or will actively participate in the research and other activities which are the subject of the Commercialization Agreement. The proposed allocation is based on the information known at the time the Commercialization Agreement was signed.
12. Except as otherwise expressly provided herein, it is expressly agreed (I) that the Researcher will have no right in or in connection with the Proprietary Interest or any plea, claim or demand against Yeda with respect thereto, (ii). that Yeda and any person or body holding the Proprietary Interest on behalf of Yeda may deal with the Proprietary Interest and exercise the rights attaching thereto in its sole and absolute discretion
13. Upon the occurrence of a Trigger Event, each of the Researchers entitled, pursuant to clause 7(a)(i) above, to receive shares in the Entity, shall be entitled, in lieu thereof , to receive options exercisable to such shares against payment of an exercise price equal to 1 NIS, provided written notice of such election is served on Yeda by the Researcher within thirty (30) days of the Trigger Event.
14. Prior to a Trigger Event, should a significant change in carrying out the activities for the Company pursuant to the Commercialization Agreement

(including significant changes in the Further Research carried out at the Institute or an addition of researchers to the research team) so justify, the relative shares in the Researchers' Benefits will be subject to amendment by the procedure described in clauses 15 and 16 below.

15. On the occurrence of the event specified in clause 14 above, the Chief Researcher will propose an amended division of the Researchers' Benefits which may include the inclusion of additional persons to the Researcher/s entitled to a share of the Researchers' Benefits and/or exclusion of certain persons as Researchers so entitled and/or an amendment of the respective shares in the Researchers' Benefits and subject to the consent of all the Researcher/s then party to this Agreement and of other persons who have been proposed by the Chief Researcher for inclusion under this Agreement ("**Chief Researcher Nominees**") or who contend by serving a detailed written notice to Vice President of the Institute for Technology Transfer that they are entitled to be included amongst the Researcher/s who are party to this Agreement ("**Additional Claimants**"), this Agreement shall be amended to reflect the proposed division.
16. If the Chief Researcher's proposal is not agreed as aforesaid, the dispute will be resolved as follows: First, the Vice President of the Institute for Technology Transfer, at the time being, will propose an allocation of the Researchers' Benefits after consultation with an ad-hoc Advisory Committee consisting of employees of the Institute and/or persons who are not employees of the Institute. The proposal will be subject to the approval of the President of the Institute. If the proposal made by the Vice President and approved by the President is not accepted by all Researcher/s, Chief Investigator Nominees and Additional Claimants and does not lead to a duly signed agreement, the President of the Institute will consult with an ad-hoc advisory committee which includes members of the Board of Governors of the Institute and then reach a final decision which shall be final and binding on all. No distribution of Researchers' Benefits shall be made to Researchers until the matter is resolved.
17. The amendments contemplated in clauses 14, 15 and 16 above will not relate to Researchers' Benefits that have been distributed to individual Researchers prior to the time the amendment is made.
18. The Researcher/s may not assign all or any rights or obligations under this Agreement or arising therefrom without the express prior written consent of Yeda.
19. In any meeting (including, but not limited to, general annual or extraordinary meetings and class meetings) of the Entity, any Researcher to whom shares in the Entity shall have been distributed shall vote at such meeting in respect of matters which Yeda, in its discretion, considers substantive, in accordance with directions given to the Researcher by Yeda, from time to time, and, without derogating from the foregoing, the Researcher shall vote in such manner as directed by Yeda (in Yeda's sole discretion), from time to time, in connection with any resolution which directly or indirectly pertains to any of the following matters:

