

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

BRAINSTORM CELL THERAPEUTICS INC.

CIK: **1137883** | IRS No.: **208133057** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-54365** | Film No.: **13551786**
SIC: **2836** Biological products, (no diagnostic substances)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 24, 2013

Brainstorm Cell Therapeutics Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-54365

(Commission File No.)

20-8133057

(IRS Employer Identification No.)

605 Third Avenue, 34th Floor

New York, NY

(Address of principal executive offices)

10158

(Zip Code)

(646) 666-3188

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Alon Natanson

On January 24, 2013, Brainstorm Cell Therapeutics Inc. (the “Company”) appointed Alon Natanson as its Chief Executive Officer, effective February 1, 2013.

On January 24, 2013, BrainStorm Cell Therapeutics Ltd., a wholly owned subsidiary of the Company (the “Subsidiary”), and Alon Natanson entered into an employment agreement which sets forth the terms of employment. Pursuant to the agreement, Mr. Natanson will be paid a monthly salary of NIS53,000 (app. U.S.\$14,200 based on current currency exchange rates). Mr. Natanson will also receive other benefits that are generally made available to the Company’s employees, including pension and education fund benefits. The Company will provide Mr. Natanson with a Company car and cellular phone, and a gross-up payment for any taxes relating thereto. Mr. Natanson also received a grant of a stock option (the “Initial Grant”) on January 24, 2013 (the “Grant Date”) for the purchase of 4,000,000 shares of the Company’s common stock (the “Shares”), which shall vest and become exercisable as to 33 1/3% of the Shares on the first anniversary of the Grant Date (the “Initial Vesting Date”) and the remainder of the Shares shall vest and become exercisable in equal monthly installments on each of the 36 monthly anniversaries following the Initial Vesting Date. The exercise price for the Initial Grant will be \$0.29 per share. In the event that after the date hereof but prior to the first anniversary of the Grant Date (and provided that Mr. Natanson is then actively employed by the Subsidiary): (i) the Company or Subsidiary shall have raised U.S.\$10 million or more in one transaction, and (ii) the shares of Company shall have been admitted for trading on NASDAQ, and (iii) the Company or Subsidiary shall have been granted the approval of the FDA to conduct clinical trials in the United States, on the first anniversary of the Grant Date Mr. Natanson shall be granted an additional stock option for the purchase of an additional 2,000,000 shares of Company common stock upon the same terms as the Initial Grant.

Prior to joining the Company and the Subsidiary, Mr. Natanson led large as well as early-stage companies, in the fields of life science, high-tech, and retail. Prior positions include Director of Marketing and Finance at Teva Pharmaceuticals, Copaxone® division, where he was involved in commercialization of patented therapeutics for multiple sclerosis, establishing the division and planning and executing its international strategy and product launch. Since 2008 Mr. Natanson served as President and Chief Executive Officer of Procognia (TASE: PRCG), a biotechnology company specializing in glycobiology and biopharmaceutical analytics.

Alon Natanson is 49 years old. There are no family relationships between Mr. Natanson and any member of the Board of Directors or other executive officer of the Company.

The above description of the employment agreement is qualified in its entirety by reference to the terms of the employment agreement, attached hereto as Exhibit 10.1 and incorporated herein by reference.

Adrian Harel

In connection with the appointment of Alon Natanson, Adrian Harel, Ph.D. will cease to serve as the Company’s Chief Executive Officer effective February 1, 2013 but will continue to serve in an executive scientific role in the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The exhibit listed in the Exhibit Index below is filed with this report.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

January 28, 2013

Brainstorm Cell Therapeutics Inc.

By: /s/ Liat Sossover
Liat Sossover
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement dated January 24, 2013 between BrainStorm Cell Therapeutics Ltd. and Alon Natanson.

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** is entered into as of January 24, 2013 by and between **Brainstorm Cell Therapeutics Ltd.**, a company incorporated under the laws of the State of Israel and maintaining its principal place of business at 12 Bazel St. Petach Tikva, Israel (the “**Company**”), and **Alon Natanson**, Israeli ID 057879553, residing at 9 HaRakefet Street, Zichron Yacov 3090000, P.O.Box 4127, Israel (the “**Employee**”).

