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

SCHEDULE TO

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934**

REDHILL BIOPHARMA LTD.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

**Options to Purchase American Depositary Shares, each representing ten Ordinary Shares, Par Value NIS 0.01 Per Ordinary Share
(Title of Class of Securities)**

757468103

(CUSIP Number of Class of Securities)

**Micha Ben Chorin
Chief Financial Officer
RedHill Biopharma Ltd.
21 Ha'arba'a Street
Tel Aviv 6473921
Israel
+972 (3) 541-3131**

**(Name, address and telephone number of persons authorized to receive notices and
communications on behalf of filing persons)**

Copies to:

**Perry Wildes, Adv.
Gross & Co.
One Azrieli Center
Tel Aviv 6702100, Israel
+972 (3) 607-4444**

**Rick A. Werner, Esq.
Haynes and Boone, LLP
30 Rockefeller Plaza
New York, New York 10112
(212) 659-7300**

CALCULATION OF FILING FEE

Transaction Valuation(1)	Amount of Filing Fee(2)
\$9,855,654	\$1,075.25

- 1 Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the Transaction Valuation assumes that all the outstanding options to purchase American Depositary Shares, each representing ten ordinary shares of the Issuer, par value NIS 0.01 per ordinary share (“ADSs”), that may be eligible for exchange in the offer will be tendered pursuant to this offer. This calculation assumes options to purchase an aggregate of 2,805,281 ADSs, having an aggregate value of \$9,855,654 as of April 23, 2021, calculated based on the average of values using the binomial option pricing model, will be exchanged pursuant to this offer.
- 2 The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$109.10 per \$1,000,000 of the aggregate amount of the Transaction Valuation (or 0.01091% of the aggregate Transaction Valuation). The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.

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

Amount Previously Paid:	Not applicable	Filing Party:	Not applicable
Form or Registration No.:	Not applicable	Date Filed:	Not applicable

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.
- Issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
- Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Item 1. Summary Term Sheet.

The information set forth under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” in the Offer to Exchange Eligible Options for New Options dated April 26, 2021 (the “**Exchange Offer**”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

Item 2. Subject Company Information.

(a) *Name and Address.*

RedHill Biopharma Ltd., an Israeli corporation (the “**Company**”), is the issuer of the securities subject to the Exchange Offer. The Company’s principal executive offices are located at 21 Ha’arba’a Street, Tel-Aviv 6473921, Israel, and the telephone number of its principal executive offices is 972-3-541-3131.

(b) *Securities.*

This Tender Offer Statement on Schedule TO relates to an offer by the Company to all the Eligible Optionholders (as defined in the Exchange Offer), subject to specified conditions, to exchange some or all of their outstanding options to purchase ADSs for new options to purchase ADSs.

An option will be eligible for exchange (an “**Eligible Option**”) if it (i) is held by an Eligible Optionholder, (ii) was granted under the Company’s Amended and Restated Award Plan (2010) (the “**2010 Plan**”) prior to the initial approval of the repricing by our board of directors on March 25, 2020, and (iii) in the case of options held by U.S. Taxed Optionholders, has an exercise price per ADS in excess of \$7.00. As of April 23, 2021, 2,805,281 options representing approximately 57% of our outstanding options constitute Eligible Options.

Pursuant to the Exchange Offer, in exchange for the tender and cancellation of Eligible Options, the Company will grant new options (each, a “**New Option**”) following the Expiration Time (as defined in the Exchange Offer) for the same number of ADSs and subject to the terms and conditions described in the Exchange Offer and in the related accompanying Election Form (the “**Election Form**”), the form of which is attached hereto as Exhibit (a)(1)(C).

Each Eligible Optionholder that elects to exchange Eligible Options pursuant to the Exchange Offer must submit its election via a properly completed, signed and delivered Election Form, upon which it will be granted New Options, subject to the terms and conditions of the Exchange Offer.

The information set forth in the Exchange Offer under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” and the information set forth under Section 1 (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) and Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) of the Offering Memorandum for the Exchange Offer contained in the Exchange Offer (the “**Offering Memorandum**”) are incorporated herein by reference.

(c) *Trading Market and Price.*

The information set forth under Section 7 (“*Price Range of Our ADSs*”) of the Offering Memorandum is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) *Name and Address.*

The Company is both the filing person and the subject company. The information set forth under Item 2(a) above and under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum are incorporated herein by reference.

The address and telephone number of each executive officer and director of the Company is:

RedHill Biopharma Ltd.
21 Ha’arba’a Street, Tel Aviv
6473921, Israel
972-3-541-3131

The directors and executive officers of the Company are set forth below:

Executive Officers	Title
Dror Ben-Asher	Chief Executive Officer and Chairman of the Board of Directors
Micha Ben Chorin	Chief Financial Officer
Reza Fathi, Ph.D.	Senior Vice President Research and Development
Gilead Raday	Chief Operating Officer
Adi Frish	Chief Corporate & Business Development Officer
Guy Goldberg	Chief Business Officer
Rick D. Scruggs	Chief Commercial Officer and Director
Dr. June Almenoff	Chief Scientific Officer

Directors	
Shmuel Cabilly, Ph.D.	Director
Eric Swenden	Director
Kenneth Reed, Ph.D.	Director
Ofer Tsimchi	Director
Alla Felder	Director
Alessandro Della Chà	Director

Item 4. Terms of the Transaction.

(a) *Material Terms.*

The information set forth in the Exchange Offer under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” and the information set forth in the Offering Memorandum under Section 1 (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”), Section 3 (“*Procedures for Tendering Eligible Options*”), Section 4 (“*Withdrawal Rights*”), Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”), Section 6 (“*Conditions of the Exchange Offer*”), Section 8 (“*Information Concerning RedHill; Financial Information*”), Section 10 (“*Accounting Consequences of the Exchange Offer*”), Section 11 (“*Legal Matters; Regulatory Approvals*”), Section 12 (“*Material United States Tax Consequences*”), Section 13 (“*Extension of the Exchange Offer; Termination; Amendment*”) and Section 14 (“*Consideration; Fees and Expenses*”) are incorporated herein by reference.

(b) *Purchases.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) *Agreements Involving the Subject Company’s Securities.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference. The documents incorporated herein by reference as Exhibit (d) (1) and Exhibit (d)(2) also contain information regarding agreements relating to securities of the Company.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) *Purposes.*

The information set forth under Section 2 (“*Purpose of the Exchange Offer; Additional Considerations*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Use of Securities Acquired.*

The information set forth under Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) of the Offering Memorandum is incorporated herein by reference.

(c) *Plans.*

The information set forth under Section 2 (“*Purpose of the Exchange Offer; Additional Considerations*”) of the Offering Memorandum is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) *Source of Funds.*

The information set forth under Section 14 (“*Consideration; Fees and Expenses*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Conditions.*

The information set forth under Section 6 (“*Conditions of the Exchange Offer*”) of the Offering Memorandum is incorporated herein by reference. There are no alternative financing arrangements or financing plans for this Exchange Offer.

(d) *Borrowed Funds.*

Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) *Securities Ownership.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Securities Transactions.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or recommendations.*

Not applicable.

Item 10. Financial Statements.

(a) *Financial Information*.

The information set forth under, and incorporated in, Section 8 (“*Information Concerning RedHill; Financial Information*”), including Schedule A, and Section 15 (“*Additional Information*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Pro Forma Information.*

Not applicable.

Item 11. Additional Information.

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

- (1) The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.
- (2) The information set forth under Section 11 (“*Legal Matters; Regulatory Approvals*”) of the Offering Memorandum is incorporated herein by reference.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.

(c) *Other Material Information.*

Not applicable.

Item 12. Exhibits.

Exhibit Number	Description
(a)(1)(A)	Offer to Exchange Eligible Options for New Options, dated April 26, 2021
(a)(1)(B)	Form of Announcement Email to Eligible Optionholders
(a)(1)(C)	Election Form
(a)(1)(D)	Notice of Withdrawal of Election Form
(a)(1)(E)	Form of Email Confirming Receipt of Election Form
(a)(1)(E)	Form of Email Confirming Receipt of Notice of Withdrawal of Election Form
(a)(1)(G)	Form of Reminder Email to Eligible Optionholders Regarding the Expiration of the Exchange Offer
(a)(1)(H)	Form of Email to Eligible Optionholders Confirming Acceptance of Eligible Options
(a)(1)(I)	Form of Email Notice Regarding Rejection of Options for Exchange
(a)(1)(J)	Form of Expiration Notice Email
(b)	Not applicable
(d)(1)	RedHill Biopharma Ltd. Amended and Restated Award Plan (2010)
(d)(2)	Forms of award agreements under RedHill Biopharma Ltd. Amended and Restated Award Plan (2010)
(g)	Not applicable
(h)	Not applicable

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: April 26, 2021

REDHILL BIOPHARMA LTD.

By: /s/ Dror Ben-Asher
Dror Ben-Asher
Chief Executive Officer and
Chairman of the Board of Directors

REDHILL BIOPHARMA LTD.

21 HA'ARBA'A STREET, TEL AVIV 6473921, ISRAEL

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

April 26, 2021

REDHILL BIOPHARMA LTD.

SUMMARY TERM SHEET — OVERVIEW

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

This offer and withdrawal rights will expire at 5:00 p.m., Eastern Time, on Monday, May 24, 2021, unless extended

By this Offer to Exchange Eligible Options for New Options (as the context requires, this document and the actions taken hereby, the “**Exchange Offer**”), RedHill Biopharma Ltd., which we refer to in this document as “**we**,” “**us**,” “**our**” or “**RedHill**,” is giving each Eligible Optionholder (as defined below) the opportunity to exchange one or more Eligible Options (as defined below) for New Options (as defined below), as discussed below and in the Offering Memorandum for the Exchange Offer beginning on page 14 (the “**Offering Memorandum**”).

The “**Expiration Time**” of the Exchange Offer is 5:00 p.m., Eastern Time, on May 24, 2021. If we extend the period of time during which this Exchange Offer remains open, the term “**Expiration Time**” will refer to the last time and date on which this Exchange Offer expires. You will be informed of any extension of the Exchange Offer.

You are an “**Eligible Optionholder**” if:

- on the date the Exchange Offer commences, you are employed by, have an active service relationship with, or are a director of RedHill or its subsidiary and have not submitted a notice of resignation or been notified by RedHill or its subsidiary that your employment, other service relationship or directorship with RedHill or such subsidiary is being terminated; and
- from and after the date the Exchange Offer commences through the Expiration Time, you continue to be employed by, or have a service relationship with, or be a director of RedHill or its subsidiary, and have not submitted a notice of resignation or been notified by Redhill or its subsidiary that your employment, other service relationship or directorship is being terminated.

For purposes hereof, a service relationship is “**active**” if a service provider has provided requested services to RedHill or its subsidiary within the twelve (12) calendar months prior to April 26, 2021.

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Optionholder;
- was granted under our Amended and Restated Award Plan (2010) (the “**Plan**”) prior to the initial approval of the repricing by our board of directors (“**Board**”) on March 25, 2020; and
- in the case of options held by Eligible Optionholders who are subject to U.S. taxation (each, a “**U.S. Taxed Optionholder**”), has an exercise price per ADS in excess of \$7.00.

The outstanding options that you hold under the Plan give you the right to purchase American Depositary Shares of the Company, each representing 10 ordinary shares of RedHill, par value NIS 0.01 (the “**ADS**”), once those options vest by paying the applicable exercise price (and satisfying any applicable tax withholding obligations). Thus, when we use the term “option” in this Exchange Offer, we refer to the options you hold to purchase ADSs.

If you choose to participate in the Exchange Offer and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of new options (each, a “**New Option**”) to purchase ADS with the following terms (collectively, the “**New Option Terms**”):

- Each New Option will have an exercise price per ADS equal to the following (the “**New Exercise Price**”):
 - a. For Eligible Optionholders who are not subject to U.S. taxation (each, a “**Non-U.S. Taxed Optionholder**”):
 - (i) \$5.00, or
 - (ii) \$4.30 if RedHill has (A) net revenues of at least \$100 million AND negative Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”) of less than \$40 million in 2021 or (B) net revenues of at least \$130 million AND negative EBITDA of less than \$20 million in 2022; or
 - b. For U.S. Taxed Optionholders, \$7.00, which was the per ADS fair market value on April 12, 2021, the date the Board approved the exercise price for any New Options to be granted to U.S. Taxed Optionholders.
- Each New Option will represent your right to purchase the same number of ADSs, each representing 10 ordinary shares of RedHill, par value NIS 0.01 per share, as your surrendered Eligible Options.
- Your New Option will be granted under the Plan.
- Each New Option
 - offered to a U.S. Taxed Optionholder in exchange for an incentive stock option will be granted as an incentive stock option for U.S. federal income tax purposes (“**ISO**”), to the extent permitted by the law (including, without limitation, that the exercise price per ADS must be at least equal to the fair market value of an ADS on the date of grant or, 110% of such fair market value in the case of an ISO granted to an employee who owns or is deemed to own more than 10% of the combined voting power of all classes of our stock (or of any parent or subsidiary));
 - offered to a U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO will be granted as a nonstatutory stock option that does not qualify as an ISO;
 - offered in exchange for an Eligible Option granted in accordance with Section 102 of the Israeli Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder (“**Section 102**”) is intended to be granted as an option eligible for the tax benefits accorded under Section 102, to the extent permitted by the law, and
 - offered to a Non-U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO or as an option in accordance with Section 102, will be granted an option that does not qualify as an ISO or as an option in accordance with Section 102.
- Each New Option will have the same expiration date, vesting schedule and other terms (other than exercise price) as the Eligible Option exchanged therefor.

The contingent reduction in the exercise price described herein that is applicable to Eligible Options held by Non-U.S. Taxed Optionholders will only apply, if at all, following the public announcement of the audited financial results of the previous fiscal year, subject to all other option terms.

The commencement date of the Exchange Offer is April 26, 2021. We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum. The Exchange Offer is voluntary with respect to each Eligible Option you hold. You are not required to participate in the Exchange Offer. If you hold more than one option that qualifies as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to tender for exchange as few or as many of your Eligible Options as you wish; however, you must tender all of the options underlying any selected Eligible Option. Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled, and your New Options will be granted with the New Option Terms effective promptly following the Expiration Time (such date, the “**New Option Grant Date**”).

See the “Risk Factors” section of this Exchange Offer beginning on page 13 for a discussion of risks and uncertainties that you should consider before electing to exchange your Eligible Options for New Options. You should consider, among other things, these risks and uncertainties before deciding whether to participate in the Exchange Offer.

Our ADSs are quoted on The Nasdaq Select Global Market (“**Nasdaq**”) under the symbol “RDHL”. On April 23, 2021, the closing price of our ADSs as reported on Nasdaq was \$7.06 per ADS. We recommend that you obtain current market quotations for our ADSs before deciding whether to elect to participate in the Exchange Offer.

You should direct any questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offering Memorandum, the Election Form, the Notice of Withdrawal of Election Form or any other documents relating to the Exchange Offer) by email to Benefits@altshul.co.il.

IMPORTANT

If you choose to participate in the Exchange Offer, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed Election Form to us so that we receive it before 5:00 p.m. Eastern Time, on Monday, May 24, 2021 (or such later date as may apply if the Exchange Offer is extended), by the following means:

- **By email (by PDF or similar imaged document file) delivered to:** Benefits@altshul.co.il

You are responsible for making sure that the Election Form is delivered as indicated above. You must allow for sufficient time to complete, sign, and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

You do not need to return your option agreements relating to any tendered Eligible Options as they will be automatically cancelled effective as of the New Option Grant Date if we accept your Eligible Options for exchange. We will provide you with a written confirmation of the cancellation of any such options along with grant documents relating to your New Options following the New Option Grant Date.

Although the Board and our shareholders have approved the Exchange Offer, consummation of the Exchange Offer is subject to the satisfaction or waiver of the conditions described in Section 6 of the Offering Memorandum (“**Conditions of the Exchange Offer**”). Neither we nor the Board (or the compensation committee thereof) make any recommendation as to whether you should participate, or refrain from participating, in the Exchange Offer. You must make your own decision whether to participate. You should consult your personal financial and tax advisors if you have questions about your financial or tax situation as it relates to the Exchange Offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of this transaction or the accuracy or adequacy of the information contained in the Exchange Offer. Any representation to the contrary is a criminal offense.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD PARTICIPATE IN THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU.

WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION FORMS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY REDHILL.

SUMMARY TERM SHEET — QUESTIONS AND ANSWERS

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

Set forth below are answers to some of the questions that you may have about the Exchange Offer. We encourage you to carefully read the remainder of this Offer to Exchange Eligible Options for New Options and the accompanying Election Form. Where appropriate, we have included references to the relevant sections of the Offering Memorandum where you can find a more complete description of the topics in this summary.

No.	Question	Page
Q1.	Why is RedHill making the Exchange Offer?	6
Q2.	Who is eligible to participate in the Exchange Offer?	6
Q3.	Which options are subject to the Exchange Offer?	6
Q4.	Will the terms and conditions of my New Options be the same as my exchanged options?	7
Q5.	How many New Options will I receive for the Eligible Options I exchange?	7
Q6.	Will my New Options have an exercise or purchase price?	7
Q7.	When will my New Options vest?	7
Q8.	Do I need to exercise my New Option in order to receive ADSs?	7
Q9.	If I participate in the Exchange Offer, when will my New Options be granted?	7
Q10.	What happens to my New Options if I terminate my employment, service relationship or directorship with RedHill or its subsidiary?	8
Q11.	Must I participate in the Exchange Offer?	8
Q12.	How should I decide whether or not to participate in the Exchange Offer?	8
Q13.	How do I find out how many Eligible Options I have and what their exercise prices are?	9
Q14.	Can I tender for exchange stock options that I have already fully exercised?	9
Q15.	Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?	9
Q16.	Can I tender for exchange a portion of an Eligible Option?	9
Q17.	What if I am on an authorized leave of absence during the Exchange Offer?	9
Q18.	What happens if my employment or other service relationship or directorship with RedHill or its subsidiary terminates before the Expiration Time?	10
Q19.	Will I owe taxes if I participate in the Exchange Offer?	10
Q20.	Will I owe taxes if I do not participate in the Exchange Offer?	10
Q21.	What will happen to my Eligible Options if I participate in the Exchange Offer?	10
Q22.	Is it possible for my New Options to be or become out of the money?	10
Q23.	What happens to Eligible Options that I choose not to tender or that are not accepted for exchange in the Exchange Offer?	11
Q24.	How long do I have to decide whether to participate in the Exchange Offer?	11
Q25.	How do I tender my Eligible Options for exchange?	11
Q26.	Can I withdraw previously tendered Eligible Options?	12
Q27.	How will I know whether you have received my Election Form or my Notice of Withdrawal?	12
Q28.	What will happen if I do not return my Election Form by the deadline?	12
Q29.	What if I have any questions regarding the Exchange Offer?	12

Q1. Why is RedHill making the Exchange Offer?

We believe that the Exchange Offer is in the best interests of the holders of our ADSs and an important component of our strategy to maintain an equity compensation program that effectively motivates and retains our employees, service providers and directors. We further believe that the Exchange Offer will permit us to enhance long-term value for the holders of our ADSs by aligning incentives among the Eligible Optionholders who choose to participate in the Exchange Offer so they are further motivated to achieve our strategic, operational and financial goals.