- 19.1 the election, appointment, removal or replacement of directors to the Board of Directors of the Entity;
- 19.2 a resolution of the general meeting of the Entity to appropriate to itself, in accordance with Section 50 or Section 52(a) of the Israeli Companies Law, 1999, an authority or authorities given to the Board of Directors of the Entity;
- 19.3 a merger or acquisition or the sale, lease, assignment, licence, transfer or the disposal in any other way, of any property, assets and/or rights of the Entity;
- 19.4 the creation, issuing or permitting to come into being of any fixed or floating charge, pledge or other encumbrance over any of the Entity's rights or assets;
- 19.5 the entry by the Entity into any business other than that contemplated by the Commercialization Agreement;
- 19.6 an increase, reduction or alteration to the registered share capital of the Entity;
- 19.7 the issuance of or agreeing to create, issue, allot, sell, repurchase or redeem any shares, warrants, options, securities or similar rights in the share capital of the Entity; the consolidation or subdivision of any shares; the creation of any new class of shares; agreeing to issue any securities convertible into shares; the alteration of any of the rights attached to any of its issued shares or otherwise; the reorganisation or grant of any rights in respect of its share capital;
- 19.8 any change or alteration or modification to the Articles of Association of the Entity;
- 19.9 the public offering of any of the Entity's securities under the U.S. Securities Act of 1933, as amended, or under the Israeli Securities Law, 1968, or under any securities laws of other jurisdictions;
- 19.10 any act or transaction requiring the approval of the general meeting under Sections 255 and 268–275 (inclusive) of the Israeli Companies Law, 1999, or which is any material act or transaction between the Entity and any shareholder of the Entity or any affiliate of such shareholder;
- 19.11 the appointment or removal of the auditors to the Entity;
- 19.12 the voluntary winding-up of the Entity; and
- 19.13 the declaration or payment of any dividend or other distribution and the issuance of bonus shares.

20. Any Researchers who have become entitled to issue of shares in the Entity, shall, forthwith upon Yeda's request and as a condition for such issue, execute an instrument in form satisfactory to Yeda, appointing Yeda, or Yeda's nominee, as proxy for the Researcher at any meeting of the Entity and shall deliver (or permit Yeda to deliver) such instrument to the Entity. No such proxy shall be revoked without the prior written consent of Yeda.
21. To the extent possible under the Entity's articles of association, in the event that any Researcher to whom shares in the Entity have been issued is offered any shares in the Company pursuant to pre-emptive rights, rights of first refusal or other such rights, and the Researcher does not wish to exercise such rights with respect to all or any of the shares offered to him as aforesaid, he shall notify Yeda thereof in writing within 7 (seven) days of receipt by the Researcher of the notice offering such shares and Yeda shall be entitled to purchase such shares in its own name and for its own account.
22. The Researchers shall do all such further acts and execute all such further documents and instruments (including without limitation, powers of attorney, irrevocable proxies and any other documents) as Yeda may from time to time require in order to ensure that Yeda shall have the rights, privileges and benefits granted to Yeda hereunder and for the protection and enforcement thereof.
23. To the extent possible under the Entity's articles of association, each Researcher to whom shares in the Entity have been issued shall grant Yeda a right of first refusal to purchase shares which such Researcher wishes to transfer or sell to a third party on the same terms and conditions as those offered to the third party, such right to be exercisable within three months of receipt by Yeda of written notice from the Researcher that he wishes to transfer or sell such Proprietary Interest, such notice to specify the name of the intended third party transferee and the terms and conditions of the transfer.
24. Yeda undertakes that in the event that Yeda, after the Trigger Event, elects to sell or otherwise dispose of any Proprietary Interest held by Yeda, Yeda shall permit the Researchers to whom shares in the Entity have been issued prior thereto or who shall be entitled to such issue pursuant to clause 7(a)(i) above, to participate in such sale or disposition on a pro-rata basis.
25. The Researchers' obligations pursuant to clauses 18,19,20,21,22 and 23 above and Yeda's obligations pursuant to clause 24 above, shall expire upon the completion of the initial public offer of the Entity's securities.
26. The provisions hereinbefore shall apply, *mutatis mutandis*, to any Proprietary Interest which has been acquired by Yeda, in exercise by it, at its sole discretion, of an option or warrant granted to it, within the framework of the Commercialization Agreement. The costs of exercise of

such purchase option will be borne by each of the beneficiaries (including the Researchers entitled to a share in the Researchers' Benefits).

IN WITNESS WHEREOF, the parties hereto have signed this team agreement on the date appearing above.

Signature of the Weizmann
Institute of Science

Date _____

Signature of Yeda Research
and Development Co. Ltd.

Date _____

Signature of _____
(Chief Researcher)

Date _____

Date _____

Date _____