WHEREAS The Company is engaged, *inter alia*, in the research, development, manufacturing and marketing of adult stem cell therapeutics for neurological diseases; and

WHEREAS The Company desires to engage the Employee as Chief Executive Officer (“**CEO**”) of the Company and of Brainstorm Cell Therapeutics Inc. (“**Brainstorm Inc.**”), and the Employee desires to enter into such employment and represents that he has the requisite skill and knowledge to serve as such; and

WHEREAS The parties desire to set forth herein the terms and conditions of the Employee's engagement by the Company and Brainstorm Inc., as set forth below;

NOW THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound, the parties hereto agree as follows:

1. **EMPLOYMENT – GENERAL**

1.1. **Employment.** Company hereby employs Employee and Employee hereby accepts employment upon the terms and conditions set forth herein.

1.2. **The Position.** The Employee shall be employed as the CEO and in such capacity; he shall be subject to the direction and control of and shall report to the Company’s Board of Directors.

1.3. **Personal Service Contract.** The Parties hereto confirm that this is a personal service contract and that the relationship between the parties hereto shall not be subject to any general or special collective employment agreement or any custom or practice of Company in respect of any of its other employees or contractors. Except as expressly provided in this Agreement, Employee shall not be entitled to any payments or other benefits in respect of his employment upon the termination of his employment with Company.

1.4. **Special Degree of Personal Trust.** Employee acknowledges and agrees that from the perspective of the status, responsibility and terms of employment of Employee, he shall be considered amongst those employees whose functions require a special degree of personal trust, and the conditions and circumstances of whose employment do not facilitate the supervision of their work and rest hours as those expressions are defined in the Hours of Work and Rest Law, 5711-1951 and accordingly the restrictions specified in the aforementioned Law and in the Wage Protection Law, 1958 shall not apply to his employment. Employee shall not be entitled to demand or receive, *inter alia*, payment for overtime, and the amount paid to him as a Salary (as defined below), shall also include full compensation for overtime hours.

2. **EMPLOYEE'S UNDERTAKINGS.** Employee hereby undertakes as follows:

- 2.1. **Carry out of Instructions.** To carry out all of the instructions related to his employment in accordance with the instructions of the Company's and Brainstorm Inc's Board of Directors.

- 2.2. **Fidelity.** To perform the duties and assignments imposed in the scope of his employment with the Company, with devotion, honesty and fidelity and to dedicate to the performance of the said duties all his know-how, qualifications and experience and all the time, diligence and attention required for the performance thereof efficiently, with fidelity and in accordance with the requirements of this Agreement, and to use his best endeavors in order to consolidate Company and Brainstorm Inc. and to advance the affairs and business of Company and Brainstorm Inc. and the realization of their respective objectives. The parties agree that the duties and assignments of Employee's position will require all of Employee's work time.

- 2.3. **Conflict of Interest.** Employee declares that he is not presently involved, and he undertakes not to become involved in the future, for so long as he is an employee of Company, in any obligations towards any third party whatsoever which entail any form of conflict of interest with his employment with Company.

3. **COMPENSATION**

- 3.1. **Salary.** In consideration for Employee's obligations under this Agreement, Company shall pay Employee a monthly gross salary of 53,000 NIS (the "**Salary**").

- 3.2. **Payment.** The Salary shall be paid to Employee by no later than the 9th of the calendar month following the calendar month of employment to which the payment relates. As provided in Section 1.4 above, the Salary includes remuneration for working overtime, and Employee shall not be entitled to any further remuneration or payment whatsoever other than the Salary and/or benefits set forth herein, unless expressly specified in this Agreement. Employee acknowledges that the Salary to which he is entitled constitutes due consideration for his working overtime. The Salary, as specified in Section 3.1 hereto, and it alone, shall constitute the sole basis for calculating any of Employee's rights under any applicable law, and any other benefits provided under this Agreement shall not be deemed as the Salary or any part thereof.

- 3.3. **Statutory Deductions.** Company shall make the required statutory deductions from the Salary and from any other amount paid and/or benefits granted to Employee by Company under this Agreement, including income tax, social security and healthcare tax, and make the appropriate payments on behalf of Employee to the Israeli Tax Authority, to the Institute of National Insurance and any other relevant authority.

- 3.4. **Additional Benefits.** Employee shall be entitled to such additional benefits, as provided in **Exhibit A.**

- 3.5. **Expenses.** The Company will reimburse Employee for any documented, out-of-pocket expenses from time to time properly incurred by Employee in connection with his employment by Company, *provided that* any expense in excess of \$10,000 shall require the prior approval of the Chairman of the Board of Directors.