Many of our employees, service providers and directors now hold options to acquire ADSs (“**ADS Options**”) with exercise prices significantly higher than the current market price of our ADS. On April 23, 2021, the closing price of our ADSs on Nasdaq was \$7.06 per ADS and the weighted average exercise price of Eligible Options was \$10.72 per ADS. Consequently, as of April 26, 2021, Eligible Optionholders held 2,805,281 Eligible Options, of which 2,565,812 were out-of-the-money. Although we continue to believe that ADS Options are an important component of our employees’, service providers’ and directors’ total compensation, many of our employees, service providers and directors view their existing options as having little or no value due to the difference between the exercise prices and the current market price of our ADSs. As a result, for many employees, service providers and directors these options are ineffective at providing the incentives and retention value that our Board believes are necessary to motivate our employees, service providers and directors to achieve our strategic, operational and financial goals.

See Section 2 of the Offering Memorandum (“**Purpose of The Exchange Offer; Additional Considerations**”) for more information.

Q2. Who is eligible to participate in the Exchange Offer?

Only Eligible Optionholders are eligible to participate in the Exchange Offer. You are an “**Eligible Optionholder**” if:

- on the date the Exchange Offer commences, you are employed by, have an active service relationship with, or are a director of RedHill or its subsidiary and have not submitted a notice of resignation or been notified by RedHill or such subsidiary that your employment, other service relationship or directorship with RedHill or such subsidiary is being terminated; and
- from and after the date the Exchange Offer commences through the Expiration Time, you continue to be employed by, or have a service relationship with, or be a director of RedHill or its subsidiary and have not submitted a notice of resignation or been notified by RedHill or such subsidiary that your employment or other service relationship or directorship with Redhill or such subsidiary is being terminated.

For purposes hereof, a service relationship is “active” if the service provider has provided requested services to RedHill or its subsidiary within the twelve (12) calendar months prior to April 26, 2021.

See Section 1 of the Offering Memorandum (“**Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**”) for more information.

Q3. Which options are subject to the Exchange Offer?

Under the Exchange Offer, Eligible Optionholders will be able to elect to tender all of their outstanding Eligible Options for exchange.

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Optionholder;
- was granted under our Plan prior to the initial approval of the repricing by our Board on March 25, 2020; and
- in the case of options held by Eligible Optionholders who are subject to U.S. taxation (each, a “**U.S. Taxed Optionholder**”), has an exercise price per ADS in excess of \$7.00.

See Section 1 of the Offering Memorandum (“**Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**”) for more information.

Q4. Will the terms and conditions of my New Options be the same as my exchanged options?

Generally, yes. While your New Option(s) will have a reduced exercise price, the expiration date, the vesting schedule, other terms and conditions, and the potential tax treatment of your New Option(s), will be the same as your tendered Eligible Options. In addition, your New Options may be treated as nonstatutory stock options, even if all or a portion of the tendered Eligible Options ISOs, as described herein. For Israeli employees, New Options exchanged for Eligible Options granted in accordance with Section 102 of the Israeli Income Tax Ordinance, 1961 (“*ITO*”) and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder (“*Section 102*”) are intended to be granted as options eligible for the tax benefits accorded under Section 102, to the extent permitted by the law. We believe the New Options will qualify as options eligible for the tax benefits accorded under Section 102; however, there is no assurance that this will be the case.

See Section 12 of the Offering Memorandum (“*Material Tax Consequences*”) for more information.

Q5. How many New Options will I receive for the Eligible Options I exchange?

The number of ADSs that may be purchased under each New Option will be the same amount as the surrendered Eligible Options.

Q6. Will my New Options have an exercise or purchase price?

Each of the New Options will have an exercise price per ADS (the “*New Exercise Price*”) equal to the following:

- (a) For Non-U.S. Taxed Optionholders: \$5.00, or \$4.30 if RedHill has (i) net revenues of at least \$100 million AND negative EBITDA of less than \$40 million in 2021, or (ii) net revenues of at least \$130 million AND negative EBITDA of less than \$20 million in 2022; and
- (b) For U.S. Taxed Optionholders: \$7.00.

See Section 1 of the Offering Memorandum (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) for more information and Section 7 of the Offering Memorandum (“*Price Range of Our ADSs*”) for information concerning the historical prices of our ADSs.

Q7. When will my New Options vest?

Each New Option granted will vest on the same terms as the Eligible Option exchanged therefor.

As with any unvested equity award under the Plan, you must remain in continuous employment or service, or as a director, with RedHill or its subsidiary through each vesting date. In the event that your employment, service or directorship with RedHill or such subsidiary terminates for any reason prior to the vesting date of any unvested portion of your New Options, such unvested portion shall expire on your termination date.

Q8. Do I need to exercise my New Options in order to receive ADSs?

Yes. In order to receive ADSs, you will need to exercise the vested portion of your New Options and pay the exercise price (and satisfy any applicable tax withholding obligations). The terms governing when and how you can exercise your New Options are generally the same as the terms and conditions that govern your Eligible Options.

Q9. If I participate in the Exchange Offer, when will my New Options be granted?

Unless we amend or terminate the Exchange Offer in accordance with its terms, we will grant you New Options in exchange for Eligible Options with respect to which you properly made a valid election (and did not validly revoke that election), effective as of the New Option Grant Date, which is currently expected to be on or about Monday, May 24, 2021. The New Options will reflect the New Option Terms.

See Section 1 of the Offering Memorandum (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) for more information.

Q10. What happens to my New Options if I terminate my employment, service relationship or directorship with RedHill or its subsidiary?

Vesting of your New Options will cease upon termination of your employment, service relationship or directorship with RedHill or such subsidiary and your unvested New Options will be forfeited except as otherwise provided under applicable employment and service agreement and the Plan.

In general, pursuant to the Plan, the vested portion of your New Options may be exercised for a period of ninety (90) days (or three (3) months in the case of an ISO) following termination (or notice thereof, if earlier) of your employment, service relationship or directorship with RedHill or its subsidiary unless (i) the termination of the applicable relationship is due to your death or disability (as determined by the Board) or retirement after age 60 (other than a termination for cause), in which case the New Option may be exercised (to the extent exercisable at the time of the termination of service) at any time within twenty four (24) months following your termination date (but only to the extent exercisable at termination of such relationship and not beyond the scheduled expiration date) by your legal representative or legatee; provided, however, in the case of an ISO, with respect to a termination of the relationship as a result of death or disability, the period shall be twelve (12) months, and in the case of retirement after age 60, the period shall be three (3) months (in each case, only to the extent exercisable at termination of the relationship and not beyond the scheduled expiration date); or (ii) you are terminated for cause, in which case the New Option will cease to be exercisable immediately upon your termination. In no event may your New Options be exercised beyond their scheduled expiration date.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain employed by, have a service relationship with or be a director of RedHill or its subsidiary. The terms of your employment, service relationship or directorship with RedHill or its subsidiary remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain employed by, continue to have a service relationship with, or remain a director at RedHill or its subsidiary until the expiration of the Exchange Offer, the New Option Grant Date or thereafter during the vesting period of the New Options. In addition, we cannot provide any assurance that your employment, service relationship or directorship with RedHill or its subsidiary will continue past the vesting date of any New Option issued in exchange for an Eligible Option.

See Section 1 of the Offering Memorandum (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) and Section 5 of the Offering Memorandum (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) for more information.

Q11. Must I participate in the Exchange Offer?

No. Participation in the Exchange Offer is completely voluntary. If you hold Eligible Options pursuant to more than one option under our Plan that qualifies as an Eligible Option and would like to participate in the Exchange Offer, you will be allowed to tender for exchange as few or as many of your Eligible Options as you wish; however, you must tender all of the options underlying any selected Eligible Option. If you choose not to participate in the Exchange Offer, then your Eligible Options will remain outstanding and subject to their current terms.

Q12. How should I decide whether or not to participate in the Exchange Offer?

We are providing substantial information to assist you in making your own informed decision. Please read all the information contained in the various sections of the Offering Memorandum below, including the information in Section 2 (“*Purpose of The Exchange Offer; Additional Considerations*”), Section 7 (“*Price Range of Our ADSs*”), Section 8 (“*Information Concerning RedHill; Financial Information*”), Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”), Section 12 (“*Material Tax Consequences*”) and Section 15 (“*Additional Information*”) of the Offering Memorandum. You should seek further advice from your legal counsel, accountant and financial advisor. Participation in the Exchange Offer is entirely your decision and should be made based on your personal circumstances. No one from RedHill is, or will be, authorized to provide you with legal, tax, financial or other advice or recommendations regarding whether you should participate in the Exchange Offer.

In addition to reviewing the materials provided, please note the following:

- New Options provide value upon exercise only if the market price of our ADSs exceeds the exercise price of the New Option.
- You should carefully consider the potential tax consequences of your exchange of Eligible Options for New Options.

Please also review the “Risk Factors” that appear on page 13.

Q13. How do I find out how many Eligible Options I have and what their exercise prices are?

The Election Form distributed along with the Exchange Offer includes a list of your Eligible Options as of April 26, 2021. At any time during the Exchange Offer, you may contact us via email at Benefits@altshul.co.il to confirm the number of outstanding options that you have and the grant dates, remaining option term, exercise prices, vesting schedule and other information regarding such options.

Q14. Can I tender for exchange stock options that I have already fully exercised?

No. The Exchange Offer applies only to outstanding Eligible Options. An option that has been fully exercised is no longer outstanding and is therefore not an Eligible Option.

Q15. Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?

Yes. If you exercised an Eligible Option in part before April 26, 2021, the remaining unexercised portion of the Eligible Option can be tendered for exchange in the Exchange Offer.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q16. Can I tender for exchange a portion of an Eligible Option?

No partial exchange of an Eligible Option grant will be permitted. If you elect to tender an Eligible Option for exchange, you must tender all the options underlying the outstanding (i.e., unexercised) portion of that Eligible Option. You may elect to tender as few or as many of your Eligible Option grants as you wish. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Option grants that you have properly tendered for exchange.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q17. What if I am on an authorized leave of absence during the Exchange Offer?

Any Eligible Optionholder who is on an authorized leave of absence will be eligible to participate in the Exchange Offer so long as they are an employee of Redhill or its subsidiary (whether active or on an authorized leave of absence) at both the commencement of the Exchange Offer and the Expiration Time and have not submitted a notice of resignation or received a notice of termination.

See Section 1 of the Offering Memorandum (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) for more information.

Q18. What happens if my employment, service relationship or directorship with RedHill or its subsidiary terminates before the Expiration Time?

If you have tendered Eligible Options under the Exchange Offer and your employment, service relationship or directorship with RedHill or its subsidiary terminates for any reason prior to the Expiration Time, you will no longer be eligible to participate in the Exchange Offer. Accordingly, we will not accept your Eligible Options for exchange, and you will not be eligible to receive New Options. In such a case, you may be able to exercise the vested portion of your existing Eligible Options for a limited time after your termination date, subject to and in accordance with their original terms.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain an employee, service provider or director of RedHill or its subsidiary. The terms of your employment, service relationship or directorship with RedHill or its subsidiary remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our employment or service, or as a director, until the Expiration Time, the New Option Grant Date or thereafter. In addition, we cannot provide any assurance that your employment, service relationship or directorship with RedHill or its subsidiary will continue past the vesting date of any New Option granted in exchange for an Eligible Option.

See Section 1 (“*Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) and Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) of the Offering Memorandum for more information.

Q19. Will I owe taxes if I participate in the Exchange Offer?

Neither the acceptance of your Eligible Options for exchange nor the grant of any New Options will be a taxable event for U.S. federal income tax purposes.

There is no assurance that the Israeli Tax Authority (“*ITA*”) will not consider the exchange and grant of the New Options as a taxable event for Israeli income tax purposes.

You should consult with your tax advisor in advance to determine the personal tax consequences of participating in the Exchange Offer. If you are an Eligible Optionholder who is subject to the tax laws of a country other than the United States or Israel or of more than one country, you should be aware that there may be additional or different tax consequences that may apply to you. We advise all Eligible Optionholders who may consider tendering their Eligible Options for exchange to consult with their own tax advisors with respect to the Israeli, U.S. federal, state and local and non-Israeli and non-U.S. tax consequences of participating in the Exchange Offer.

See Section 12 of the Offering Memorandum (“*Material Tax Consequences*”) for more information regarding the tax aspects of the Exchange Offer.

Q20. Will I owe taxes if I do not participate in the Exchange Offer?

Your rejection of the Exchange Offer will not be a taxable event for Israeli or U.S. federal income tax purposes.

See Section 12 of the Offering Memorandum (“*Material Tax Consequences*”) for more information.

Q21. What will happen to my Eligible Options if I participate in the Exchange Offer?

We will cancel all Eligible Options tendered by you and accepted by RedHill for exchange in the Exchange Offer.

Q22. Is it possible for my New Options to be or become out of the money?

Yes. The New Options will be subject to the New Exercise Price as described above. If the market price of our ADSs reported on Nasdaq falls below the New Exercise Price at any time after the New Option Grant Date, then your New Options will be out of the money.

Q23. What happens to Eligible Options that I choose not to tender or that are not accepted for exchange in the Exchange Offer?

Generally, there will be no impact to Eligible Options that you choose not to tender for exchange prior to the original Expiration Time. However, if (1) any of your Eligible Options are currently treated as ISOs, (2) we extend the Exchange Offer beyond the original Expiration Time of May 24, 2021, and it remains outstanding for more than 29 days, and (3) you do not reject this Exchange Offer within the first 29 days in which it is outstanding (that is, by the original Expiration Time on May 24, 2021), then your Eligible Options may cease to be treated as ISOs as of the original Expiration Time on May 24, 2021. If the fair market value of our ADS as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your holding period under your Eligible Options (as further described below in the section called “*Taxation of Incentive Stock Options*”) will start over on the Expiration Time. Therefore, if we extend the Exchange Offer beyond the original Expiration Time on May 24, 2021 and it remains outstanding for more than 29 days, and you wish to avoid the possible impact on your ISO status, you must reject this Exchange Offer by completing and submitting the Election Form on or prior to 5:00 p.m. Eastern Time on May 24, 2021.

We will not accept for exchange any options that are tendered that do not qualify as Eligible Options. If you tender an option that is not accepted for exchange, we will send you a separate email following the Expiration Time notifying you that your tendered option was not accepted for exchange.

Q24. How long do I have to decide whether to participate in the Exchange Offer?

The Exchange Offer expires at 5:00 p.m., Eastern Time, on May 24, 2021 (or such later date as may apply if the Exchange Offer is extended). We will not make any exceptions to this deadline. However, although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer at any time. If we extend the Exchange Offer, we will publicly announce the extension and the new expiration date no later than 9:00 a.m., Eastern Time, on the next business day after the last previously scheduled or announced expiration date.

See Section 13 of the Offering Memorandum (“*Extension of the Exchange Offer; Termination; Amendment*”) for more information.

Q25. How do I tender my Eligible Options for exchange?

If you are an Eligible Optionholder, you may tender your Eligible Options for exchange at any time before the Exchange Offer expires at 5:00 p.m., Eastern Time, on May 24, 2021 (or such later date as may apply if the Exchange Offer is extended).

To validly tender your Eligible Options, you must deliver a properly completed and signed Election Form, as well as any other documents required by the Election Form, by email (by PDF or similar imaged document file) to Benefits@altshul.co.il.

You do not need to return your option agreements relating to any tendered Eligible Options as they will be automatically cancelled effective as of the New Option Grant Date if we accept your Eligible Options for exchange. We will separately provide to you the grant documents relating to your New Options for your acceptance following the New Option Grant Date.

Your Eligible Options will not be considered tendered until we receive your properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 5:00 p.m., Eastern Time, on May 24, 2021 (or such later date as may apply if the Exchange Offer is extended). If you miss this deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the Election Form only by email (by PDF or similar imaged document file) delivered to Benefits@altshul.co.il. You are responsible for making sure that the Election Form is delivered to the email address indicated above. You must allow for sufficient time to complete, sign and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine would be unlawful to accept. Subject to our rights to extend, terminate and amend the Exchange Offer, we expect to accept all properly tendered Eligible Options on or about May 24, 2021 following the Expiration Time.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q26. Can I withdraw previously tendered Eligible Options?

Yes. You may withdraw your tendered Eligible Options at any time before the Exchange Offer expires at 5:00 p.m., Eastern Time, on May 24, 2021 (or such later date as may apply if the Exchange Offer is extended). Unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options at any time after 12:00 a.m., Eastern Time, on Monday, June 21, 2021.

To withdraw tendered Eligible Options, you must deliver to us a properly completed and signed Notice of Withdrawal of Election Form (a “*Notice of Withdrawal*”) with the required information prior to the Expiration Time. The Notice of Withdrawal must be delivered by email (by PDF or similar imaged document file) to Benefits@altshul.co.il.

If you miss the deadline to withdraw but remain an Eligible Optionholder, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Notice of Withdrawal that we receive before the Expiration Time.

You are responsible for making sure that you properly submit a Notice of Withdrawal for any tendered Eligible Option that you wish to subsequently withdraw. You must allow sufficient time to complete, sign and deliver your Notice of Withdrawal to ensure that we receive it before the Expiration Time.

Once you have withdrawn Eligible Options, you may re-tender such Eligible Options by submitting a new Election Form and following the procedures for validly tendering Eligible Options in the Exchange Offer described in Question 25 above.

See Section 4 of the Offering Memorandum (“*Withdrawal Rights*”) for more information.

Q27. How will I know whether you have received my Election Form or my Notice of Withdrawal?

We will send you an email or other form of communication, as appropriate, to confirm receipt of your Election Form or Notice of Withdrawal, as applicable, shortly after we receive it. However, it is your responsibility to ensure that we receive your Election Form or Notice of Withdrawal, as applicable, prior to the Expiration Time.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q28. What will happen if I do not return my Election Form by the deadline?

If we do not receive a completed and signed Election Form from you by the Expiration Time, then all of your Eligible Options will remain outstanding at their original exercise price and subject to their original terms. If you prefer not to tender any of your Eligible Options for exchange in the Exchange Offer, you do not need to do anything. However, if we extend the Exchange Offer beyond the original Expiration Time on May 24, 2021 and it remains outstanding for more than 29 days, and you wish to avoid the possible impact on the ISO status of any of your Eligible Options, you must reject this Exchange Offer by completing and submitting the Election Form on or prior to 5:00 p.m. Eastern Time on May 24, 2021.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q29. What if I have any questions regarding the Exchange Offer?

You should direct questions about the Exchange Offer (including requests for additional or paper copies of the Exchange Offer and other Exchange Offer documents, which we will promptly furnish to you at our expense) by email to Benefits@altshul.co.il.

RISK FACTORS

Participation in the Exchange Offer involves a number of potential risks and uncertainties, including those described below. You should consider, among other things, these risks and uncertainties before deciding whether or not to request that we exchange your Eligible Options in the manner described in the Exchange Offer. You should carefully review the risk factors set forth below and also those contained in our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the Securities and Exchange Commission (the “SEC”) on March 18, 2021, as well as the other information provided in the Exchange Offer and the other materials that we have filed with the SEC, before making a decision as to whether or not to tender your Eligible Options. See Section 15 of the Offering Memorandum (“**Additional Information**”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

Section 21E of the Exchange Act excludes from the definition of “forward-looking” statements for purposes of the Private Securities Litigation Reform Act of 1995 those forward-looking statements made in connection with a tender offer. As such, forward-looking statements set forth in this Exchange Offer are not eligible for the protection afforded by the statutory safe harbor. However, you are urged to review statements and disclosures set forth in and incorporated by reference into this Exchange Offer that include forward-looking statements due to the risks and uncertainties associated with those statements. Forward-looking statements give our current expectations or forecasts of future events. These forward-looking statements include, without limitation, statements regarding the status of the Exchange Offer, our industry, business strategy, plans, goals and expectations concerning our market position, future technologies, future operations, margins, profitability, future efficiencies, capital expenditures, liquidity and capital resources and other financial and operating information. Words such as “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “projects,” “seek,” “should,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify these forward-looking statements.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. Additional risks that we may currently deem immaterial or that are not currently known to us could also cause the forward-looking events discussed in this Exchange Offer or incorporated herein by reference not to occur as described. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Exchange Offer.

Risks Related to the Exchange Offer

The New Options could become out of the money after they are granted.

The New Options will be subject to the New Exercise Price per ADS (as described above). If the trading price of our ADSs decreases after the New Option Grant Date, the New Exercise Price may be greater than the trading price of our ADSs, and you will not be able to realize any gain from the exercise of your New Options unless and until the applicable trading price increases such that it is greater than the New Exercise Price (and after any applicable vesting date). The trading price of our ADSs has been volatile and there can be no assurances regarding the future price of our ADSs or that the trading price of our ADSs will increase after the New Option Grant Date.

We will not grant New Options to you if we are prohibited from doing so by applicable laws, rules, regulations or policies.

Even if we accept your tendered Eligible Options, we will not grant New Options to you if we are prohibited by applicable laws, rules, regulations or policies from doing so. Such a prohibition could result from, among other things, changes in U.S. laws, SEC rules, regulations or policies or Nasdaq listing requirements or if you move to a jurisdiction in which we are prohibited or prevented from granting New Options.

For Israeli tax purposes, the exchange and grant of New Options to Israeli residents may be regarded as a taxable event, and the New Options may not be eligible for Section 102 tax benefits.

There is no assurance that the ITA will not regard your participation in the Exchange Offer as a taxable event for Israeli income tax purposes. In addition, there is no assurance that the New Options exchanged for 102 Options will qualify as options eligible for the tax benefits afforded under Section 102. In such case, the gains generated upon exercise of the New Options may be subject to marginal tax at a rate of up to 47% for individuals (not including social security fees, health fees and surtax). Even if the New Options are eligible for the tax benefits afforded under Section 102, your two-year holding period under your Eligible Options under Section 102 will start over on the New Option Grant Date (or such other date).

We and/or the Section 102 trustee shall have the right to withhold taxes according to the requirements under applicable laws and you will be required to indemnify us and/or the Section 102 trustee and hold them harmless against and from all liabilities relating to the necessity to withhold tax.

Tax-related risks for tax residents of multiple countries.

If you are subject to the tax laws in more than one jurisdiction, you should be aware that there may be tax and social insurance consequences of more than one country that may apply to you. You should be certain to consult your own tax advisor to discuss these tax consequences.

OFFERING MEMORANDUM

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

Table of Contents

	<u>Page</u>
<u>Section 1. Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer.</u>	15
<u>Section 2. Purpose of the Exchange Offer; Additional Considerations.</u>	17
<u>Section 3. Procedures for Tendering Eligible Options.</u>	18
<u>Section 4. Withdrawal Rights.</u>	19
<u>Section 5. Acceptance of Eligible Options for Exchange; Grant of New Options.</u>	20
<u>Section 6. Conditions of the Exchange Offer.</u>	21
<u>Section 7. Price Range of Our ADSs.</u>	22
<u>Section 8. Information Concerning RedHill; Financial Information.</u>	23
<u>Section 9. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities.</u>	24
<u>Section 10. Accounting Consequences of the Exchange Offer.</u>	24
<u>Section 11. Legal Matters; Regulatory Approvals.</u>	25
<u>Section 12. Material Tax Consequences.</u>	25
<u>Section 13. Extension of the Exchange Offer; Termination; Amendment.</u>	29
<u>Section 14. Consideration; Fees and Expenses.</u>	29
<u>Section 15. Additional Information.</u>	30
<u>Section 16. Miscellaneous.</u>	30

OFFERING MEMORANDUM

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

Section 1. Eligible Optionholders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer.

RedHill Biopharma Ltd. (“**RedHill**,” “**we**,” “**us**” or “**our**”) is offering eligible employees, service provider and directors the opportunity to exchange certain outstanding options to purchase ADSs for replacement options to purchase ADSs with modified terms. As described in this Section 1 of this Offering Memorandum—Offer to Exchange Eligible Options for New Options (this “**Offering Memorandum**”), Eligible Options that are validly tendered (and not validly withdrawn) prior to the Expiration Time will be exchanged for New Options in exchange for an Eligible Optionholder’s agreement to accept the New Options. Each capitalized term that is used herein without being defined has the meaning set forth below or in the Offering Memorandum.

We are making the offer on the terms and subject to the conditions described in this Offering Memorandum, as they may be amended from time to time, and these terms and conditions constitute the “**Exchange Offer**.” The Exchange Offer is not conditioned on the acceptance of the Exchange Offer by a minimum number of Eligible Optionholders or the tender of elections to exchange Eligible Options covering a minimum number of ADSs.

Eligible Optionholders

All individuals who hold Eligible Options and who (i) as of the date the Exchange Offer commences and as of the Expiration Time are current employees or directors of RedHill or its subsidiary or (ii) had an active service relationship as of the date the Exchange Offer commenced and continue to be a service provider as of the Expiration Time, with RedHill or its subsidiary may participate in the Exchange Offer (the “**Eligible Optionholders**”). To be an Eligible Optionholder, you must continue to be employed by, or be a director of, RedHill or its subsidiary or have such a service relationship with RedHill or its subsidiary and not have submitted a notice of resignation/termination or received a notice of termination, between the date the Exchange Offer commences and the Expiration Time.

For purposes hereof, a service relationship is “active” if a service provider has provided requested services to RedHill or its subsidiary within the twelve (12) calendar months prior to April 26, 2021.

You will not be eligible to tender Eligible Options for exchange in the Exchange Offer if you cease to be an Eligible Optionholder for any reason prior to or as of the Expiration Time, including due to your voluntary resignation, retirement, involuntary termination, layoff, death or disability. An individual who is on an authorized leave of absence and is otherwise an Eligible Optionholder on the Expiration Date will be eligible to tender Eligible Options in the Exchange Offer. A leave of absence is considered “authorized” if it was approved in accordance with RedHill’s policies (or those of its subsidiary, if applicable).

The status of your employment, directorship or services with RedHill or its subsidiary and the terms of your employment, directorship or other service with RedHill or its subsidiary will not change, regardless of your participation in the Exchange Offer, and can be terminated by you or RedHill (or its subsidiary, if applicable) at any time, subject to any contract rights. Nothing in the Exchange Offer should be construed to confer upon you the right to remain employed by or otherwise in a service relationship with RedHill or its subsidiary. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain employed by, a director of or in a service relationship with RedHill until the New Option Grant Date or any vesting date of your New Options in the future.

Eligible Options

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Optionholder; and
- was granted under our Amended and Restated Award Plan (2010) (the “**Plan**”) prior to the initial approval of the repricing by our board of directors (“**Board**”) on March 25, 2020; and
- in the case of options held by Eligible Optionholders who are subject to U.S. taxation (each, a “**U.S. Taxed Optionholder**”), has an exercise price per ADS in excess of \$7.00.

If you choose to participate in the Exchange Offer and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of new options (each, a “**New Option**”) to acquire American Depositary Shares of the Company, each representing 10 ordinary shares of RedHill, par value NIS 0.01 per share (“**ADS**”) with the following terms (collectively, the “**New Option Terms**”):

- a. For Eligible Optionholders who are not subject to U.S. taxation (each, a “**Non-U.S. Taxed Optionholder**”):
 - (i) \$5.00, or
 - (ii) \$4.30 if RedHill has (A) net revenues of at least \$100 million AND negative Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”) of less than \$40 million in 2021 or (B) net revenues of at least \$130 million AND negative EBITDA of less than \$20 million in 2022 (“**RedHill Performance**”).
- b. For U.S. Taxed Optionholders, \$7.00, which was the per ADS fair market value on April 12, 2021, the date the Board approved the exercise price for any New Options to be granted to U.S. Taxed Optionholders.
- Each New Option will represent your right to purchase the same number of ADSs as your surrendered Eligible Options.
- Your New Option will be granted under the Plan.
- Each New Option
 - offered to a U.S. Taxed Optionholder in exchange for an incentive stock option will be granted as an incentive stock option for U.S. federal income tax purposes (“**ISO**”), to the extent permitted by the law (including, without limitation, that the exercise price per ADS must be at least equal to the fair market value of an ADS on the date of grant or, 110% of such fair market value in the case of an ISO granted to an employee who owns or is deemed to own more than 10% of the combined voting power of all classes of our stock (or of any parent or subsidiary));
 - offered to a U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO will be granted as a nonstatutory stock option that does not qualify as an ISO;
 - offered in exchange for an Eligible Option granted in accordance with Section 102 of the Israeli Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder (“Section 102”) is intended to be granted as an option eligible for the tax benefits accorded under Section 102, to the extent permitted by the law, and
 - offered to a Non-U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO or as an option in accordance with Section 102, will be granted an option that does not qualify as an ISO or as an option in accordance with Section 102.

- Each New Option will have the same expiration date, vesting schedule and other terms (other than exercise price) as the Eligible Option exchanged therefor.

The contingent reduction in the exercise price described below that is applicable to Eligible Options held by Non-U.S. Taxed Optionholders and that depends on RedHill Performance will only apply, if at all, following the public announcement of the audited financial results of the previous fiscal year, subject to all other New Option Terms.

The commencement date of the Exchange Offer is April 26, 2021. We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum. The Exchange Offer is voluntary with respect to each Eligible Option you hold. You are not required to participate in the Exchange Offer. If you hold more than one option that qualifies as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to tender for exchange as few or as many of your Eligible Option grants as you wish; however, you must tender all of the options underlying any selected Eligible Option grant. Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled, and your New Options will be granted with the New Option Terms effective promptly following the Expiration Time (such date, the “**New Option Grant Date**”).

Expiration and Extension of the Exchange Offer

The Exchange Offer is scheduled to expire at 5:00 p.m., Eastern Time, on May 24, 2021, unless we, in our sole discretion, extend the expiration date of the Exchange Offer (such time and date referred to herein as the “**Expiration Time**”). See Section 13 (“**Extension of Exchange Offer; Termination; Amendment**”) for a description of our rights to extend, terminate and amend the Exchange Offer.

If you do not elect to tender your Eligible Options before the Expiration Time, such Eligible Options will remain subject to their current terms, including the current exercise prices and vesting schedules.

Section 2. Purpose of the Exchange Offer; Additional Considerations.

We believe that the Exchange Offer is in the best interests of the holders of our ADSs and an important component of our strategy to maintain an equity compensation program that effectively motivates and retains our employees, service providers and directors. We further believe that the Exchange Offer will permit us to enhance long-term value for the holders of the ADSs by aligning incentives among the Eligible Optionholders who choose to participate in the Exchange Offer so they are further motivated to achieve our strategic, operational and financial goals.

Many of our employees, service providers and directors now hold options with exercise prices significantly higher than the current market price of our ADSs. On April 23, 2021, the closing price of our ADSs on Nasdaq was \$7.06 per ADS and the weighted average exercise price of Eligible Options was \$10.72. Consequently, as of April 26, 2021, 2,805,281 Eligible Options were held by Eligible Optionholders, of which 2,565,812 were out-of-the-money. Although we continue to believe that ADS Options are an important component of the total compensation of our employees, service providers and independent directors, many of whom view their existing options as having little or no value due to the difference between the exercise prices and the current market price of our ADSs. As a result, for many of our employees, service providers and independent directors, these options are ineffective at providing the incentives and retention value that our Board believes are necessary to motivate our employees, service providers and directors to achieve our strategic, operational and financial goals.

Our compensation committee and Board each considered alternatives to the Exchange Offer to provide meaningful performance and retention incentive to our employees, service providers and directors. After careful consideration, our compensation committee and Board each determined that, compared to other alternatives, the Exchange Offer provides a better incentive and motivation to our key contributors than the out-of-the-money ADS Options that they currently hold as the Exchange Offer will restore the incentive and retentive benefit of our equity program, and reduce the need to grant replacement equity incentives.

Subject to the foregoing and except as otherwise disclosed in the Exchange Offer or in our filings with the Securities and Exchange Commission (the “SEC”), we currently have no plans, proposals or negotiations that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation involving Redhill or its subsidiary;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any material change in our Board or executive management team, including any plans to change the number or term of our directors or to fill any existing vacancies on the Board or to change the material terms of any executive officer’s employment;
- any other material change in our corporate structure or business;
- our ADSs or ordinary shares being delisted from any applicable national securities exchange or ceasing to be authorized for quotation in an automated quotation system operating by a national securities association;
- our ADSs becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course of business or pursuant to existing options or other rights; or
- any change in our articles of association, or any actions that may impede the acquisition of control of us by any person.

WE DO NOT MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU SHOULD EVALUATE CAREFULLY ALL OF THE INFORMATION IN THE EXCHANGE OFFER AND CONSULT YOUR OWN FINANCIAL AND TAX ADVISORS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS FOR EXCHANGE.

Section 3. Procedures for Tendering Eligible Options.

If you wish to tender your Eligible Options for exchange, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before the Expiration Time by the following means:

- *By email (by PDF or similar imaged document file) delivered to: Benefits@altshul.co.il*

Except as described in the following sentence, the Election Form must be signed by the Eligible Optionholder who holds the Eligible Options to be tendered using the same name for such Eligible Optionholder as appears on the applicable stock option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be identified on the Election Form.

Your Eligible Options will not be considered tendered until we receive the properly completed and signed Election Form. We must receive your properly completed and signed Election Form before the Expiration Time. If you miss this deadline or submit an Election Form that is not properly completed and signed as of the deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the Election Form only by email (by PDF or similar imaged document file). You are responsible for making sure that the Election Form is delivered to Benefits@altshul.co.il. You must allow for sufficient time to complete, sign and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled in exchange for New Options if we accept your Eligible Options for exchange.

Determination of Validity; Rejection of Eligible Options; Waiver of Defects; No Obligation to Give Notice of Defects.

To validly tender your Eligible Options pursuant to the Exchange Offer, you must remain an Eligible Optionholder and must not have given a notice of resignation, must not have received a notice of termination and your employment, service relationship or directorship with us must not have terminated for any other reason, including due to your voluntary resignation, retirement, involuntary termination, layoff, death or disability, prior to or as of the Expiration Time.

If you hold multiple options that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender as few or as many of your Eligible Options as you wish. However, if you elect to tender an Eligible Option for exchange, you must tender the entire outstanding (i.e., unexercised) portion of that Eligible Option. If you attempt to tender a portion but not all of an outstanding Eligible Option, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Options that you have properly tendered for exchange.

We will determine all questions as to form of documents and the validity, eligibility, time of receipt and acceptance of any tender of Eligible Options. Neither RedHill nor any other person is obligated to give notice of any defects or irregularities in tenders. No tender of Eligible Options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Eligible Optionholder or waived by RedHill. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties.

The Exchange Offer is intended to be a one-time offer, and we will strictly enforce the offer period, subject only to any extension of the Expiration Time that we may grant in our sole discretion. Subject to Rule 13e-4 under the Exchange Act, we also reserve the right to waive any of the conditions of the Exchange Offer or any defect or irregularity in any tender with respect to any particular Eligible Option or any particular Eligible Optionholder.

Our Acceptance Constitutes an Agreement.

Your tender of Eligible Options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Exchange Offer and will be controlling, absolute and final, subject to your withdrawal rights under Section 4 (“**Withdrawal Rights**”) and our acceptance of your tendered Eligible Options in accordance with Section 5 (“**Acceptance of Eligible Options for Exchange; Grant of New Options**”). Our acceptance for exchange of Eligible Options that you tender pursuant to the Exchange Offer will constitute a binding agreement between RedHill and you upon the terms and subject to the conditions of the Exchange Offer.

Subject to our rights to terminate and amend the Exchange Offer in accordance with Section 6 (“**Conditions of the Exchange Offer**”), and as described in Section 1 of this Offering Memorandum, on the New Option Grant Date, we expect to accept for exchange all properly tendered Eligible Options that have not been validly withdrawn by the Expiration Time, and we expect to cancel the Eligible Options that we accept in exchange for the grant of New Options with the New Option Terms. We expect the New Option Grant Date to occur promptly following the Expiration Time. If the Expiration Time is extended, then the New Option Grant Date will be similarly extended.

Section 4. Withdrawal Rights.

If you elect to accept the Exchange Offer with respect to some or all of your Eligible Options and later change your mind, you may withdraw any tendered Eligible Options by following the procedure described in this Section 4. Just as you may not tender only part of an Eligible Option grant, you also may not withdraw your election with respect to only a portion of an Eligible Option grant. If you elect to withdraw a previously tendered Eligible Option grant, you must withdraw the entire Eligible Option, but you are not required to withdraw any other tendered Eligible Options.

We will permit any Eligible Options tendered in the Exchange Offer to be withdrawn at any time during the period the Exchange Offer remains open, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options that have not been accepted at any time after 12:00 a.m., Eastern Time, on Monday, June 21, 2021. Please note that, upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn by the Expiration Time.

To validly withdraw tendered Eligible Options, you must deliver to us (using the same delivery method described in Section 3) a properly completed and signed Notice of Withdrawal of Election Form (“**Notice of Withdrawal**”) during a period in which you have the right to withdraw the tendered Eligible Options. Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline for withdrawal but remain an Eligible Optionholder, we will exchange any previously tendered Eligible Options pursuant to the Exchange Offer and your previously submitted Election Form.

You are responsible for making sure that, if you wish to withdraw tendered Eligible Options, the Notice of Withdrawal is delivered as indicated in Section 3 above. The Notice of Withdrawal must specify the Eligible Options to be withdrawn. Except as described in the following sentence, the Notice of Withdrawal must be signed by the Eligible Optionholder who holds the Eligible Options to be tendered using the same name for such Eligible Optionholder as appears on the applicable stock option agreement and the previously submitted Election Form. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be identified on the Notice of Withdrawal. We have filed a form of the Notice of Withdrawal as an exhibit to the Tender Offer Statement on Schedule TO filed by RedHill with the SEC on April 26, 2021 (the “**Schedule TO**”). We will deliver a copy of the Notice of Withdrawal form to all Eligible Optionholders.

You may not rescind any withdrawal, and any Eligible Options you withdraw will thereafter be deemed not properly tendered for purposes of the Exchange Offer unless you properly re-tender those Eligible Options before the Expiration Time by following the procedures described in Section 3 of this Offering Memorandum.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice of Withdrawal, nor will anyone incur any liability for failing to give notice of any defects or irregularities. We will determine all questions as to the form and validity, including time of receipt, of Notices of Withdrawal. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determinations of these matters will be final and binding.