- 3.6. **Sick Leave and Recuperation Pay.** Employee shall be entitled to sick leave and Recuperation Pay (דמי הבראה) as provided by law.

- Vacation.** Employee shall be entitled to an annual vacation of 20 days per year, and such annual vacation shall be increased by 2 days every year up to 24 days per year, and no less than the number of days required by the Annual Vacation Law, 5711-1951 (the “**Annual Vacation Law**”), and in accordance with the Annual Vacation Law, 5711-1951. Annual vacation may not be accumulated for over 2 years and therefore in the event that Employee accumulates such days and does not make use of the same or redeem their value, the Company shall be entitled to redeem them.
- 3.7.

- Reserve Duty.** Employee shall continue to receive the Salary (and Company shall continue to make contributions to the managers insurance policy and the education fund provided for herein) during periods of military reserve duty. Employee hereby assigns and undertakes to pay to Company any amounts received from the National Insurance Institute as compensation for such reserve duty service.
- 3.8.

4. **TERM OF AGREEMENT**

- 4.1. **Term.** This Agreement shall commence on the date hereof and shall continue to be in full force and effect unless terminated by either party in accordance with this Agreement.

- Termination.** Employee and the Company shall be entitled to terminate this Agreement by giving the other a prior written notice of 90 days; it being understood that during such period, Employee shall (subject to the needs of the Company determined at the Company’s sole discretion) continue to perform his duties for Company, including the training and initiation of his replacement, and, subject to the performance of such obligations, Company shall make all payments as required hereunder. For the avoidance of doubt it is hereby clarified that in case the Employee resigns for any of the reasons detailed in the Severance Pay Law, 5723-1963 and the regulations promulgated there under, as resignations which are deemed to be dismissals, Employee shall be deemed to have been dismissed by the Company not for "cause".
- 4.2.

- Termination For Cause.** Notwithstanding the foregoing provisions of this Section 4, Company shall be entitled to terminate this Agreement forthwith, and without prior notice, and Employee shall not be entitled to any severance pay or other compensation whatsoever, in any circumstance under which the Employee would not by law and if so ordered by court of law be entitled to such payment. Furthermore, in any of the following events (together with the circumstances described in the previous sentence, “**Cause**”), if following such event the Employee is nonetheless entitled by law to severance pay, the provisions of Section 4.3 will not apply, and the Company will be entitled to terminate this Agreement with the minimum notice period provided by law: (i) indictment for any felony involving moral turpitude or affecting the Company or Brainstorm Inc.; (ii) any refusal to carry out a directive of the Board of Directors of the Company or Brainstorm Inc., or disregard of a rule or policy of the Company known to the Employee or contained in a policy and procedure manual provided to the Employee, which involves the business of the Company and which was capable of being lawfully performed; (iii) embezzlement of funds of the Company or Brainstorm Inc. or other breach of fiduciary duty towards the Company or Brainstorm Inc.; (iv) ownership, direct or indirect, of an interest in a person or entity in competition with the Company or Brainstorm Inc., without the prior written permission of the Board of Directors of the Company and Brainstorm Inc.; and (v) disposition of Company’s or Brainstorm Inc.’s confidential information contrary to the provisions of the law or this Agreement; (vi) willful disloyalty and/or deliberate dishonesty; (vii) material breach of any of the terms of this Agreement.
- 4.3.

- 4.4. Should the termination of the employment of the Employee be made by the Company not for "cause", the Employee shall be entitled to continue to receive the Salary including all social benefits, the car and the cell phone following the Notice Period equal to 1 month multiplied by the number of full years of employment by the Company but in any event up to 3 months.

5. **PROPRIETARY INFORMATION**

- 5.1. **Proprietary Information.** The Employee acknowledges and agrees that the business of the Company and Brainstorm Inc. and their respective affiliates is highly competitive and that in the course of his employment with the Company and Brainstorm Inc., he will have access to confidential and proprietary information concerning the business and financial activities of the Company, Brainstorm Inc. and their respective affiliates and information and technology regarding the Company, Brainstorm Inc. and their respective affiliates' product research and development, including, without limitation, the Company, Brainstorm Inc.'s and their respective affiliates' patents, trade marks, trade secrets, patent, copyright, mask work, design, and other intellectual property rights throughout the world, banking information, investments, investors, properties, employees, marketing plans, customers, trade secrets, and test results, processes, data and know-how, improvements, inventions, techniques and products (actual or planned). Such information, whether documentary, written, oral, computer generated, or otherwise shall be deemed to be and referred to as "**Proprietary Information**".