Section 5. Acceptance of Eligible Options for Exchange; Grant of New Options.

Upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn (i) by the Expiration Time, unless extended, or (ii) after 12:00 a.m., Eastern Time, on Monday, June 21, 2021, if we have not accepted such Eligible Options by such time. On the New Option Grant Date, we expect to cancel the Eligible Options we have accepted in exchange for the grant of the New Options with the New Option Terms. If the Expiration Time is extended, then the New Option Grant Date will be similarly extended.

After we grant the New Options, we will send each tendering Eligible Optionholder a confirmation email with respect to the Eligible Options that we have accepted for exchange. In addition, we will separately provide to each tendering Eligible Optionholder for acceptance the grant documents relating to the Eligible Optionholder’s New Options. We have filed a form of such confirmation email as an exhibit to the Schedule TO.

If you have tendered Eligible Options under the Exchange Offer and your employment or service relationship terminates for any reason, or if you submit a notice of resignation or receive a notice of termination, before the Expiration Time, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange. In that case, you may be able to exercise your existing vested Eligible Options for a limited time after your termination date in accordance with and subject to their terms.

Section 6. Conditions of the Exchange Offer.

Notwithstanding any other provision of the Exchange Offer, we will not be required to accept any Eligible Options tendered for exchange, and we may terminate or amend the Exchange Offer, in each case subject to Rule 13e-4(f)(5) under the Exchange Act, if at any time on or after the date hereof and prior to the Expiration Time, any of the following events has occurred, or if we have determined, in our reasonable judgment, that any of the following events has occurred:

- there shall have been threatened or instituted any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or other person, domestic or foreign, before any court, authority, agency or tribunal that (i) directly or indirectly challenges the making of the Exchange Offer or the exchange of some or all of the Eligible Options tendered for exchange, (ii) otherwise relates in any manner to the Exchange Offer, or (iii) in our reasonable judgment, could materially affect our business, condition (financial or other), assets, income, operations, prospects or stock ownership;
- there shall have been threatened, instituted or taken, any action, or any approval, exemption or consent shall have been withheld, or any statute, rule, regulation, judgment, order or injunction shall have been proposed, sought, promulgated, enacted, entered, amended, interpreted, enforced or deemed to be applicable to the Exchange Offer or RedHill, by or from any court or any regulatory or administrative authority, agency or tribunal that, in our reasonable judgment, would directly or indirectly:
 - make it illegal for us to accept some or all of the tendered Eligible Options for exchange, otherwise restrict or prohibit consummation of the Exchange Offer or otherwise relate in any manner to the Exchange Offer;
 - delay or restrict our ability, or render us unable, to accept the tendered Eligible Options for exchange; or
 - impair the contemplated benefits of the Exchange Offer to RedHill;
- there shall have occurred:
 - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or automated quotation system or in the over-the-counter market;
 - the declaration of a banking moratorium or any suspension of payments with respect to banks in the United States;
 - any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, might affect the extension of credit to us by banks or other lending institutions;
 - in our reasonable judgment, any extraordinary or material adverse change in United States financial markets generally, including a decline of at least 10% in either the Dow Jones Industrial Average or the Standard & Poor's 500 Index from the date of commencement of the Exchange Offer;
 - the commencement or escalation of a war or other national or international calamity directly or indirectly involving Israel or the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the Exchange Offer;
 - any of the situations described above which existed at the time of commencement of the Exchange Offer, where such situation, in our reasonable judgment, deteriorates materially after commencement of the Exchange Offer;

- a tender or exchange offer (other than the Exchange Offer) with respect to some or all of our capital stock, or a merger or acquisition proposal for RedHill, shall have been proposed, announced or publicly disclosed or we shall have learned that:
 - any person, entity or group (where “group” has the meaning given within Section 13(d)(3) of the Exchange Act) has acquired more than 5% of our outstanding ordinary shares, other than a person, entity or group that had publicly disclosed such ownership with the SEC prior to the date of commencement of the Exchange Offer; and
 - any such person, entity or group that had publicly disclosed such ownership prior to such date has acquired additional ADSs constituting more than 1% of our outstanding ADSs; or
 - any new group has been formed that beneficially owns more than 5% of our outstanding ADSs that, in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the Exchange Offer or with such acceptance of Eligible Options for exchange;
- any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record for financial reporting purposes compensation expense against our earnings in connection with the Exchange Offer, other than as contemplated as of the commencement date of this Exchange Offer (as described in Section 10 of this Offering Memorandum, “**Accounting Consequences of the Exchange Offer**”);
- any changes occur in our business, financial condition, assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to RedHill;
- any event or events occur that have resulted or may result, in our reasonable judgment, in a material impairment of the contemplated benefits of the Exchange Offer to RedHill (see Section 2 of this Offering Memorandum, “Purpose of the Exchange Offer; Additional Considerations,” for a description of the contemplated benefits of the Exchange Offer to RedHill); or
- any rules or regulations by any governmental authority, Nasdaq, or other regulatory or administrative authority or any national securities exchange have been enacted, enforced, or deemed applicable to us that have resulted or may result, in our reasonable judgment, in a material impairment of the contemplated benefits of the Exchange Offer to RedHill (see Section 2 of this Offering Memorandum, “**Purpose of the Exchange Offer; Additional Considerations**,” for a description of the contemplated benefits of the Exchange Offer to RedHill).

The conditions to the Exchange Offer are for RedHill’s benefit. We may assert them prior to the Expiration Time regardless of the circumstances giving rise to them (other than circumstances caused by our action or inaction). We may waive the conditions, in whole or in part, at any time and from time to time prior to our acceptance of your tendered Eligible Options for exchange, whether or not we waive any other condition to the Exchange Offer. Subject to any order or decision by a court or arbitrator of competent jurisdiction, any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

Section 7. Price Range of Our ADSs.

The Eligible Options give Eligible Optionholders the right to acquire RedHill's ADSs. None of the Eligible Options are traded on any trading market. Our ADSs trades on Nasdaq under the symbol “**RDHL**.”

The following table sets forth the high and low closing sales prices per ADS on Nasdaq during the periods indicated.

Year Ending December 31, 2021	High	Low
First quarter	\$ 11.29	\$ 6.98
Year Ending December 31, 2020	High	Low
First quarter	\$ 6.17	\$ 3.51
Second quarter	\$ 8.60	\$ 4.60
Third quarter	\$ 10.83	\$ 6.34
Fourth quarter	\$ 10.39	\$ 7.81
Year Ended December 31, 2019	High	Low
First quarter	\$ 9.00	\$ 6.06
Second quarter	\$ 8.80	\$ 6.34
Third quarter	\$ 8.37	\$ 6.46
Fourth quarter	\$ 7.35	\$ 5.76

As of April 23, 2021, we had six ADS holders of record, and 46,667,338 ADSs were issued and outstanding. Because brokers and other institutions hold many of our ADSs on behalf of the ADS holders, we are unable to estimate the total number of beneficial ADS holders represented by these record holders. On April 23, 2021, the closing price for our ADSs as reported on Nasdaq was \$7.06 per ADS. We recommend that you obtain current market quotations for our ADSs before deciding whether or not to tender your Eligible Options for exchange. The market price of our ADSs has been, and in the future may be, volatile and could decline. The trading price of our ADSs has fluctuated in the past and is expected to continue to do so in the future as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies and that have often been unrelated or disproportionate to the operating performance of those companies.

Section 8. Information Concerning RedHill; Financial Information.

Information Concerning RedHill.

We are a biopharmaceutical company primarily focused on gastrointestinal and infectious diseases. RedHill promotes the gastrointestinal drugs, Movantik® for opioid-induced constipation in adults⁴, Talicia® for the treatment of *Helicobacter pylori* (*H. pylori*) infection in adults⁵, and Aemcolo® for the treatment of travelers' diarrhea in adults⁶. RedHill's key clinical late-stage development programs include: (i) RHB-204, with an ongoing Phase 3 study for pulmonary nontuberculous mycobacteria (NTM) disease; (ii) opaganib (Yeliva®, ABC294640), with positive Phase 2 COVID-19 data and a COVID-19 ongoing Phase 2/3 study and Phase 2 studies for prostate cancer and cholangiocarcinoma ongoing; (iii) RHB-107 (upamostat), with a U.S. Phase 2/3 COVID-19 study; (iv) RHB-104, with positive results from a first Phase 3 study for Crohn's disease; (v) RHB-102 (Bekinda®), with positive results from a Phase 3 study for acute gastroenteritis and gastritis and positive results from a Phase 2 study for IBS-D; and (vi) RHB-106, an encapsulated bowel preparation.

We were incorporated in Israel in August 2009.

Our mailing address and executive offices are located at 21 Ha'arba'a Street, Tel Aviv 6473921, Israel, and our telephone number is +972-3-541-3131. We maintain an Internet website at the following address: www.redhillbio.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Exchange Offer.

Financial Information.

A summary of certain financial information is attached as Schedule A to this Offering Memorandum and should be read in conjunction with the "Operating and Financial Review and Prospects" and the consolidated financial statements and the notes thereto included in our Annual Report on Form 20-F (File No. 001-35773) for the year ended December 31, 2020 filed with the SEC on March 18, 2021, which is incorporated herein by reference. The book value per ADS of our ADSs as of December 31, 2020 was \$0.36 per ADS. Our historical results are not necessarily indicative of the results to be expected in any future period.

Additional Information.

For more information about RedHill, please refer to our Annual Report and our other filings made with the SEC. We recommend that you review the materials that we have filed with the SEC before making a decision on whether or not to tender your Eligible Options. We will also provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 ("**Additional Information**") for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review such reports.

Section 9. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities.

Our executive officers and members of our Board are eligible to participate in this Offer.

The following table sets forth the beneficial ownership of each of our executive officers and directors of Eligible Options granted under our Plan that are outstanding as of April 23, 2021. The percentages in the tables below are based on the total number of outstanding Eligible Options to purchase ADSs under the Plan, which was 2,805,281 ADSs as of April 23, 2021. The address of all directors and executive officers is c/o RedHill Biopharma Ltd. Offices, located at 21 Ha'arba'a Street, Tel Aviv 6473921, Israel.

Name	Position	Number of Eligible Options for ADSs covered by our Plan	Percentage of total Eligible Options under our Plan
Dror Ben-Asher	Chief Executive Officer and Chairman of the Board of Directors	380,000	13.55%
Guy Goldberg	Chief Business Officer	167,500	5.97%
Adi Frish	Chief Corporate and Business Development Officer	162,500	5.79%
Gilead Raday	Chief Operating Officer	159,500	5.69%
Reza Fathi, Ph.D.	Senior Vice President Research and Development	150,000	5.35%
Micha Ben Chorin	Chief Financial Officer	117,500	4.19%
Rick D. Scruggs	Chief Commercial Officer and Director	69,500	2.48%
Dr. June Almenoff	Chief Scientific Officer	27,062	0.96%
Dr. Kenneth Reed	Director	49,000	1.75%
Ofer Tsimchi	Director	47,000	1.68%
Dr. Shmuel Cabilly	Director	40,000	1.43%
Eric Swenden	Director	39,625	1.41%
Alla Felder	Director	15,000	0.53%
Alessandro Della Chà	Director	-	0.00%

Neither we nor, to the best of our knowledge, any of our directors or executive officers, nor any affiliates of ours, were engaged in transactions involving options to purchase ADSs or ordinary shares, or in transactions involving our ADSs or ordinary shares during the 60 days before and including April 26, 2021.

Except as otherwise described in this Offer or in our filings with the SEC, other than outstanding options to purchase ADSs pursuant to the Plan, neither we nor, to our knowledge, any of our directors or executive officers, is a party to any contract, arrangement, understanding or relationship with any other person with respect to any of our securities (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

Section 10. Accounting Consequences of the Exchange Offer.

We have adopted the provisions of IFRS 2 regarding accounting for share-based payments. Under IFRS 2, we will recognize the grant date fair value of the tendered Eligible Options plus the incremental compensation cost of the New Options. The incremental compensation expense associated with the Option Exchange will be measured as the excess of the fair value of each award of New Option granted to participants in the Option Exchange, measured as of the date the New Options are granted, over the fair value of the Eligible Options cancelled in exchange for the New Options, measured immediately prior to the cancellation. As the fair value will be determined at a later date, the impact of the incremental compensation expense is undeterminable. We will recognize any such incremental compensation expense related to the vested options immediately.

The amount of compensation cost will depend on a number of factors, including the level of participation in the Exchange Offer and the exercise price per share of Eligible Options, as applicable, exchanged in the Exchange Offer. Since these factors cannot be predicted with any certainty as of the date of this Offering Memorandum and will not be known until the Expiration Time, we cannot predict the exact amount of the charge (if any) that will result from the Exchange Offer.

Section 11. Legal Matters; Regulatory Approvals.

We are not aware of any material pending or threatened legal actions or proceedings relating to the Exchange Offer. We are not aware of any margin requirements or anti-trust laws applicable to the Exchange Offer. We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our acceptance of Eligible Options for exchange and grant of New Options as contemplated by the Exchange Offer, or of any regulatory requirements that we must comply with or approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the completion of the Exchange Offer as contemplated herein. Should any such compliance or approval or other action be required, we currently contemplate that we will use commercially reasonable efforts to comply with such requirements or seek such approval or take such other action.

We cannot assure you that any such compliance or approval or other action, if needed, would be achieved or obtained or would be achieved or obtained without substantial conditions or that the failure to achieve such compliance or obtain any such approval or other action would not adversely affect our business. Our obligation under the Exchange Offer to accept tendered Eligible Options for exchange and to grant New Options with the New Option Terms would be subject to achieving such compliance or obtaining any such governmental approval or other action.

Section 12. Material Tax Consequences.

The following is a summary of the anticipated material income tax consequences of the Exchange Offer. This tax summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of Eligible Optionholders. The tax consequences for individuals who are subject to the tax laws of a country other than the United States or Israel or of more than one country may differ from the United States federal income tax consequences and Israeli income tax consequences summarized herein. The rules governing the tax treatment of stock options are complex. ***You should consult with your tax advisor to determine the personal tax consequences to you of rejecting or participating in the Exchange Offer.***

U.S. Federal Income Tax Consequences

Tax Effects of Rejecting the Offer

In general, your rejection of the Exchange Offer will not be a taxable event for United States federal income tax purposes. However, if (1) any of your Eligible Options are currently treated as ISOs, (2) the Exchange Offer remains outstanding for more than 29 days (that is, if we extend the Exchange Offer beyond the original Expiration Time on May 24, 2021, and (3) you do not reject this Exchange Offer within the first 29 days in which it is outstanding (that is, by the original expiration date on May 24, 2021), your Eligible Options may cease to be treated as ISOs as of the Expiration Time on May 24, 2021. If the fair market value of our ADSs as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your 2-Year Holding Period (as defined below) under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the original Expiration Time. Therefore, if we extend the Exchange Offer beyond the original Expiration Time on May 24, 2021 and it remains outstanding for more than 29 days, and you wish to avoid the possible impact on ISO status, you must reject this Exchange Offer by completing and submitting the Election Form on or prior to 5:00 p.m. Eastern Time on May 24, 2021.

Tax Effects of Accepting the Offer

Neither your acceptance of the Exchange Offer nor the exchange of your Eligible Options will be a taxable event for United States federal income tax purposes. You will not recognize any income, gain or loss as a result of the exchange and cancellation of your Eligible Options for New Options for United States federal income tax purposes.

Taxation of Incentive Stock Options

Generally, an optionholder will not recognize any income, gain or loss on the granting of an ISO. Upon the exercise of an ISO, an optionholder is typically not subject to United States federal income tax except for the possible imposition of alternative minimum tax. Rather, the optionholder is taxed for United States federal income tax purposes at the time he or she disposes of the stock subject to the option.

If the date upon which the optionholder disposes of the stock subject to an ISO is more than two years from the date on which the ISO was granted (the “**2-Year Holding Period**”) and more than one year from the date on which the optionholder exercised the option (the “**1-Year Holding Period**”), then the optionholder’s entire gain or loss is characterized as long-term capital gain or loss, rather than as ordinary income. However, if the optionholder fails to satisfy both the 2-Year Holding Period and the 1-Year Holding Period, then a portion of the optionholder’s profit from the sale of the stock subject to the ISO will be characterized as ordinary income and a portion may be short-term capital gain if the 1-Year Holding Period has not been satisfied. The portion of the profit that is characterized as ordinary income will be equal to the lesser of (a) the excess of the fair market value of the stock on the date of exercise over the exercise price of the option and (b) the excess of the sales price over the exercise price of the option. This deferral of the recognition of tax until the time of sale of the stock, as well as the possible treatment of the “spread” as long-term capital gain, are the principal advantages of your options being treated as ISOs.

If you tender your Eligible Options for exchange in the Exchange Offer, your New Options that you are granted will be ISOs to the extent permitted by applicable law (including, without limitation, that the exercise price per ADS must be at least equal to the fair market value of an ADS on the date of grant or, 110% of such fair market value in the case of an ISO granted to an employee who owns or is deemed to own more than 10% of the combined voting power of all classes of our stock (or of any parent or subsidiary)). Any New Option that is not eligible for ISO treatment will be an NSO (as defined below).

Taxation of Nonstatutory Stock Options (“NSOs”)

Generally, an optionholder will not recognize any income, gain or loss on the granting of an NSO. Upon the exercise of an NSO, an optionholder will recognize ordinary income on each purchased share equal to the difference between the fair market value of the stock on the date of exercise and the exercise price of the NSO.

If and when an optionholder sells the stock purchased upon the exercise of an NSO, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of exercise, will be treated as a capital gain or loss. If the optionholder has held those shares for more than one year from the date of exercise, such gain or loss will be a long-term capital gain or loss. If the optionholder has held those shares for one year or less from the date of exercise, such gain or loss will be a short-term capital gain or loss.

Law Affecting Deferred Compensation

In 2004, Section 409A was added to the U.S. Internal Revenue Code of 1986, as amended (“**Code**”) to regulate all types of deferred compensation. If the requirements of Code Section 409A are not satisfied, deferred compensation and earnings thereon will be subject to tax as it vests, plus an interest charge at the then current underpayment rate plus 1% and a 20% penalty tax. Option awards granted with an exercise price that is less than the underlying share’s fair market value on the date of grant are subject to Code Section 409A.

Withholding

We will withhold all required local, state, federal, foreign and other taxes and any other amount required to be withheld by any governmental authority or law with respect to ordinary compensation income recognized with respect to the exercise of a stock option by an Eligible Optionholder. We will require any such Eligible Optionholder to make arrangements to satisfy this withholding obligation prior to the delivery or transfer of any ADSs.

Tax Consequences to Us

To the extent that an optionholder recognizes ordinary income in the circumstances described above in this Section 12, we will be entitled to a corresponding tax deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an “excess parachute payment” within the meaning of Code Section 280G, and is not disallowed by the \$1,000,000 limitation on certain executive compensation under Code Section 162(m) discussed below.