Proprietary Information shall be deemed to include any and all preparatory information disclosed by or on behalf of the Company or Brainstorm Inc. and irrespective of form, but excluding information that (i) was known to the Employee prior to his association with the Company and can be so proven by documentary evidence, (ii) shall have appeared in any printed publication or patent but only to the extent appeared therein or shall have become a part of the public knowledge, except as a result of a breach of this Agreement or any other obligation to the Company or Brainstorm Inc. by the Employee or any other employee or third party or the breach of the undertakings of the Company or Brainstorm Inc. towards any third party or (iii) is legally required by any administrative or governmental agency to be disclosed, provided that any such disclosure shall be made only to the extent required to fulfill Employee's legal obligations, and provided further that the Employee immediately notifies the Company or Brainstorm Inc. of such obligation or requirement, prior to making any disclosure, to enable the Company or Brainstorm Inc. to contest the requirement thereof.

- 5.2. **Nondisclosure.** Employee agrees and declares that all Proprietary Information, patents and other rights in connection therewith shall be the sole property of the Company and/or Brainstorm Inc. and their respective assignees at all times. Both during his engagement by the Company and/or Brainstorm Inc. and for seven (7) years after its termination Employee will keep in confidence and trust all Proprietary Information and the Employee will not use or disclose any Proprietary Information or anything relating to it without the written consent of the Company or Brainstorm Inc., except as may be necessary in the ordinary course of performing the Employee's duties hereunder and in the best interests of the Company and Brainstorm Inc.

- 5.3. **Return of Materials.** Employee agrees that on or before the termination of his employment with the Company or Brainstorm Inc. he will return to the Company and Brainstorm Inc. all Company and Brainstorm Inc. property and materials, including but not limited to, (if applicable) personal computers, laptops, fax machines, scanners, copiers, cellular phones, credit cards and telephone charge cards, manuals, building keys and passes, courtesy parking passes, diskettes, intangible information stored on diskettes, software programs and data compiled with the use of those programs, software passwords or codes, tangible copies of trade secrets and confidential information, sales forecasts, names and addresses of Company and Brainstorm Inc. customers and potential customers, customer lists, customer contacts, sales information, sales forecasts, memoranda, sales brochures, business or marketing plans, reports, projections, and any and all other information or property previously or currently held or used by Employee that is or was related to his employment with the Company or Brainstorm Inc. ("**Company Property**"). Employee agrees that in the event that he discovers any other Company Property in his possession after the termination of his employment with the Company he will immediately return such materials to the Company and Brainstorm Inc.

- Third Party Information**. Employee recognizes that the Company and Brainstorm Inc. received and will receive confidential or proprietary information from third parties subject to a duty on the Company's or Brainstorm Inc.'s part to maintain the confidentiality of such information and to use it only for certain limited purposes at all times. Both during his employment and after its termination, the Employee undertakes to keep and hold all such information in strict confidence and trust. He will not disclose any of such information without the prior written consent of the Company or Brainstorm Inc., except as may be necessary to perform his duties as an employee of the Company or Brainstorm Inc. and consistent with the Company's or Brainstorm Inc.'s agreement with such third party. Upon termination of his employment with the Company or Brainstorm Inc., Employee shall act with respect to such information as set forth in Section 5.3, *mutatis mutandis*.
- 5.4.
- 5.5. **Survival**. The Employee's undertakings in this Section 5 shall remain in full force and effect after termination of this Agreement.

6. **ACKNOWLEDGEMENT OF OWNERSHIP; ASSIGNMENT OF INVENTIONS.**

- Disclosure of Inventions**. I will promptly disclose in writing to the Company all Inventions, made or discovered or conceived or reduced to practice or developed by me, either alone or jointly with others, during the term of my employment. I will also disclose to the Company all Inventions made, discovered, conceived, reduced to practice, or developed by me within three (3) months after the termination of my employment with the Company which resulted, in whole or in part, from my prior employment by the Company. Such disclosures shall be received by the Company in confidence, to the extent such Inventions are not assigned to the Company pursuant to this Agreement.
- 6.1.

- Assignment of Inventions**. Subject to Section 6.4, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions whether or not patentable or registrable under copyright or other statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "Company Inventions".
- 6.2.

6.3. **Nonassignable Inventions.** Notwithstanding, this Agreement will not be deemed to require assignment of any invention which was developed entirely on my own time without using the Company's equipment, supplies, facilities, or Proprietary Information and which is not related to the Company's actual business, research or development.

6.4. **Government or Third Party.** I also agree to assign all my right, title and interest in and to any particular Company Invention to any third party, including without limitation government agency, as directed by the Company.

6.5. **Works Made for Hire.** I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are the sole property of the Company pursuant to applicable copyright law.

6.6. **Assignment or Waiver of Moral Rights.** Any assignment of copyright hereunder (and any ownership of a copyright as a work made for hire) includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "Moral Rights"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, I hereby waive such Moral Rights and consent to any action of the Company that would violate such Moral Rights in the absence of such consent.

6.7. **Enforcement of Proprietary Rights.** I will assist the Company in every proper way to obtain, and from time to time enforce, any Proprietary Rights relating to Company Inventions in any and all countries. To that end, I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance.

6.8. **Service Inventions.** For the removal of any doubt, all the above will also apply to any "Service Inventions" as defined in the Israeli Patent Law, 1967 (the "Patent Law"), it being clarified that under no circumstances will I be deemed to have any proprietary right in any such Service Invention, notwithstanding the provision or non-provision of any notice of an invention and/or company response to any such notice, under Section 132(b) of the Patent Law. This agreement is expressly intended to be an agreement with regard to the terms and conditions of consideration for Service Inventions in accordance with Section 134 of the Patent Law.

6.9. **Royalties.** I acknowledge and agree that I will not be entitled to royalties, consideration or other payments with regard to any Prior Inventions, Company Inventions, Service Inventions or any of the intellectual property rights set forth above, including any commercialization of such Prior Inventions, Company Inventions, Service Inventions or other intellectual property rights, and do hereby explicitly, irrevocably and unconditionally waive the right (if exists) to receive any such additional royalties, consideration or other payments. Without derogating from the aforesaid, it is hereby clarified that the level of my compensation and consideration has been established based upon the aforementioned waiver of rights to receive any such additional royalties, consideration or other payments, and that my compensation as an employee of the Company includes full and final compensation and consideration to which I may be entitled under law with respect to any Prior Inventions, Company Inventions, Service Inventions or any of the intellectual property rights set forth above.

- 6.10. **Records.** I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all of the Company's Proprietary Information developed by me and all of the Company's Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

7. **NON - COMPETITION**

- 7.1. **Non-Competition.** The Employee agrees and undertakes that he will not, so long as he is employed by the Company or Brainstorm Inc. and for a period of 12 months following termination of his employment for whatever reason, directly or indirectly as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, corporate officer, director, licensor or in any other capacity whatsoever, engage in, become financially interested in, be employed by, or have any connection with any business or venture that is engaged in any activities involving either (i) products which compete, directly or indirectly, with the business of the Company or its subsidiaries and/or affiliates, products produced or proposed to be produced by the Company or its subsidiaries or affiliates or (ii) information, processes, technology or equipment that competes with information, processes, technology or equipment in which the Company or its subsidiaries or affiliates has a proprietary interest, or that competes with products or services offered by the Company, its affiliates and/or subsidiaries; *provided, however,* that the Employee may own securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not exceeding at any one time, one percent (1%) of any class of stock or securities of such company, so long as Employee has no active role in the publicly owned and traded company as director, employee, consultant or otherwise.

- 7.2. **Non-Solicitation.** The Employee agrees and undertakes that during the term of his employment with the Company or Brainstorm Inc. and for a period of eighteen (18) months thereafter, the Employee will not directly or indirectly including personally or in any business in which it is an officer, director, joint venturer, partner or shareholder, or otherwise:

- Solicit, entice, canvass or approach or endeavor to solicit, canvass or approach any person who, to his knowledge, was provided with services by the Company or Brainstorm Inc. or their affiliates or subsidiaries or provided services to the Company or Brainstorm Inc. or their affiliates or subsidiaries as a vendor or supplier at any time during the eighteen (18) months immediately prior to the termination of the Employee's employment (i) for the purpose of offering services or products which directly compete with the business of the Company or Brainstorm Inc. (or their subsidiaries or affiliates) or their Proprietary Information, (ii) for the purpose of interfering with the Company's or Brainstorm Inc.'s relationship with such entity or person, or (iii) to cease doing business with Company or Brainstorm Inc. (or their subsidiaries or affiliates), reduce its relationship with Company or Brainstorm Inc. (or their subsidiaries or affiliates) or refrain from establishing or expanding a relationship with Company or Brainstorm Inc. (or their subsidiaries or affiliates) or in any other way interfere with the Company's or Brainstorm Inc.'s (or their subsidiaries' or affiliates') relationships with its customers, vendors or suppliers; or
- (i) Employ, solicit or entice away or endeavor to solicit or entice away from the Company or its parent or subsidiaries any person employed by the Company or its parent or subsidiaries any time during the eighteen (18) months immediately prior to the termination of the Employee's employment with a view to inducing that person to leave such employment and to act for another employer in the same or a similar capacity.

- 7.3. **Severability.** If any one or more of the terms contained in this Section 7 shall, for any reason be held to be excessively broad with regard to time, geographic scope or activity, the term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law.

8. **MISCELLANEOUS**

8.1. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel without reference to conflicts of law principles and sole jurisdiction shall be granted to the competent courts in Tel-Aviv, Israel.

8.2. **Assignments.** Employee may not assign or transfer any right, claim or obligation provided herein. The Company may assign or transfer any right, claim or obligation provided herein, provided that any right of the Employee under this Agreement shall not be diminished.

8.3. **Notices.** The addresses of the parties for the purposes of this Agreement shall be as specified in the preamble hereto and/or any other address as notified by either party to the other from time to time. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be sent by the notifying party to the other party via fax, e-mail, registered mail or personal delivery service. Notices shall be deemed effective 72 business hours after sending same by registered mail, postage prepaid, to the other party at the address noted above, 24 business hours after their authenticated transmission via fax, or e-mail and immediately upon their personal delivery by courier or other personal delivery service.

8.4. **Construction.** Words in the masculine gender shall include the feminine and vice versa.

8.5. **Entire Agreement.** This Agreement constitutes an integrated, written contract, expressing the sole and entire agreement between the parties with respect to the subject matter hereof and supersedes any and all other agreements or understandings, whether oral or written.

8.6. **Amendments.** This Agreement may not be altered, modified or amended except by a written instrument signed by the parties.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written:

/s/ Alon Natanson

BRAINSTORM CELL THERAPEUTICS LTD.

Alon Natanson

By: /s/ Chaim Lebovits

Name:

Title:

Exhibit A

1. **Pension Insurance.** The Company shall contribute funds on behalf of the Employee to a Managers Insurance Fund or a Pension Fund in the name of the Employee ("Fund") and disability insurance for loss of ability to work ("Disability Insurance") as specified below.

- 1.1 The Company shall allocate to the Fund five percent (5%) in case of a Managers Insurance or six percent (6%) in case of a Pension Fund, of each monthly Salary for pension compensation and eight and a third percent (8.33%) of each monthly Salary to severance compensation. Moreover, only in case the Employee will choose a Managers Insurance (and not a Pension Fund) the Company will allocate for the purpose of the Disability Insurance a maximum premium of 2.5% of Employee's monthly Salary, as provided by the general approval of the Minister of Labor and Social Welfare regarding payments by employers to a pension fund and insurance fund in lieu of severance pay. The Company shall deduct from Employee's monthly Salary an aggregated amount equal to five percent (5%) in case of a Managers Insurance or five and a half percent (5.5%) in case of a Pension Fund, of Employee's monthly Salary for the Fund.

- 1.2 The Employee hereby agrees and acknowledges that all of the payments that the Company shall make to the abovementioned manager's insurance policy shall be instead of any severance pay to which the Employee or Employee's successors shall be entitled to receive from the Company with respect to the salary from which these payments were made and the period during which they were made, in accordance with Section 14 of the Severance Pay Law 5723-1963 (the "Law"). The parties hereby adopt the General Approval of the Minister of Labor and Welfare, published in the Official Publications Gazette No. 4659 on June 30, 1998, attached hereto as Exhibit B. The Company hereby waives in advance any claim it has or may have to be refunded any of the payments made to the manager's insurance policy, unless (1) the Employee's right to severance pay is invalidated by a court ruling on the basis of Sections 16 or 17 of the Law (and in such case only to the extent it is invalidated), or (2) the Employee withdrew funds from the manager's insurance policy for reasons other than an "Entitling Event". An "Entitling Event" means death, disability or retirement at the age of 60 or more.