Million Dollar Deduction Limit and Other Tax Matters

We may not deduct compensation of more than \$1,000,000 that is paid to “covered employees” (as defined in Code Section 162(m)), which include (i) an individual (or, in certain circumstances, his or her beneficiaries) who, at any time during the taxable year, is either our principal executive officer or principal financial officer; (ii) an individual who is among our three highest compensated officers for the taxable year (other than an individual who was either our principal executive officer or principal financial officer at any time during the taxable year); or (iii) anyone who was a covered employee for purposes of Code Section 162(m) for any tax year beginning on or after January 1, 2017. This limitation on deductions (x) only applies to compensation paid by a publicly-traded corporation (and not compensation paid by non-corporate entities) and (z) may not apply to certain types of compensation, such as qualified performance-based compensation that is payable pursuant to a written, binding contract that was in effect as of November 2, 2017, so long as the contract is not materially modified after that date.

If an individual’s rights under the Plan are accelerated as a result of a change in control and the individual is a “disqualified individual” under Code Section 280G, the value of any such accelerated rights received by such individual may be included in determining whether or not such individual has received an “excess parachute payment” under Code Section 280G, which could result in (i) the imposition of a 20% federal excise tax (in addition to federal income and employment taxes) payable by the individual on the value of such accelerated rights, and (ii) the loss by us of a corresponding compensation deduction on such amounts.

Israeli Income Tax Consequences

This discussion is based on the ITO, as amended, and the rules, regulations and orders promulgated under it, as well as on administrative and judicial interpretations. The following is a brief general summary of certain material Israeli tax ramifications applicable to the Exchange Offer and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, including Israeli, or other taxing jurisdiction.

Tax Effects of Rejecting the Offer

In general, your rejection of the Exchange Offer will not be a taxable event for Israeli income tax purposes.

Tax Effects of Accepting the Offer

There is no assurance that the ITA will not consider the exchange of Eligible Option under this Exchange Offer as a taxable event for Israeli income tax purposes.

Taxation of Section 102 Options

In general, a holder of an option granted in accordance with the capital gains track under Section 102, will not be required to pay tax at the time of the grant, vesting or exercise of the option, and only the sale or disposition of the option (or the underlying shares) from the Section 102 Trustee will trigger a taxable event (the "Realization Date").

If the option was held in trust by the Section 102 trustee until the end of the two-year holding period under Section 102 ("Holding Period"), the profit upon Realization Date will be taxed as follows (assuming all conditions of Section 102 were fulfilled and except as provided in the immediately following paragraph): (i) any difference between the exercise price of the option and the average closing price of our shares during the thirty (30) trading days preceding the grant date (in case the company was listed for trading on a stock exchange on the grant date) or thirty (30) trading days following the listing (in case the company was listed for trading within a period of ninety (90) days from the date of grant), as applicable (the "Immediate Benefit"), shall be taxed as ordinary income at the option holder's marginal tax rate - i.e., up to 47% in 2020 for individuals (not including social security fees, health fees and surtax), and (ii) the portion of the profit upon Realization Date greater than the Immediate Benefit will be taxed as capital gain at a rate of 25% (not including surtax).

However, in case the option was granted to you more than ninety (90) days prior to the date upon which the company was listed for trading, then the entire profit upon Realization Date will be taxed as capital gains a rate of 25% (not including surtax), and no social payments such as national insurance fees or health fees will be due on the amount of profit. In the event that the New Options granted to Israeli employees will not qualify for capital gain treatment under Section 102, the entire profit derived from such options shall be taxed as ordinary income at the option holder's marginal tax rate - i.e., up to 47% in 2020 for individuals (not including social security fees, health fees and surtax).

New Options exchanged for 102 Options are intended to be granted as options eligible for the tax benefits accorded under Section 102, to the extent permitted by the law; however, there is no assurance that the New Options will qualify as options eligible for the tax benefits accorded under Section 102. In the event your New Options are not eligible for the tax benefits afforded under Section 102, the gains generated upon exercise of the New Options may be subject to marginal tax at a rate of up to 47% for individuals (not including social security fees, health fees and surtax).

Even if the New Options are eligible for the tax benefits afforded under Section 102, their Holding Period under Section 102 will restart from the New Option Grant Date (or such other date).

We and/or the Section 102 trustee shall have the right to withhold taxes according to the requirements under applicable laws and you will be required to indemnify us and/or the Section 102 trustee and hold them harmless against and from all liabilities relating to the necessity to withhold tax.

Taxation of 3i Options

In general, a holder of an option granted in accordance with Section 3i of the Income Tax Ordinance will not be required to pay tax at the time of the grant or vesting of the option. the exercise of the New Option will be considered a taxable event, which will be subject to marginal tax at a rate of up to 47% for individuals (not including social security fees, health fees and surtax).

New Options exchanged for options granted under Section 3i of the ITA will be granted as options under Section 3i of the ITA.

If you wish to participate in the Offer, and you are either a resident of the State of Israel, or were a resident of the State of Israel at the time that you received the Eligible Options, you are strongly advised to consult with your tax advisors in advance to determine the personal tax consequences of participating in the Exchange Offer, as the grant of any New Option under this Exchange Offer may result in adverse Israeli tax consequences, including ineligibility of your New Options for the tax benefits afforded under Section 102.

Section 13. Extension of the Exchange Offer; Termination; Amendment.

We may, from time to time, extend the period of time during which the Exchange Offer is open and delay accepting any Eligible Options tendered to us by disseminating notice of the extension to Eligible Optionholders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by Rule 13e-4(e)(3) under the Exchange Act. If the Exchange Offer is extended, we will provide appropriate notice of the extension and the new Expiration Time no later than 9:00 a.m. Eastern Time on the next business day following the previously scheduled Expiration Time. For purposes of the Exchange Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:00 a.m. through 11:59:00 p.m., Eastern Time.

We also expressly reserve the right, in our reasonable judgment, prior to the Expiration Time, to terminate or amend the Exchange Offer upon the occurrence of any of the conditions specified in Section 6 (“**Conditions of the Exchange Offer**”), by disseminating notice of such termination or amendment to Eligible Optionholders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by applicable law.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 (“**Conditions of the Exchange Offer**”) has occurred or we deem any such event to have occurred, to amend the Exchange Offer in any respect prior to the Expiration Time. We will promptly disseminate any notice of such amendment required pursuant to the Exchange Offer or applicable law to Eligible Optionholders in a manner reasonably designed to inform Eligible Optionholders of such change and will file such notice with the SEC as an amendment to the Schedule TO.

If we materially change the terms of the Exchange Offer or the information concerning the Exchange Offer, or if we waive a material condition of the Exchange Offer, we will extend the Exchange Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. Under these rules, the minimum period during which a tender or Exchange Offer must remain open following material changes in the terms of or information concerning a tender or Exchange Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

In addition, we will publicly notify or otherwise inform Eligible Optionholders in writing if we decide to take any of the following actions and will keep the Exchange Offer open for at least 10 business days after the date of such notification:

- we increase or decrease the amount of consideration offered for the Eligible Options; or
- we increase or decrease the number of Eligible Options that may be tendered in the Exchange Offer.

Section 14. Consideration; Fees and Expenses.

Each Eligible Optionholder who properly tenders an Eligible Option to be exchanged and accepted by RedHill pursuant to this Exchange Offer will receive a New Option. Options are equity awards under which the holder can purchase ADSs for a predetermined exercise price, provided that the vesting criteria are satisfied, and otherwise subject to compliance with the applicable option terms.

Subject to the terms and conditions of this Exchange Offer, upon our acceptance of your properly tendered Eligible Options, you will be entitled to receive New Options for the same number of ADSs as your surrendered Eligible Options, as described in Section 1 of this Offering Memorandum. New Options for Eligible Optionholders will vest on the same terms as the Eligible Option exchanged therefor. If you receive New Options, you do not have to make any cash payment to RedHill to receive your New Options, but upon exercise of your vested New Options, you will be required to pay the per ADS exercise price to receive any ADSs subject to the terms and conditions of your New Options.

If we receive and accept tenders from Eligible Optionholders of all Eligible Options (comprising a total of options to purchase 2,805,281 ADSs outstanding as of April 26, 2021) subject to the terms and conditions of this Exchange Offer, we will grant New Options covering a total of approximately 2,805,281 ADSs.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Eligible Options pursuant to the Exchange Offer. You will be responsible for any expenses that you incur in connection with your election to participate in the Exchange Offer, including mailing, faxing and telephone expenses, as well as any expenses associated with any tax, legal or other advisor that you consult or retain in connection with the Exchange Offer.

Section 15. Additional Information.

With respect to the Exchange Offer, we have filed with the SEC the Schedule TO, as may be amended, of which the Exchange Offer is a part. The Exchange Offer document does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. Before making a decision on whether or not to tender your Eligible Options, we highly recommend that you review the Schedule TO, as may be amended, including its exhibits, and the following materials that we have filed with the SEC:

- our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on March 18, 2021; and
- Current Reports on Form 6-K submitted on January 6, 2021; January 11, 2021 (two filings); January 14, 2021 (two filings); January 28, 2021; January 29, 2021; February 2, 2021; February 9, 2021; February 17, 2021; February 18, 2021; February 23, 2021; March 4, 2021; March 5, 2021; March 11, 2021; March 18, 2021; March 22, 2021; March 25, 2021; and April 9, 2021; and
- the description of our ADSs contained in our Registration Statement on Form 20-F filed with the SEC on December 26, 2012, including any amendments or reports filed for the purpose of updating such description.

Our SEC filings are available to the public on the SEC's website at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish them to the SEC.

We will also promptly provide without charge to each Eligible Optionholder to whom we deliver a copy of the Exchange Offer, upon written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless specifically incorporated by reference into such documents). Written requests should be directed to Benefits@altshul.co.il.

The information about us contained in the Exchange Offer should be read together with the information contained in the documents to which we have referred you.

Section 16. Miscellaneous.

WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN THIS EXCHANGE OFFER AND IN OUR ANNUAL REPORT ON FORM 20-F AND OUR OTHER SUBMISSIONS TO THE SEC BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

SCHEDULE A

Selected Financial Data

The following financial information should be read in conjunction with the “Operating and Financial Review and Prospects” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 20-F (File No. 001-35773) for the year ended December 31, 2020 filed with the SEC on March 18, 2021, which is incorporated herein by reference.

REDHILL BIOPHARMA LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
NET REVENUES	64,359	6,291	8,360
COST OF REVENUES	36,892	2,259	2,837
GROSS PROFIT	27,467	4,032	5,523
RESEARCH AND DEVELOPMENT EXPENSES	16,491	17,419	24,862
SELLING, MARKETING AND BUSINESS DEVELOPMENT EXPENSES	49,285	18,333	12,486
GENERAL AND ADMINISTRATIVE EXPENSES	25,375	11,481	7,506
OPERATING LOSS	63,684	43,201	39,331
FINANCIAL INCOME	270	1,335	678
FINANCIAL EXPENSES	12,759	438	167
FINANCIAL EXPENSES (INCOME), net	12,489	(897)	(511)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	76,173	42,304	38,820
LOSS PER ORDINARY SHARE, basic and diluted (U.S. dollars):	0.21	0.14	0.17

REDHILL BIOPHARMA LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
CURRENT ASSETS:		
Cash and cash equivalents	29,295	29,023
Bank deposits	17	10,349
Financial assets at fair value through profit or loss	481	8,500
Trade receivables	28,655	1,216
Prepaid expenses and other receivables	5,521	2,244
Inventory	6,526	1,882
	<u>70,495</u>	<u>53,214</u>
NON-CURRENT ASSETS:		
Restricted cash	16,164	152
Fixed assets	511	228
Right-of-use assets	5,192	3,578
Intangible assets	87,879	16,927
	<u>109,746</u>	<u>20,885</u>
TOTAL ASSETS	<u><u>180,241</u></u>	<u><u>74,099</u></u>
CURRENT LIABILITIES:		
Accounts payable	11,553	4,184
Lease liabilities	1,710	834
Allowance for deductions from revenue	18,343	1,267
Accrued expenses and other current liabilities	24,082	4,331
Payable in respect of intangible assets purchase	17,547	—
	<u>73,235</u>	<u>10,616</u>
NON-CURRENT LIABILITIES:		
Borrowing	81,386	—
Payable in respect of intangible assets purchase	7,199	—
Lease liabilities	3,807	2,981
Royalty obligation	750	500
	<u>93,142</u>	<u>3,481</u>
TOTAL LIABILITIES	<u><u>166,377</u></u>	<u><u>14,097</u></u>
EQUITY:		
Ordinary shares	1,054	962
Additional paid-in capital	293,144	267,403
Accumulated deficit	(280,334)	(208,363)
TOTAL EQUITY	<u><u>13,864</u></u>	<u><u>60,002</u></u>
TOTAL LIABILITIES AND EQUITY	<u><u>180,241</u></u>	<u><u>74,099</u></u>

REDHILL BIOPHARMA LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total equity
	U.S. dollars in thousands			
BALANCE AT JANUARY 1, 2018	575	177,434	(132,944)	45,065
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2018:				
Share-based compensation to employees and service providers	—	—	2,678	2,678
Issuance of ordinary shares, net of issuance costs	190	41,712	—	41,902
Exercise of options into ordinary shares	2	359	—	361
BALANCE AT DECEMBER 31, 2018	<u>767</u>	<u>219,505</u>	<u>(169,086)</u>	<u>51,186</u>
BALANCE AT JANUARY 1, 2019	767	219,505	(169,086)	51,186
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2019:				
Share-based compensation to employees and service providers	—	—	3,027	3,027
Issuance of ordinary shares to private investor	195	47,893	—	48,088
Exercise of options into ordinary shares	*	5	—	5
Comprehensive loss	—	—	(42,304)	(42,304)
BALANCE AT DECEMBER 31, 2019	<u>962</u>	<u>267,403</u>	<u>(208,363)</u>	<u>60,002</u>
BALANCE AT JANUARY 1, 2020	962	267,403	(208,363)	60,002
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2020:				
Share-based compensation to employees and service providers	—	—	4,202	4,202
Issuance of ordinary shares, net of expenses	84	23,783	—	23,867
Exercise of options into ordinary shares	*	52	—	52
Share-based compensation in consideration for intangible assets	8	1,906	—	1,914
Comprehensive loss	—	—	(76,173)	(76,173)
BALANCE AT DECEMBER 31, 2020	<u>1,054</u>	<u>293,144</u>	<u>(280,334)</u>	<u>13,864</u>

*Less than a thousand

REDHILL BIOPHARMA LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
OPERATING ACTIVITIES:			
Comprehensive loss	(76,173)	(42,304)	(38,820)
Adjustments in respect of income and expenses not involving cash flow:			
Share-based compensation to employees and service providers	4,202	3,027	2,678
Depreciation	1,710	997	90
Amortization and impairment of intangible assets	7,035	216	—
Non-cash interest expenses related to borrowing and payable in respect of intangible assets purchase and royalty obligation	6,032	—	—
Fair value adjustments on derivative financial instruments	—	(344)	(104)
Fair value losses (gains) on financial assets at fair value through profit or loss	94	(27)	137
Exchange differences and revaluation of bank deposits	101	24	138
	<u>19,174</u>	<u>3,893</u>	<u>2,939</u>
Changes in assets and liability items:			
Decrease (increase) in trade receivables	(27,439)	(258)	570
Decrease (increase) in prepaid expenses and other receivables	(3,277)	(368)	1,414
Increase in inventories	(4,644)	(1,113)	(116)
Increase (decrease) in accounts payable	7,369	860	(1,481)
Increase (decrease) in accrued expenses and other liabilities	19,335	(2,726)	722
Increase in allowance for deductions from revenue	17,076	1,267	310
	<u>8,420</u>	<u>(2,338)</u>	<u>1,419</u>
Net cash used in operating activities	(48,579)	(40,749)	(34,462)
INVESTING ACTIVITIES:			
Purchase of fixed assets	(406)	(168)	(23)
Purchase of intangible assets	(53,368)	(35)	(35)
Change in investment in current bank deposits	10,200	(2,069)	4,869
Purchase of financial assets at fair value through profit or loss	—	(4,325)	(6,976)
Proceeds from sale of financial assets at fair value through profit or loss	7,925	11,761	7,517
	<u>(35,649)</u>	<u>5,164</u>	<u>5,352</u>
FINANCING ACTIVITIES:			
Proceeds from issuance of ordinary shares, net of issuance costs	23,867	36,300	41,902
Exercise of options into ordinary shares	52	5	361
Proceeds from long-term borrowings, net of transaction costs	78,061	—	—
Increase in restricted cash	(20,000)	—	—
Decrease in restricted cash	4,000	—	—
Payment of principal with respect to lease liabilities	(1,610)	(796)	—
Repayment of payable in respect of intangible asset purchase	—	—	(500)
	<u>84,370</u>	<u>35,509</u>	<u>41,763</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	142	(76)	12,653
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	130	94	(103)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,023	29,005	16,455
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	29,295	29,023	29,005
SUPPLEMENTARY INFORMATION ON INTEREST RECEIVED IN CASH	414	753	728
SUPPLEMENTARY INFORMATION ON INTEREST PAID IN CASH	6,654	251	—
SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Acquisition of right-of-use assets by means of lease liabilities	2,930	2,805	—
Purchase of intangible assets posted as payable	24,619	—	—
Purchase of an intangible asset in consideration for issuance of shares	1,914	11,788	—

FORM OF ANNOUNCEMENT EMAIL TO ELIGIBLE OPTIONHOLDERS

Subject: RedHill Biopharma Ltd. Offer to Exchange Eligible Options for New Options
To: All Eligible Optionholders
Date: April 26, 2021

We are pleased to announce that RedHill Biopharma Ltd. (“**RedHill**,” “**we**,” “**us**” or “**our**”) is commencing an Offer to Exchange Eligible Options for New Options (the “**Exchange Offer**”) today, Monday, April 26, 2021. You are receiving this email because you are eligible to participate and exchange certain outstanding stock options previously granted to you for replacement stock options with modified terms. You have full discretion to determine whether to participate in the Exchange Offer. The terms of the Exchange Offer are described in detail in the document named Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “**Offer Documents**”), that has been filed with the U.S. Securities and Exchange Commission and can be accessed using the following link:

<https://ir.redhillbio.com/sec-filings-and-financial-information/sec-filings>

Attached to this email is an Election Form listing your “**Eligible Options**”. Please notify us immediately if you find any discrepancy or have any questions regarding the Eligible Options listed in your Election Form.

If you elect to participate in the Exchange Offer and we accept your tendered Eligible Options for exchange, we will grant you one or more “**New Options**” with modified terms, as described in the Offer Documents, in exchange for your tendered Eligible Options (which will be cancelled automatically upon such grant of New Options). Note that the exercise price of your New Options will be different than the current exercise price for your Eligible Options.

All documents, communications and questions regarding the Exchange Offer should be delivered to and received from our designated email account (the “**Exchange Account**”): Benefits@altshul.co.il

Please carefully read **all** of the Offer Documents before making any decisions regarding this Exchange Offer. To participate in the Exchange Offer, please deliver your completed and signed Election Form to the Exchange Account. If you later decide to withdraw your election, please deliver your completed and signed Notice of Withdrawal, a copy of which is attached to this email, to the Exchange Account.

The Exchange Offer will expire at **5:00 p.m., Eastern Time, on Monday, May 24, 2021** (the “**Expiration Time**”). We may extend this expiration date and time in our discretion, in which case references to the “Expiration Time” shall refer to any such extended date and time. If you would like to tender Eligible Options under the Exchange Offer, RedHill must **receive** your properly completed and signed Election Form by the Expiration Time. Similarly, if you would like to withdraw a prior election, RedHill must **receive** your Notice of Withdrawal by the Expiration Time.

Please understand that we cannot advise you on whether or not to participate in the Exchange Offer. Participation in the Exchange Offer is entirely your decision and at your discretion, and you should make the decision about whether to participate based on your personal circumstances. RedHill recommends that you consult your tax and financial advisors to address questions regarding your decision.

This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO-I and accompanying documents, which you may access on the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

**REDHILL BIOPHARMA LTD.
21 HA'ARBA'A STREET
TEL AVIV 6473921, ISRAEL**

OPTION EXCHANGE – ELECTION FORM

THIS OFFER AND YOUR WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN TIME,
ON MONDAY, MAY 24, 2021, UNLESS EXTENDED

Before completing and signing this Election Form, we encourage you to read the documents that make up this tender offer, including (1) the Offer to Exchange Eligible Options for New Options, dated April 26, 2021, filed with the U.S. Securities and Exchange Commission and separately delivered to you by email from RedHill Biopharma Ltd. (“**RedHill**”), describing the terms of the Exchange Offer (the “**Offer Documents**”); (2) the email from RedHill on April 26, 2021 announcing the commencement of the Exchange Offer; and (3) this Election Form, including the Agreement to the Terms of Election and Instructions to Election Form attached below. The Exchange Offer is subject to the terms set forth in the Offer Documents, as they may be amended. The Exchange Offer expires at 5:00 p.m., Eastern Time, on Monday, May 24, 2021, unless extended. All capitalized terms used in this Election Form but not defined herein shall have the meanings given in the Offer Documents.

PLEASE CAREFULLY REVIEW AND FOLLOW THE INSTRUCTIONS BELOW AND ATTACHED TO THIS FORM.

If you wish to participate in the Exchange Offer with respect to an Eligible Option, please check the box next to “Yes, exchange Eligible Option for New Option(s)” in order to tender such Eligible Option in exchange for the grant of New Option(s) under the terms of the Exchange Offer. Each Eligible Option you elect to tender for exchange must be tendered in whole. If you check the box next to “No, retain Eligible Option” with respect to an Eligible Option, such Eligible Option will remain outstanding subject to its original terms, and no New Options will be granted to you in exchange for such Eligible Option.

If you make no election, or do not return this Election Form before the Expiration Time, you will retain your Eligible Options subject to their original terms, and no New Options will be granted to you.

If RedHill extends the expiration of the Exchange Offer past the original Expiration Time on Monday, May 24, 2021, to the extent any of your Eligible Options are currently treated as “incentive stock options” (“**ISOs**”), you must affirmatively elect to retain such Eligible Options by checking the box(es) below next to “No, retain Eligible Option” with respect to such Eligible Options or, if applicable, the box next to “No, reject the Exchange Offer and retain all Eligible Options,” and return this Election Form to RedHill on or before 5:00 p.m., Eastern Time, on Monday, May 24, 2021.

Please return this signed Election Form to RedHill via email (by PDF or similar imaged document file) to: Benefits@altshul.co.il.

See the Instructions to Election Form attached to this Election Form for additional information.

Name of Eligible Optionholder: [Name]

Grant Date	Exercise Price	Tax Track	Number of ADSs Underlying Option *	Election to tender Eligible Option in exchange for New Option(s)
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option
			[] ADSs	<input type="checkbox"/> <u>Yes</u> , exchange Eligible Option for New Option(s) <input type="checkbox"/> <u>No</u> , retain Eligible Option

* Subject to the same vesting and other terms (other than exercise price) as in the surrendered Eligible Option.

YOUR SIGNATURE AND SUBMISSION OF THIS ELECTION FORM INDICATES THAT YOU AGREE TO ALL TERMS OF THE EXCHANGE OFFER AS SET FORTH IN THE OFFER DOCUMENTS, AS WELL AS THE AGREEMENT TO THE TERMS OF THE ELECTION ATTACHED HERETO.

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the Expiration Time, which is 5:00 p.m., Eastern Time, on Monday, May 24, 2021, unless extended. The last valid election submitted to RedHill prior to the expiration of the Exchange Offer shall be effective and supersede any prior Election Forms you submit.

Name of Eligible Optionholder: [Name]

(Signature)

(Print Name)

(Date)

AGREEMENT TO THE TERMS OF ELECTION

To: RedHill Biopharma Ltd. ("**RedHill**")
21 Ha'arba'a Street,
Tel Aviv 6473921, Israel

Email: Benefits@altshul.co.il

By signing and submitting this Election Form, I acknowledge and agree that:

1. I have received from RedHill the Offer to Exchange Eligible Options for New Options, including the Summary Term Sheet – Questions and Answers, dated April 26, 2021 (collectively, the "**Offer Documents**"), and upon making an election herein, I agree to all of the terms and conditions of the Offer Documents.
 2. I tender to RedHill for exchange the Eligible Options specified on this Election Form and understand that, upon acceptance by RedHill, this Election Form will constitute a binding agreement between RedHill and me. I have checked the box(es) corresponding to the Eligible Options that I elect to tender for exchange. I understand that any election that I made to tender an option for exchange that does not qualify as an Eligible Option will not be accepted, and such options will remain outstanding subject to their original terms following the expiration of the Exchange Offer.
 3. If I validly tender an Eligible Option for exchange and such Eligible Option is accepted by RedHill, such Eligible Option will automatically be cancelled by RedHill in exchange for the grant of one or more New Options with the applicable New Option terms described in the Offer Documents, including, without limitation:
 - Each New Option will have an exercise price equal to the following:
 - a. For Eligible Optionholders (as defined in the Offer Documents) who are not subject to U.S. taxation (each, a "**Non-U.S. Taxed Optionholder**"):
 - (i) \$5.00, or
 - (ii) \$4.30 if RedHill has (a) net revenues of at least \$100 million AND negative Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**") of less than \$40 million in 2021 or (b) net revenues of at least \$130 million AND negative EBITDA of less than \$20 million in 2022 ("**RedHill Performance Milestones**"); and
 - b. For Eligible Optionholders who are subject to U.S. taxation (each, a "**U.S. Taxed Optionholder**"): \$7.00, which was the per ADS fair market value on April 12, 2021, the date the Board approved the exercise price for any New Options to be granted to U.S. Taxed Optionholders.
 - Each New Option will represent your right to purchase the same number of RedHill ADSs as your surrendered Eligible Options.
 - Each New Option
 - offered to a U.S. Taxed Optionholder in exchange for an incentive stock option will be granted as an incentive stock option for U.S. federal income tax purposes ("**ISO**"), to the extent permitted by the law (including, without limitation, that the exercise price per ADS must be at least equal to the fair market value of an ADS on the date of grant or, 110% of such fair market value in the case of an ISO granted to an employee who owns or is deemed to own more than 10% of the combined voting power of all classes of our stock (or of any parent or subsidiary));
 - offered to a U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO will be granted as a nonstatutory stock option that does not qualify as an ISO;
 - offered in exchange for an Eligible Option granted in accordance with Section 102 of the Israeli Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder ("**Section 102**") will be granted as an option in accordance with Section 102, to the extent permitted by the law, and
 - offered to a Non-U.S. Taxed Optionholder in exchange for an Eligible Option that does not qualify as an ISO or as an option in accordance with Section 102, will be granted an option that does not qualify as an ISO or as an option in accordance with Section 102.
-

- Each New Option will have the same expiration date, vesting schedule and other terms as the Eligible Option exchanged therefor.

The reduced exercise price described above that is applicable to Eligible Options held by a Non- U.S. Taxed Optionholder, is contingent on the RedHill Performance Milestones, which will only apply following the public announcement of the audited financial results of the previous fiscal year, subject to all other option terms. Once one RedHill Performance Milestone is reached and a lower exercise price is set as described herein, it remains so even if in the following year(s) the relevant RedHill Performance Milestone is not reached.

4. To remain eligible to tender Eligible Options for exchange pursuant to the Exchange Offer, I must remain an Eligible Optionholder and must not have received a notice of termination nor given a notice of resignation with respect to my employment, service relationship or directorship prior to the Expiration Time, which is currently scheduled to be **5:00 p.m., Eastern Time, on Monday, May 24, 2021**, unless extended. I understand that if my employment, service relationship, or directorship with RedHill or any of its subsidiaries ceases prior to the Expiration Time, RedHill will not accept my Eligible Options for exchange and I or my estate or beneficiaries, as the case may be, will retain my Eligible Options subject to their original terms and conditions. If I cease employment with, providing services to, or being a director of RedHill or any of its subsidiaries for any reason before my New Options vest, I will forfeit any unvested portion of my New Options, subject to the terms of RedHill's Amended and Restated Award Plan (2010).
5. Neither the ability to participate in the Exchange Offer nor actual participation in the Exchange Offer will be construed as a right to remain employed by, or have a service relationship with, or be a director of RedHill or any of its subsidiaries.
6. This election is entirely voluntary, and I am aware that I may change or withdraw my decision to tender my Eligible Options at any time until the Expiration Time, as described in the Instructions to Election Form. **I understand that this decision to tender my Eligible Options will be irrevocable as of 5:00 p.m., Eastern Time, Monday, May 24, 2021, unless the Exchange Offer is extended.** Participation in the Exchange Offer is entirely my decision and should be made based on my personal circumstances. RedHill has not authorized any person to make any recommendation on its behalf as to whether or not I should participate in the Exchange Offer.
7. I may receive certain future confirmation letters or other communications from RedHill in connection with the Exchange Offer, including a communication confirming that RedHill has received this Election Form and whether RedHill ultimately accepts or rejects this Election Form.

INSTRUCTIONS TO ELECTION FORM

1. **DEFINED TERMS.** All capitalized terms used in this Election Form but not defined herein have the meanings given in the Offer to Exchange Eligible Options for New Options, dated April 26, 2021, filed with the U.S. Securities and Exchange Commission and separately delivered to you by email from RedHill. The use of "**RedHill**," "**we**," "**us**" and "**our**" in this Election Form refers to RedHill Biopharma Ltd.
 2. **EXPIRATION TIME.** The Exchange Offer and any rights to tender or to withdraw a tender of Eligible Options expire at **5:00 p.m., Eastern Time, on Monday, May 24, 2021**, unless the Exchange Offer is extended (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 12:00 a.m. Eastern Time on Monday, June 21, 2021).
 3. **DELIVERY OF ELECTION FORM.** If you intend to tender Eligible Options under the Exchange Offer, a signed copy of this Election Form must be **received** by RedHill before **5:00 p.m., Eastern Time, on Monday, May 24, 2021** (or such later date as may apply if the Exchange Offer is extended) by the following means:
 - *Via email (by PDF or similar imaged document file) to Benefits@altshul.co.il*
-

Your Election Form will be effective only upon receipt by us. **You are responsible for making sure that the Election Form is delivered to the electronic mail address indicated above. You must allow for sufficient time to complete, sign, and deliver this Election Form to ensure that we receive your Election Form on time.**

You are not required to tender any of your Eligible Options for exchange. If you choose to tender one or more of your Eligible Options for exchange, please check the box on your Election Form corresponding to each Eligible Option that you wish to tender for exchange. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange and grant you New Options.

- 4. WITHDRAWAL OF ELECTION.** Tenders of Eligible Options made under the Exchange Offer may be withdrawn at any time before **5:00 p.m., Eastern Time, on Monday, May 24, 2021**, unless we extend the expiration date, in which case withdrawals must be received before such later expiration date and time (and unless we have accepted the Eligible Options, you may also withdraw any such tendered options after 12:00 a.m. Eastern Time on **Monday, June 21, 2021**).

To withdraw tendered Eligible Options, you must deliver a properly completed and signed Notice of Withdrawal via email (by PDF or similar imaged document file) to: Benefits@altshul.co.il

Withdrawals may not be rescinded unless the withdrawn Eligible Options are properly re-tendered before the Expiration Time by following the procedures described in Instruction 3 above.

- 5. SIGNATURES.** Please sign and date this Election Form. Except as described in the following sentence, this Election Form must be signed by the Eligible Optionholder who holds the Eligible Options to be tendered using the same name for such Eligible Optionholder as appears on the applicable stock option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on this Election Form.
 - 6. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance regarding the Exchange Offer (including requests for additional or hard copies of the Offer Documents or this Election Form) should be directed via email to **Benefits@altshul.co.il**.
 - 7. IRREGULARITIES.** We will determine all questions as to the number of ADSs subject to Eligible Options tendered and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Eligible Options for exchange. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. We may reject any or all tenders of Eligible Options for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. We may waive any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Optionholder before the Expiration Time. No Eligible Options will be accepted for exchange until the Eligible Optionholder exchanging the Eligible Options has cured all defects or irregularities to our satisfaction, or they have been waived by us, prior to the Expiration Time. Neither we nor any other person is obligated to give notice of any defects or irregularities involved in the exchange of any Eligible Options.
 - 8. ALTERNATIVE, CONDITIONAL OR CONTINGENT OFFERS.** We will not accept any alternative, conditional or contingent tenders.
 - 9. IMPORTANT U.S. AND ISRAELI TAX INFORMATION.** You should refer to Section 12 of the Offering Memorandum included in the Offer Documents, which contains important U.S. and Israeli tax information. We encourage you to consult with your own financial and tax advisors if you have questions about your financial or tax situation.
-
-

INSTRUCTIONS TO NOTICE OF WITHDRAWAL OF ELECTION FORM

If you previously elected to accept the offer by RedHill Biopharma Ltd. (“**RedHill**”) to exchange some or all of your outstanding Eligible Options for New Options, subject to the terms and conditions of the Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “**Exchange Offer**”), and you would like to change your election and withdraw the tender of any of your Eligible Options for exchange, **you must complete and sign this Notice of Withdrawal of Election Form (this “Notice of Withdrawal”) and return it to RedHill before 5:00 p.m., Eastern Time, on Monday, May 24, 2021.** Once you have completed and signed this Notice of Withdrawal, please return it to RedHill by the following means:

Return via email (by PDF or similar imaged document file) to: Benefits@altshul.co.il

Your tendered Eligible Options will not be considered withdrawn from the Exchange Offer until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline to submit the Notice of Withdrawal but remain an Eligible Optionholder, any previously tendered Eligible Options will be cancelled pursuant to the Exchange Offer in exchange for the grant of New Options. You must sign the Notice of Withdrawal using the same name that appears on the Election Form you previously submitted. If your signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity for you, the signer’s full title and proper evidence of the authority of that person to act in that capacity must be identified on this Notice of Withdrawal.

You should receive a confirmation of receipt within five (5) business days after submitting your Notice of Withdrawal. If you have not received a confirmation of receipt before Tuesday, June 1, 2021, please contact us promptly via email at Benefits@altshul.co.il to confirm that we received your Notice of Withdrawal.

DO NOT COMPLETE AND RETURN THIS NOTICE OF WITHDRAWAL UNLESS YOU WISH TO WITHDRAW A PREVIOUS TENDER OF ELIGIBLE OPTIONS FOR EXCHANGE PURSUANT TO THE EXCHANGE OFFER.

REDHILL BIOPHARMA LTD.
21 HA'ARBA'A STREET
TEL AVIV 6473921, ISRAEL

NOTICE OF WITHDRAWAL OF ELECTION FORM

Return via email (by PDF or similar imaged document file) to: Benefits@altshul.co.il

I previously received from RedHill the Offer to Exchange Eligible Options for New Options, dated April 26, 2021, and the Election Form. I signed and returned the Election Form, in which I elected to tender some or all of my Eligible Options in exchange for New Options. By submitting this Notice of Withdrawal of Election Form (this "**Notice of Withdrawal**"), I am revoking that election and hereby withdraw from the Exchange Offer with respect to the Eligible Options listed below:

Grant Date	Exercise Price	Tax Track	Number of ADSs Underlying Option	Election to tender Eligible Option in exchange for New Option(s)
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>
			[] ADSs	<input type="checkbox"/> <u>Revoke election</u>

I understand that, by signing this Notice of Withdrawal and delivering it to RedHill, I withdraw my acceptance of the Exchange Offer with respect to the Eligible Options listed above. By rejecting the Exchange Offer with respect to the Eligible Options listed above, I understand that such Eligible Options will not be cancelled in exchange for the grant of New Options, and I will retain these Eligible Options subject to their existing exercise price, term, vesting schedule and other terms and conditions. I agree that RedHill has made no representations or warranties to me regarding my rejection of the Exchange Offer. The withdrawal of the Eligible Options listed above is at my sole and exclusive discretion. I agree that RedHill will not be liable for any costs, taxes, losses or damages I may incur as a result of my decision to withdraw the Eligible Options listed above.

By signing below, I hereby revoke my prior election to tender the Eligible Options listed above.

(Signature)

(Print Name)

(Date)

**FORM OF EMAIL
CONFIRMING RECEIPT OF ELECTION FORM**

From: Altshuler Shaham Benefits via DocuSign

Re: Completed: [Your name], An Agreement Awaits Your Approval and Signature

Your document has been completed.

FORM OF EMAIL
CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM

From: RedHill Biopharma Ltd.

Re: Confirmation of Receipt of Notice of Withdrawal of Election Form

This message confirms that RedHill Biopharma Ltd. ("**RedHill**") has received your Notice of Withdrawal of Election Form ("**Notice of Withdrawal**"). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed.

If your Notice of Withdrawal is properly completed and signed and timely received by us, you will have revoked your prior election to exchange your Eligible Options as set forth in your previously submitted Election Form. With respect to the Eligible Options listed on your Notice of Withdrawal, we will neither cancel nor exchange such awards for New Options, and you will retain your Eligible Options subject to their original terms, exercise price and vesting schedule. Unless you deliver a new, properly completed and signed Election Form before **5:00 p.m., Eastern Time, on May 24, 2021**, or a later date if extended, the Eligible Options listed on your Notice of Withdrawal will remain outstanding following the expiration of the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, Election Form or any other documents relating to the Exchange Offer) by email to Benefits@altshul.co.il.

Capitalized terms used but not otherwise defined in this email shall have the meaning set forth in the Offer to Exchange Eligible Options for New Options, dated April 26, 2021.

**FORM OF REMINDER EMAIL TO ELIGIBLE OPTIONHOLDERS
REGARDING THE EXPIRATION OF THE EXCHANGE OFFER**

From: Altshuler Shaham Benefits

Re: REMINDER – Offer to Exchange Eligible Options for New Options

This email serves as a reminder that we are nearing the expiration of the Exchange Offer described in the Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “*Offer Documents*”). The Exchange Offer and your withdrawal rights will expire at **5:00 p.m., Eastern Time, on Monday, May 24, 2021**, unless extended. You must submit your Election Forms and/or Notice of Withdrawal by the Expiration Time. We cannot accept late submissions.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offer Documents, Election Form, Notice of Withdrawal or any other documents relating to the Exchange Offer) by email to Benefits@altshul.co.il.

This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO-I and accompanying documents, which you may access through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

FORM OF EMAIL TO ELIGIBLE OPTIONHOLDERS
CONFIRMING ACCEPTANCE OF ELIGIBLE OPTIONS

From: RedHill Biopharma Ltd.