2. **Education Fund.** The Company shall pay a sum as high as the recognized deductible cap by the tax authorities, but in any event no more than 7.5% of the Salary and shall deduct 2.5% from the Salary to be paid on behalf of Employee toward an education fund. Use of these funds shall be in accordance with the by-laws of the fund. The Employee hereby grants his consent to such a deduction provided in this section herein.

3. Unless the Company terminates this Agreement for "Cause" (as defined in Section 4.4 of this Agreement), the amounts deposited in the Manager's Insurance and Education Fund pursuant to Sections 1 and 2 above shall be automatically released to the Employee upon termination of this Agreement, provided that Employee fulfills his obligations pursuant to Section 4.2 and 4.3 of the Agreement by law (training and initiation of his replacement etc.).

4. **Options.** On the first day of employment with the Company (the "Grant Date"), the Employee shall be granted a stock option under BrainStorm Inc.'s Amended and Restated 2004 Global Share Option Plan (the "Plan") for the purchase of up to 4,000,000 shares of Common Stock of BrainStorm Inc. (subject to adjustment as shall be described in a separate stock option agreement and pursuant to the Plan), which stock option shall vest and become exercisable as to 33 1/3% of the number of shares subject to the option on the first anniversary of the Grant Date, and the remainder of the shares subject to the option to vest and become exercisable in 36 consecutive, equal monthly installments thereafter. In the event that after the date hereof but prior to the first anniversary of the Grant Date (and provided that the Employee is then actively employed by the Company) (i) the Company or BrainStorm Inc. shall have raised U.S.\$10 million or more in one transaction, and (ii) the shares of Brainstorm Inc shall have been admitted for trading on NASDAQ, and (iii) the Company or BrainStorm Inc. shall have been granted the approval of the FDA to conduct clinical trials in the United States, on the first anniversary of the Grant Date the Employee shall be granted an additional stock option for the purchase of an additional 2,000,000 shares of Common Stock of BrainStorm Inc. at an exercise price equal to the closing price on the date of grant and such option to vest as to 33 1/3% of the number of shares subject to the option on the first anniversary of the Grant Date, and the remainder of the shares subject to the option to vest and become exercisable in 36 consecutive, equal monthly installments thereafter(the "Additional Options").

- 4.1 **Exercise Price:** The exercise price of the stock option granted on the date hereof and the Additional Options shall be \$0.29 per share.

- 4.2 **Exercise Period:** 10 years from grant date (with respect to the stock option granted on the Grant Date and with respect to the Additional Options), provided that the Employee continues to be employed by the Company. Upon termination of the

Employment for any reason, the Employee shall be entitled to exercise the stock options to the extent then vested for a period of 90 days.

In the event of a merger or consolidation of the Company with or into another corporation resulting in such other corporation being the surviving entity the Options (whether vested or not) shall be assumed or an equivalent Award or right substituted, by the successor corporation or an affiliate of the successor corporation, as shall be determined by such entity, subject to the terms hereof. In the event that the successor corporation or a parent or subsidiary of the successor corporation does not provide for such an assumption or substitution of Options, all Options shall become exercisable in full on a date no later than ten (10) days prior to the date of consummation of such transaction, provided that such replacement shall be contingent upon the actual consummation of the transaction.

5. **Cellular Phone.** The Company shall provide the Employee, at the Company's sole cost and expense, a cellular phone, according to company practice. All taxes with respect to the cellular phone shall be borne by the Company.
6. **Company car.** The Company shall purchase or lease for the Employee an automatic car (Grade 5) to be used according to Company's policy. All taxes with respect to the purchase or lease of the car shall be borne by the Company.
7. **Yearly review.** Bonuses, milestones and salary shall be considered by the Board of Directors of Brainstorm Inc. annually, based on the Company meeting its objectives during such year and the contribution of the Employee.

BRAINSTORM CELL THERAPEUTICS LTD.