Re: Confirmation of Acceptance of Eligible Options

Thank you for your submission of the Election Form pursuant to the Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “**Offer Documents**”). With this letter, we confirm that RedHill Biopharma Ltd. (“**RedHill**”) has accepted the Eligible Options listed on your Election Form for exchange in the Exchange Offer. Subject to the terms and conditions of the Exchange Offer, as described in the Offer Documents, your Eligible Options will be cancelled and New Options will be granted to you. Your New Options will appear shortly in the Altshuler Shaham Benefits Options System. If you have included in your Election Form an election to tender any options for exchange that do not qualify as Eligible Options, such options will not be accepted by RedHill and will remain outstanding subject to their original terms following the expiration of the Exchange Offer. If you have any questions, please contact Benefits@altshul.co.il.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Offer Documents.

**FORM OF EMAIL NOTICE
REGARDING REJECTION OF OPTIONS FOR EXCHANGE**

From: RedHill Biopharma Ltd.

Re: Notice of Rejection of Options for Exchange

Thank you for your submission of the Election Form pursuant to the Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “*Exchange Offer*”). With this letter, we are notifying you that RedHill Biopharma Ltd. (“*RedHill*”) has rejected for exchange the options listed on your Election Form. Accordingly, your options will remain outstanding and subject to their original terms. For additional information regarding the rejection of your options for exchange, please contact Benefits@altshul.co.il.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Exchange Offer.

FORM OF EXPIRATION NOTICE EMAIL

From: RedHill Biopharma Ltd.

Re: Expiration of the Exchange Offer

The Exchange Offer described in the Offer to Exchange Eligible Options for New Options, dated April 26, 2021 (the “*Offer Documents*”), has expired, and no additional Election Forms or Notices of Withdrawal may be submitted. If you are an Eligible Optionholder and delivered a properly completed and signed Election Form to tender your Eligible Options before the Expiration Time, and did not subsequently deliver a Notice of Withdrawal, you will receive a separate email confirming our acceptance of your tendered Eligible Options. Any Eligible Options you did not tender for exchange will remain outstanding and subject to their original terms. If you have any questions regarding the stock options you hold, please contact Benefits@altshul.co.il.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.



**RedHill Biopharma Ltd.
(the "Company")**

AMENDED AND RESTATED AWARD PLAN (2010)

As most recently amended by the Board of Directors on April 12, 2021

TABLE OF CONTENTS

1.	Preamble	B-3
2.	Administration of the Plan	B-4
3.	Shares Subject to the Plan	B-5
4.	Option Exercise Prices	B-5
5.	Exclusivity of the Plan	B-6
6.	Grant of the Awards to the Trustee; Voting of Shares	B-6
7.	Award Agreement; Termination of Employment	B-7
8.	Acceleration of an Award; Liquidation	B-10
9.	Term of Awards; Exercise	B-11
10.	Restricted Shares	B-13
11.	Taxation	B-14
12.	Dividends	B-16
13.	Rights and/or Benefits arising out of the Employee/Employer Relationship and the Absence of an Obligation to Employ	B-16
14.	Adjustments Upon Changes in Capitalization	B-17
15.	Term, Termination and Amendment	B-17
16.	Award Modifications	B-18
17.	Effectiveness of the Plan; Approvals	B-18
18.	Release of the Trustee and the Attorney from Liability	B-18
19.	Governing Laws	B-18
APPENDICES		
Appendix A:	Employee's Notice to the Trustee as to Exercise of the Option (Section 9.2)	B-19
Appendix B:	Notice to the Company of Exercise of the Option by the Trustee (Section 9.2)	B-20

1. **PREAMBLE**

- 1.1 This plan, as amended from time to time, shall be known as the RedHill Biopharma Ltd. Amended and Restated Award Plan (2010) (the “**Plan**”). The purpose and intent of the Plan is to provide incentives to employees, directors and/or service providers including advisors of the Company and/or of subsidiaries and/or affiliated companies of the Company (each a “**Related Company**” and collectively, “**Related Companies**”) by providing them with the opportunity to purchase a proprietary interest in the Company by the issuance of ordinary shares of the Company (“**Shares**”) and/or American Depositary Shares, and by the grant of options and awards of restricted shares (“**Restricted Shares**”), Restricted Share Units (“**RSUs**”) and other share-based awards pursuant to the Plan, determined pursuant to the Plan, and such other securities as may be substituted for such shares pursuant to this Plan (collectively, “**Awards**”).
- 1.2 The Plan is intended to enable the Company to grant Awards under various and different tax regimes, including, without limitation: (i) pursuant and subject to Section 102 of the Israeli Income Tax Ordinance (New Version), 1961 (the “**Income Tax Ordinance**”) or any provision which may amend or replace it and any regulations, rules, orders or procedures promulgated thereunder (collectively, “**Section 102**”) and to designate them as either grants made through a trustee or not through a trustee; (ii) pursuant and subject to Section 3(i) of the Income Tax Ordinance; (iii) as “incentive stock options” within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (“**Incentive Stock Options**”) and the “**Code**”, respectively) to Employees (as defined below) of the Company or any subsidiary of the Company which qualifies as a Corporation (as defined below); (iv) as options to U.S. residents, which would not qualify as Incentive Stock Options (“**Non-Qualified Stock Options**”); and (v) to grantees in jurisdictions other than Israel and the United States.

The Company, however, does not warrant that the Plan will be recognized by the income tax authorities in any jurisdiction or that future changes will not be made to the provisions of applicable laws, or rules or regulations which are promulgated from time to time thereunder, or that any exemption or benefit currently available, whether pursuant to Section 102 or otherwise, will not be abolished.

For purposes of the Plan, (i) the term “**Employee**” means a common law employee (as defined in accordance with the regulations and revenue rulings then applicable under Section 3401(c) of the Code) of the Company or any subsidiary of the Company; provided, however, in the case of individuals whose employment status, by virtue of their employer or residence, is not determined under Section 3401(c) of the Code, Employee means an individual treated as an employee for local payroll tax or employment purposes by the applicable employer under applicable law; and (ii) the term “**Corporation**” means any entity that is defined as a corporation under Section 7701 of the Code and is the Company or is in an unbroken chain of corporations (other than the Company) beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing a majority of the total combined voting power of all classes of stock in one of the other corporations in the chain.

- 1.3 The Board of Directors of the Company (the “**Board**”) shall have the authority to make any requisite adjustments in the Plan and determine the relevant terms in any Agreement (as defined in Section 7 below) in order to comply with the requirements of any relevant tax regime. Furthermore, should any provision of Section 102 be amended, such amendment shall be deemed included in the Plan with respect to Awards granted in the context of Section 102. Where a conflict arises between any section of the Plan, the Agreement or their application, and the provisions of any relevant tax law, rule or regulation, whether relied upon for tax relief or otherwise, the Board in its sole discretion shall determine the necessary changes to be made to the Plan and its determination regarding this matter shall be final and binding.

1.4 The Plan contemplates the grant of Awards by the Company both as a private company and as a company whose securities are publicly-traded. In the event the Company's securities should be registered for trading on the Nasdaq Stock Exchange, the New York Stock Exchange, any other stock exchange or an electronic quotation system, whether in the USA or elsewhere, the Awards allotted in accordance with the Plan may be made conditional to any requirement or instruction of the stock exchange authorities or of any other relevant authority acting pursuant to applicable law as shall exist from time to time. In such case, by means of a Board resolution, the Plan and the Agreements prepared pursuant hereto, may be amended as necessary to meet such requirements. In the event of a contradiction between any such amendment and the Plan's provisions, the amendment shall prevail.

2. **ADMINISTRATION OF THE PLAN**

2.1 The Plan shall be administered by the Board and/or by any committee of the Board so designated by the Board. Any subsequent references herein to the Board shall also mean any such committee, if appointed and, unless the powers of the committee have been specifically limited by law or otherwise, such committee shall have all of the powers of the Board granted herein. Without derogating from the generality of the foregoing, the Board shall have the authority to designate grants made pursuant to Section 102 as either grants made through a trustee or not through a trustee and to determine (and from time to time change, subject to Section 102) the tax route applicable to Awards granted through a trustee pursuant to Section 102 (e.g., the capital gains route or the employment income route) and to make any other elections with respect to the Plan pursuant to applicable law. Subject to Sections 4 and 15, the Board shall have plenary authority to determine the terms and conditions of all Awards (which need not be identical), including, without limitation, whether the Awards will be exercisable into ordinary shares of the Company or into American Depositary Shares, the purchase price of the Shares covered by each Award, the identity of those to whom, and the time or times at which, Awards shall be granted, the number of Shares to be subject to each Award, whether an Award shall be granted pursuant to Section 102 or otherwise and when an Award can be exercised and whether in whole or in installments. Subject to Section 15, the Board shall have plenary authority to construe and interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. All determinations and decisions of the Board pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, grantees and their estates and beneficiaries.

2.2 Any directive or notice signed by a member of the Board shall constitute conclusive proof and authority for every act or decision of the Company.

2.3 No director or officer of the Company shall be personally liable or obligated to any grantee as a result of any decision made and/or action taken with respect to the Plan or its execution.

3. **SHARES SUBJECT TO THE PLAN**

The maximum number of Shares that may be issued under the Plan is 7,739,867 Shares and shall automatically be increased on January 1, April 1, July 1 and October 1 of each year such that immediately following such increase the maximum number of Shares that may be issued under the Plan will be equal to fifteen percent (15%) of the number of outstanding Shares on a fully-diluted basis on the last day of immediately preceding fiscal quarter, one hundred percent (100%) of which may be granted pursuant to Incentive Stock Options. The Board may from time to time increase or decrease the maximum number of ordinary shares that may be issued under the Plan.

4. **OPTION EXERCISE PRICES**

The consideration to be paid by a grantee for each Share purchased by exercising an option (the “**Option Exercise Price**”) shall be as determined by the Board on the date of grant, provided that the Option Exercise Price shall not be less than the nominal value of the Shares subject to the option, and if on the date of grant the Company’s Shares are listed on any established stock exchange or a national market or quotation system, then except as otherwise determined by the Board, the Option Exercise Price shall not be less than the closing price on the date of grant on such established stock exchange or a national market or quotation system. The Option Exercise Price shall be denominated in the currency of the primary economic environment of, either the Company or the grantee (that is the functional currency of the Company or the currency in which the grantee is paid) as determined by the Company.

The Board may, in its discretion, grant to the holder of an outstanding option, in exchange for the surrender and cancellation of such option, a new option having an Option Exercise Price lower than provided in the option so surrendered and canceled, and containing such other terms and conditions as the Board may prescribe in accordance with the provisions of this Plan provided that such new Option Exercise Price shall not be less than the nominal value of the Shares subject to the new option.

Notwithstanding anything herein to the contrary, with respect to the grant of a Non-Qualified Stock Option or an Incentive Stock Option, the Option Exercise Price shall be no less than the Fair Market Value (as defined below) of a Share on the date of grant of such Non-Qualified Stock Option or Incentive Stock Option; provided, however, if an Incentive Stock Option is granted to an Employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the combined voting power of all classes of stock of the Company (or any Related Company), the Option Exercise Price shall be at least one hundred ten percent (110%) of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option.

For purposes hereof, the “**Fair Market Value**” of the Shares shall mean, as of any date, the last reported sale price, on that date, of the Shares of the Company on the principal securities exchange on which such Shares are then traded, or, in the event that no sales of such Shares took place on such date, the last reported sale price of such Shares on such principal securities exchange on the most recent prior date on which a sale of Shares took place; provided, however, that if such Shares are not publicly traded on the date as of which Fair Market Value is to be determined, “Fair Market Value” of the Shares shall mean the value as determined in good faith by the Board. The determination of Fair Market Value shall, where applicable, be in compliance with Section 409A of the Code.

5. **EXCLUSIVITY OF THE PLAN**

Unless otherwise determined by the Board in any particular instance as part of the Agreement, each grantee hereunder will be required to declare and agree that all prior agreements, arrangements and/or understandings with respect to Awards and options to purchase Shares of the Company which have not actually been granted prior to execution of the Agreement shall be null and void and that only the provisions of the Plan and/or the Agreement shall apply.

Notwithstanding the above, the adoption of this Plan, by itself, shall not be construed as amending, modifying or rescinding any incentive arrangement previously approved by the Board or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of Awards otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

6. **GRANT OF THE AWARDS TO THE TRUSTEE; VOTING OF SHARES**

6.1 The Board shall appoint a trustee for the purposes of this Plan, which trustee shall be approved, with respect to grants designated as grants made through a trustee pursuant to Section 102, in accordance with Section 102 (the “**Trustee**”). The Trustee shall have all the powers provided by law, Section 102 and the Plan and shall act pursuant to the provisions thereof, as they shall apply from time to time. The Company shall pay the Trustee a fee as shall be agreed between the Trustee and the Company.

6.2 Unless otherwise determined by the Board, all Awards shall be issued by the Company in the name of the Trustee and the Share certificates representing any Shares issued pursuant to options exercised hereunder or Shares vested under other Awards granted hereunder, and any and all other or additional rights deriving in connection therewith, if any, such as, but not limited to, bonus Shares (Share dividends) (“**Additional Rights**”), shall be issued by the Company in the name of the Trustee in trust for the designated grantee and shall be deposited with the Trustee, held by him or her and registered in his or her name in the register of members of the Company for such period as determined by the Board but, in the case of grants designated as grants made through a trustee pursuant to Section 102, not less than the period required, or approved, with respect thereto pursuant to Section 102, as shall be in effect from time to time (the “**Required Holding Period**”).

Furthermore, and without derogating from the aforesaid or any other provision hereof, with respect to Awards granted which were designated as made through a trustee pursuant to Section 102: (i) they may not be sold until the end of the Required Holding Period, unless otherwise allowed or determined by the Israeli tax authorities; and (ii) all Additional Rights will be subject to the same tax route applicable to the original Award.

6.3 Awards granted and designated as grants made through a trustee pursuant to Section 102 will be held by the Trustee and registered in his name in trust for the designated grantee, for not less than the Required Holding Period.

6.4 Awards granted hereunder shall not confer upon the holder thereof any of the rights of a shareholder of the Company with respect to the Shares subject to such Awards until such Shares are issued and registered in the name of the holder upon exercise of the options.

6.5 For as long as any Shares are held by the Trustee or registered in his name or for as long as the certificates representing any Shares are held by the Trustee, the Trustee alone shall be entitled to receive every notice to which a shareholder is entitled, or to demand any information, and any financial and/or other report to which a shareholder is entitled from the Company, and only he or whomever he shall designate pursuant to the Proxy and Power of Attorney referred to and as defined in Section 10.2 below (the “**Attorney**”), shall be entitled to exercise every other right of the shareholders vis-a-vis the Company including the right to participate in and to vote at all shareholders’ meetings. No grantee shall be entitled to exercise any of these rights as shareholder nor make any demand or request of the Trustee and/or of the Attorney in this regard.

6.6 Shares registered in the Trustee's name shall be represented at all meetings of shareholders of the Company and shall be voted by the Trustee or the Attorney in the same manner, proportionately, as the other shareholders of the Company voting on such matter.

6.7 Nothing in the foregoing provisions shall derogate from the power of the Board to grant options to the Trustee otherwise than under the provisions of Section 102 or to grant options to grantees directly otherwise than through the Trustee or on terms which differ from those specified above or to approve the transfer of Shares from the Trustee to the name of any grantee(s) upon such conditions as shall be determined by the Board.

7. **AWARD AGREEMENT; TERMINATION OF EMPLOYMENT**

Unless otherwise determined by the Board, every grantee shall be required to sign grant letter or other documents as shall be determined by the Board, in the form approved by the Board (the "**Agreement**").

The Agreement shall specify the type of Award granted and whether it constitutes an Award pursuant to Section 102, and if so, under which regime, an Award pursuant to Section 3(i) of the Income Tax Ordinance, an Incentive Stock Option, a Non-Qualified Stock Option or otherwise. The Agreement need not be identical with respect to each grantee. The following terms, however, shall apply to all Awards, unless expressly otherwise decided in respect of a particular Award:

7.1 The Option Exercise Price shall be paid by the grantee to the Company no later than the date of exercise of the option unless otherwise determined in the Agreement.

7.2 The grantee shall have no right of first refusal to purchase Shares of the Company which may be offered for sale by shareholders of the Company, and shall have no pre-emptive rights to purchase Shares which are being allotted or shall in the future be allotted by the Company, to the extent any such rights otherwise exist.

7.3 The Award and/or the right to the Award are personal and except insofar as is specified in this Plan, and, where applicable, subject to Section 102, may not be transferred, assigned, pledged, withheld, attached or otherwise charged either voluntarily or pursuant to any law, except by way of transfer pursuant to the laws of inheritance, and no power of attorney or deed of transfer, whether the same has immediate effect or shall take effect on a future date, shall be given with respect thereto. During the lifetime of the grantee the Award may only be exercised by the designated grantee or, if granted to the Trustee, by the Trustee on behalf of the designated grantee. A note as to the provisions of this sub-section or a legend may appear on any document which grants the Award and in particular in the Agreement, and also on any Share certificate.

7.4 The right to exercise an option is granted to the Trustee on behalf of the grantee. Unless otherwise provided in the Agreement, vesting shall be in installments, gradually over a period of four (4) years from the date of grant of the option or such other period or periods as determined by the Board. Unless otherwise determined, at the conclusion of each period for the exercise of the option as determined in the Agreement (“**Vesting Periods**”), the option may, from time to time, be exercised in relation to part or all the Shares allocated for that period in such manner that at the end of each year following the granting of the option the Trustee shall, in the absence of a contrary determination in the Agreement, be entitled to exercise on behalf of the grantee and at his or her request up to one third (1/4) of the Shares subject to the option.

In addition, during each of the Vesting Periods, the option may be exercised in relation to all or part of the Shares allocated for any previous Vesting Period in which the option was not fully exercised, provided, subject to the provisions of Section 7.7 hereof, that at the time of the exercise of the option the grantee has continued to be employed by or to serve as a director of or provide services to, the Company or a Related Company on a continual basis from the date of the grant thereof until the date of their exercise. After the end of the Vesting Periods and during the balance of the option period, the option may be exercised, from time to time, in relation to all or part of the Shares which have not at that time been exercised and which remain subject to the option, subject to the provisions of Section 7.7 hereof and to any condition in the Agreement, if such exists, which provides a minimum number of Shares with respect to which the option may be exercised and any provision which determines the number of times that the Trustee may send the Company notice of exercise on behalf of the grantee in respect of the option. The Board shall be entitled at any time to shorten the vesting schedule or any Vesting Period.