By: _____

Name:

Title:

Date : January __ 2013

Alon Natanson

Date : January __ 2013

EXHIBIT B

General Order and Confirmation Regarding Payments of Employers to Pension Funds and Insurance Funds instead of Severance Pay

אישור כללי (נוסח משולב) בדבר תשלומי מעבידים לקרן פנסיה ולקופת ביטוח במקום פיצויי פיטורים לפי חוק פיצויי פיטורים, התשכ"ג - 1963

בתוקף סמכותי לפי סעיף 14 לחוק פיצויי פיטורים, התשכ"ג - 1963 (להלן - החוק), אני מאשר כי תשלומים ששילם מעביד החל ביום פרסומו של אישור זה, בעד עובדו לפנסיה מקיפה בקופת גמל לקיצבה שאינה קופת ביטוח כמשמעותה בתקנות מס הכנסה (כללים לאישור ולניהול קופות גמל), התשכ"ד - 1964 (להלן - קרן פנסיה), או לביטוח מנהלים הכולל אפשרות לקיצבה או שילוב של תשלומים לתכנית קיצבה ולתוכנית שאינה לקיצבה בקופת ביטוח כאמור (להלן - קופת ביטוח), לרבות תשלומים ששילם תוך שילוב של תשלומים לקרן פנסיה ולקופת ביטוח, בין אם יש בקופת הביטוח תכנית לקיצבה ובין אם לאו (להלן - תשלומי המעביד), יבואו במקום פיצויי הפיטורים המגיעים לעובד האמור בגין השכר שממנו שולמו התשלומים האמורים ולתקופה ששולמו (להלן - השכר המופטר), ובלבד שנתקיימו כל אלה

- תשלומי המעביד

(א) לקרן פנסיה אינם פחותים מ-14 1/3% מן השכר המופטר או 12% מן השכר המופטר אם משלם המעביד בעד עובדו בנוסף לכך גם תשלומים להשלמת פיצויי פיטורים לקופת גמל לפיצויים או לקופת ביטוח על שם העובד בשיעור של 2 1/3% מן השכר המופטר. לא שילם המעביד בנוסף ל-12% גם 2 1/3% כאמור, יבואו תשלומיו במקום 72% מפיצויי הפיטורים של העובד, בלבד

(ב) לקופת ביטוח אינם פחותים מאחד מאלה)

מן השכר המופטר, אם משלם המעביד בעד עובדו בנוסף לכך גם תשלומים להבטחת הכנסה חודשית במקרה אבדן כושר עבודה, 13 1/3% בתכנית שאישר הממונה על שוק ההון ביטוח וחסכון במשרד האוצר, בשיעור הדרוש להבטחת 75% מן השכר המופטר לפחות או בשיעור של 2 1/2% (מן השכר המופטר, לפי הנמוך מביניהם) (להלן - תשלום לביטוח אבדן כושר עבודה

מן השכר המופטר, אם שילם המעביד בנוסף גם תשלום לביטוח אבדן כושר עבודה, ובמקרה זה יבואו תשלומי המעביד במקום 72% 11% מפיצויי הפיטורים של העובד, בלבד; שילם המעביד בנוסף לאלה גם תשלומים להשלמת פיצויי פיטורים לקופת גמל לפיצויים או לקופת ביטוח על שם העובד בשיעור של 2 1/3% מן השכר המופטר, יבואו תשלומי המעביד במקום 100% פיצויי הפיטורים של העובד

לא יאוחר משלושה חודשים מתחילת ביצוע תשלומי המעביד נערך הסכם בכתב בין המעביד לבין העובד ובו (2)

(א) הסכמת העובד להסדר לפי אישור זה בנוסח המפרט את תשלומי המעביד ואת קרן הפנסיה וקופת הביטוח, לפי העניין; בהסכם האמור ייכלל גם נוסחו של אישור זה

(ב) ויתור המעביד מראש על כל זכות שיכולה להיות לו להחזר כספים מתוך תשלומיו, אלא אם כן נשללה זכות העובד לפיצויי פיטורים בפסק דין (מח) סעיפים 16 או 17 לחוק ובמידה שנשללה או שהעובד משך כספים מקרן הפנסיה או מקופת הביטוח שלא בשל אירוע מזכה; לענין זה, "אירוע מזכה" - מות, נכות או פרישה בגיל ששים או יותר

(ג) אין באישור זה כדי לגרוע מזכותו של עובד לפיצויי פיטורים לפי החוק, הסכם קיבוצי, צו הרחבה או חוזה עבודה, בגין שכר שמעבר לשכר המופטר)

אליהו ישי

שר העבודה והרווחה

BRAINSTORM CELL THERAPEUTICS LTD.

By: _____

Name:

Title:

Date : January __ 2013

Alon Natanson

Date : January __ 2013