7.5 The Board may determine at its sole discretion, that any grantee shall be entitled to receive the Awards, through the Trustee, pursuant to the provisions of this Plan or, subject to the provisions of Section 102 as relevant, directly in the name of the grantee, immediately upon execution of the Agreement or on such other date or dates as the Company has undertaken towards such grantee. In the event that a grantee is exempt from the Vesting Periods (pursuant to the provisions of Section 7.4), the Board shall be entitled, subject to the provisions of Section 102 as relevant, to determine that where the grantee does not comply with the conditions determined by the Board or ceases to be an employee of the Company or a Related Company, the Trustee, the Company or a Related Company shall have the right to repurchase the Shares from the grantee for nominal or any other consideration paid by the grantee or as otherwise determined by the Board at the time of grant. The Board may set additional conditions to this right of repurchase, including the provision of appropriate arrangements for the monies which shall be available to the Trustee or a Related Company or others for the purpose of the repurchase and may set conditions with respect to the voting rights of the grantee, rights of first refusal or pre-emptive rights to purchase Shares in the Company, to the extent such rights exist, the grantees right to receive reports or information from the Company, and the grantee’s right to a dividend in respect of Shares which are subject to a right of reacquisition as aforesaid. For as long as the foregoing conditions of the Board (including a minimum period of employment as a condition for the lapse of the right to reacquisition) have not been complied with, the grantee shall not be entitled to sell or charge or transfer in any other manner the Shares which are subject to the right of reacquisition. As security for the compliance with this undertaking the Share certificate will be deposited with the Trustee who will release the same to the grantee only after the grantee becomes entitled to the Shares and the same are not subject to any other restrictive condition.

7.6 With respect to the grant of Incentive Stock Options, the Board may not grant Incentive Stock Options to any Employee which would permit the aggregate Fair Market Value (determined on the date of grant) of the Shares with respect to which Incentive Stock Options (under this and any other plan of the Company and its subsidiaries) are exercisable for the first time by such Employee during any calendar year to exceed \$100,000 (U.S.). To the extent any option granted under this Plan which is designated as an Incentive Stock Option exceeds this limit or otherwise fails to qualify as an Incentive Stock Option, such option (or any such portion thereof) shall be a Non-Qualified Stock Option. If Shares acquired upon exercise of an Incentive Stock Option are disposed of by the grantee prior to the expiration of either two (2) years from the date of grant of such Incentive Stock Option or one (1) year from the transfer of Shares to the grantee pursuant to the exercise of such Incentive Stock Option, or in any other "disqualifying disposition" within the meaning of Section 422 of the Code, such grantee shall be required to notify the Company in writing of the date and terms of such disposition. A disqualifying disposition by a grantee shall not affect the status of any other option granted under the Plan as an Incentive Stock Option.

7.7 Termination of Employment/Cause Events

7.7.1 If a grantee ceases to be an employee, director or service provider (or, if relevant, an employee of a service provider) of the Company or a Related Company, other than: (i) by reason of death, disability (as determined by the Board in its absolute discretion) or retirement as provided in Section 7.7.3 below; or (ii) for Cause (as defined in Section 8.2 below); the options that shall have vested prior thereto shall remain exercisable for a period of ninety (90) days (or three (3) months in the case of an Incentive Stock Option) following the earlier of such cessation or notice of cessation (but only to the extent exercisable at termination of employment and not beyond the scheduled expiration date), unless the Agreement provides otherwise. If (i) a grantee ceases to be an employee, director or service provider (or, if relevant, an employee of a service provider) of the Company or a Related Company for Cause (as defined in Section 8.2 below) ("**Termination for Cause**") or (ii) a Cause Event (as defined in Section 8.2 below) occurs with respect to a grantee who is a former employee, director or service provider (or, if relevant, an employee of a service provider) of the Company or a Related Company, then immediately upon the Termination for Cause or notice of Termination for Cause in the case of clause (i) or the occurrence of a Cause Event in the case of clause (ii), the grantee shall not be entitled to exercise any Options, whether vested or unvested, and all such Awards granted to the grantee shall return to the pool of ordinary shares available for future grants under this Plan.

7.7.2 If the employment or the director or service-provider relationship of a grantee is terminated by reason of death, disability (as determined by the Board in its absolute discretion) or retirement after age 60 with the approval of the Board, the option shall remain exercisable for a period of twenty four (24) months following such termination (but only to the extent exercisable at termination of employment and not beyond the scheduled expiration date); provided, however, in the case of an Incentive Stock Option, with respect to a termination of employment as a result of death or disability (within the meaning of Section 22(e) of the Code), the period shall be twelve (12) months, and in the case of retirement, the period shall be three (3) months (in each case, only to the extent exercisable at termination of employment and not beyond the scheduled expiration date).

7.7.3 The Board may determine whether any given leave of absence constitutes a termination of employment. Options awarded under this Plan shall not be affected by any change of employment so long as the grantee continues to be an employee, director or service-provider, as applicable, of the Company or a Related Company.

7.7.4 Notwithstanding the foregoing, the Board may in its absolute discretion, extend the period of exercise of the option by a grantee or grantees for such time as it shall determine either with or without conditions.

8. ACCELERATION OF AN AWARD; LIQUIDATION

8.1 Acceleration in the Event of Sale of Assets, Certain Mergers. In the event of: (i) a sale of all or substantially all of the assets of the Company; or (ii) a consolidation or merger of the Company in which the Company is not the continuing or surviving corporation and the continuing or surviving corporation (or, if such transaction is effected through a subsidiary, the parent of such continuing or surviving corporation), does not assume the Award or substitute it with an appropriate award in the continuing or surviving corporation (or in the parent as aforesaid), then, notwithstanding any contrary Vesting Periods in any Agreement or in this Plan, and unless in each case: (A) the applicable Agreement provides otherwise; or (B) the Board determines otherwise, all of the outstanding Awards held by or for the benefit of any grantee whose vesting dates fall within the first twelve (12) months thereafter shall be accelerated and become vested and exercisable immediately prior to the consummation or closing of such proposed action.

8.2 Acceleration in the Event of a Significant Event. If a "Significant Event", as defined below, shall occur, and following which the employment of a grantee with the Company or a Related Company is terminated by the Company or a Related Company, other than for "Cause" as defined below; and unless the applicable Agreement provides otherwise, all of the outstanding Awards held by or for the benefit of any grantee shall be accelerated and become immediately vested and exercisable.

Each of the following shall be a "**Significant Event**": a consolidation or merger of the Company with or into another corporation approved by the Board of the Company in which the Company is the continuing or surviving corporation or in which, if the Company is not the continuing or surviving corporation, the continuing or surviving corporation (or, if such transaction is effected through a subsidiary, the parent of such continuing or surviving corporation) assumes the Award or substitutes it with an appropriate award in the surviving corporation (or in the parent as aforesaid).

The term "**Cause**" shall mean, for the purposes hereof, any of the following: (a) the definition ascribed to Cause in the individual employment agreement or services agreement between the Company and/or its Related Party and the grantee; (b) any one of the following: dishonesty towards the Company or Related Party, substantial malfeasance or nonfeasance of duty, unauthorized disclosure of confidential information, and conduct substantially prejudicial to the business of the Company or Related Party; or, any substantial breach by the Participant of (i) his or her employment or service agreement or (ii) any other obligations toward Company or a Related Party; and (c) without limiting the foregoing clauses (a) and (b), a conviction (whether following trial, by plea of guilty or failure to contest prosecution) in a criminal proceeding of (i) a misdemeanor involving fraud, false statements or misleading omissions, embezzlement, bribery, forgery or extortion; or (ii) a felony; or (iii) an equivalent charge to those in (i) and (ii) above in jurisdictions which do not use those designations.

The term "**Cause Event**" with respect to a former employee, director or service provider (or, if relevant, an employee of a service provider) of the Company or a Related Company shall mean, for the purposes hereof, any of the following: (a) the definition ascribed to Cause in the individual employment agreement or services agreement between the Company and/or its Related Party and the grantee in effect at the time such grantee ceases to be such an employee, director or service provider; (b) any one of the following: dishonesty towards the Company or Related Party, unauthorized disclosure of confidential information, and conduct substantially prejudicial to the business of the Company or Related Party; or, any substantial breach by the Participant of his or her obligations toward Company or a Related Party; and (c) without limiting the foregoing clauses (a) and (b), a conviction (whether following trial, by plea of guilty or failure to contest prosecution) in a criminal proceeding of (i) a misdemeanor involving fraud, false statements or misleading omissions, embezzlement, bribery, forgery or extortion; or (ii) a felony; or (iii) an equivalent charge to those in (i) and (ii) above in jurisdictions which do not use those designations.

8.3 Acceleration in the Event of a Hostile Takeover. Notwithstanding the provisions of Sections 8.1 and 8.2 above, if a “Hostile Takeover”, as defined below, shall occur, and unless the applicable Agreement provides otherwise, all of the outstanding options held by or for the benefit of any grantee shall be accelerated and become immediately vested and exercisable.

Each of the following shall be a “**Hostile Takeover**”: an occurrence where a person, entity or group that was not an interested party, as defined under the Israeli Securities Law 1968 on the date of the initial public offering of the Company’s ordinary shares, becomes a “controlling shareholder,” as defined in the Israeli Securities Law 1968, or a “holder,” as defined in the Israel Securities Law 1968, of 25% or more of the voting rights in the Company or any merger or consolidation involving the Company, in each case without a resolution by the Board supporting the transaction.

8.4 Liquidation; Merger. Unless otherwise determined by the Board, in the event of: (i) the proposed liquidation or dissolution of the Company; or (ii) a consolidation or merger as described in Section 8.1 (ii) above; all outstanding Awards (including, without limitation, any Awards accelerated pursuant to Section 8.1 above) will terminate and expire immediately upon to the consummation or closing of such proposed action. Without derogating from any other right or authority of the Board hereunder, the Board may, in connection with any proposed liquidation or dissolution, or in connection with any merger or consolidation as aforesaid, determine any other date and time upon which any outstanding Awards will terminate and may also provide for the acceleration and vesting of, and right to exercise, any option which would not otherwise be exercisable.

9. **TERM OF AWARDS; EXERCISE**

9.1 The term of each Award shall be for such period as the Board shall determine, but not more than ten (10) years from the date of grant thereof or such shorter period as is prescribed in Section 7.7 or 8.3 hereof; provided, however, with respect to Incentive Stock Options, if an Employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the combined voting power of all classes of stock of the Company (or any Related Company) and an Incentive Stock Option is granted to such Employee, the term of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no more than five (5) years from the date of grant thereof.

- 9.2 A grantee who desires that the Trustee exercise an option granted to the Trustee on his or her behalf shall so instruct the Trustee in writing in the form annexed hereto as **Appendix A** or in such other form as shall be approved by the Board from time to time. The notice shall be accompanied by, or specify the arrangements for, payment of the full Option Exercise Price of such Shares as provided in the Agreement. The Company may require as a condition to the exercise of an option that the grantee pay or otherwise make arrangements to the Company's satisfaction, for the payment of the tax and other obligatory payments applicable to him or her (including all sums payable arising out of or in connection with the Company's obligation to deduct tax and other obligatory payments at source) pursuant to applicable law and the provisions of the Plan. The Company may also require that the grantee provide or make such representations and agreements as to grantee's investment intent and such other matters as the Company may deem necessary, advisable or appropriate at such time. Upon receipt of all the requisite documents, approvals and payments from the grantee, including sufficient proof of payment or other arrangement with respect to the payment of any applicable taxes in form satisfactory to the Company and the Trustee, the Trustee shall deliver a notice to the Company in the form annexed hereto as **Appendix B** or in such other form as shall be approved by the Board from time to time, whereupon the Company shall allot the Shares in the name of the Trustee.
- 9.3 A grantee who desires to exercise an option granted directly to him or her (and not through the Trustee) shall so notify the Company in writing in such form as shall be prescribed by the Board from time to time. As a condition for the exercise of the option, the grantee shall pay or otherwise make arrangements, to the Company's and Trustee's satisfaction, for the payment of the tax and other obligatory payments applicable to him or her (including all sums payable by the Company arising out of its obligation to deduct tax and other obligatory payments at source) pursuant to applicable law and the provisions of the Plan. Upon receipt of all the requisite documents, approvals and payments from the grantee, including sufficient proof of payment or other arrangement with respect to the payment of any applicable taxes in form satisfactory to the Company and the Trustee, the Company shall allot the Shares in the name of the grantee.
- 9.4 Without limiting the foregoing, the Board may, with the consent of the grantee, from time to time cancel all or any portion of any option then subject to exercise, and the Company's obligation in respect of such option may be discharged by: (i) payment to the grantee or to the Trustee on behalf of the grantee of an amount in cash equal to the excess, if any, of the Fair Market Value of the relevant Shares at the date of such cancellation subject to the portion of the option so canceled over the aggregate Option Exercise Price of such Shares; (ii) the issuance or transfer to the grantee or to the Trustee on behalf of the grantee of Shares of the Company with a Fair Market Value at the date of such transfer equal to any such excess; or (iii) a combination of cash and Shares with a combined value equal to any such excess, all as determined by the Board in its sole discretion.

Without derogating from the above, solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Income Tax Ordinance, if at the date of grant the Company's Shares are listed on any established stock exchange or a national market or quotation system, the Fair Market Value of an Share at the date of grant shall be determined in accordance with the average value of the Company's Shares during the thirty (30) trading days preceding the date of grant, or in the thirty (30) trading days following the date of registration for trading, as the case may be.

9.5 Exercise of options will not be permitted on the effective date for distribution of bonus Shares, rights offering, distribution of a dividend, capital consolidation, capital split or capital reduction (all of the above will be: “**Effective Date**” and “**Company Event**”, respectively).

If the Ex Date of a Company Event precedes the Effective Date of a Company Event, the exercise of options will not be permitted on the Ex Date as mentioned.

Ex Date - the first trading day, in which the securities are traded without the right to any payment under a Company Events.

10. RESTRICTED SHARES

10.1 General

Restricted Shares may be granted to a grantee in such form and having such terms and conditions as the Board shall deem appropriate. The provisions of separate Awards of Restricted Shares shall be set forth in separate Restricted Share Agreements (“**Restricted Share Agreements**”), which need not be identical. Subject to the restrictions set forth in Section 10.2 hereof, and except as otherwise set forth in the applicable Restricted Share Agreement, the grantee shall generally have the rights and privileges of a shareholder as to such Restricted Shares, including the right to vote such Restricted Shares. Unless otherwise set forth in a grantee's Restricted Share Agreement, cash dividends and share dividends, if any, with respect to the Restricted Share shall be withheld by the Company for the grantee's account. Except as otherwise determined by the Board, no interest will accrue or be paid on the amount of any cash dividends withheld.

10.2 Vesting and Restrictions on Transfer

Restricted Shares shall vest in such manner, on such date or dates, or upon the achievement of performance or other conditions, in each case as may be determined by the Board and set forth in a Restricted Share Agreement; *provided, however*, that notwithstanding any such vesting dates, the Board may in its sole discretion accelerate the vesting of any Award of Restricted Shares at any time and for any reason. Unless otherwise specifically determined by the Board, the vesting of an Award of Restricted Shares shall occur only while the grantee is employed by or rendering services to the Company or a Related Company, and all vesting shall cease upon the termination of the employment or service of a grantee for any reason. In addition to any other restrictions set forth in a grantee's Restricted Share Agreement, the grantee shall not be permitted to sell, transfer, pledge, or otherwise encumber the Restricted Shares prior to the time the Restricted Shares have vested pursuant to the terms of the Restricted Share Agreement or for such other period as the Board shall determine (the “**Restricted Period**”). Certificates for Shares issued pursuant to Restricted Share Awards shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such Shares in contravention of such restrictions shall be null and void and without effect. Such certificates may, if so determined by the Board, be held in escrow by an escrow agent appointed by the Board, or, if a Restricted Share Award is made pursuant to Section 102, by the Trustee. In determining the Restricted Period of an Award the Board may provide that the foregoing restrictions shall lapse with respect to specified percentages of the awarded Restricted Shares on successive anniversaries of the date of such Award. To the extent required by the Income Tax Ordinance or the Israeli Tax Authority, the Restricted Shares issued pursuant to Section 102 of the Income Tax Ordinance shall be issued to the Trustee in accordance with the provisions of the Income Tax Ordinance and the Restricted Shares shall be held by the Trustee for the benefit of the grantee for such period as may be required by the Income Tax Ordinance.

10.3 Forfeiture

Subject to such exceptions as may be determined by the Board, if the grantee's continuous employment or other service with the Company and/or any Related Company shall terminate for any reason prior to the time that such grantee's Restricted Shares have vested, any such Restricted Shares remaining subject to vesting or restrictions or with respect to which the purchase price has not been paid in full, shall thereupon be forfeited and shall be deemed transferred to, and reacquired by, or cancelled by, as the case may be, the Company and/or a Related Company at no cost to the Company and/or any Related Company, subject to all applicable laws. Upon forfeiture of Restricted Shares, the grantee shall have no further rights with respect to such Restricted Shares.

10.4 Other Share-Based Awards

The Board is authorized, subject to limitations under applicable law, to grant to grantee such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based upon, or related to, Shares, as deemed by the Board to be consistent with the purposes of the Plan. The Board may also grant Shares as a bonus (whether or not subject to any vesting requirements or other restrictions on transfer), and may grant other Awards in lieu of obligations of any member of the Company and/or any Related Company to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Board. The terms and conditions applicable to such Awards shall be determined by the Board and evidenced by Award Agreements, which agreements need not be identical.

11. TAXATION

11.1 General

The grantee shall be liable for all taxes, duties, fines and other payments which may be imposed by the tax authorities (whether in Israel or abroad) and for every obligatory payment of whatever source (including, but not limited to, social security, health tax, etc., as may be applicable) in respect of the Awards (including, without limitation, upon the grant of the Awards, the exercise of the options, or the registration of the Shares in the grantee's name) or dividends or any other benefit in respect thereof and/or for all charges which shall accrue to the grantee, the Company, any Related Company and/or to the Trustee in connection with the Plan, the Awards, or any act or omission by the grantee or the Company in connection therewith or pursuant to any determination by the applicable tax or other authorities, including, without limitation, any such payments required to be made by the Company as the result of any sale by the grantee of Shares which were designated as made through a trustee pursuant to Section 102 prior to the end of the Required Holding Period. Notwithstanding the foregoing, if the Company elects the "employment income" route for Awards granted through a trustee pursuant to Section 102, the Company or the Related Company, as applicable, shall pay, at its expense, any social security payments payable by the employer with respect to Awards so granted to the extent required as a result of such choice.

11.2 Deduction at Source

The Company (including any Related Company) and/or the Trustee shall have the right to withhold or to require the grantee to pay an amount in cash or to retain or sell without notice, Shares in value sufficient to cover any tax or obligatory payment required by any governmental or administrative authority to be withheld or otherwise deducted and paid with respect to the Awards or the Shares subject thereto (including, without limitation, upon their grant, exercise, issuance or sale or the registration of the Shares in the grantee's name) or with respect to dividends or any other benefits in respect thereof ("**Withholding Tax**"), and to make payment (or to reimburse itself or himself for payment made) to the appropriate tax or other authority of an amount in cash equal to the amount of such Withholding Tax. Notwithstanding the foregoing, the grantee shall be entitled to satisfy the obligation to pay any Withholding Tax, in whole or in part, by providing the Company and/or the Trustee with funds sufficient to enable the Company and/or the Trustee to pay such Withholding Tax.

11.3 Certificate of Authorization of Assessing Officer

The Company (including any Related Company) or the Trustee shall at any time be entitled to apply to the Assessing Officer, and in the case of a grantee abroad, to any foreign tax authority, and to any other governmental or administrative authority for receipt of their certificate of authorization as to the amount of tax or other obligatory payments which the Company or any Related Company or the grantee or the Trustee is to pay to the tax or other authorities resulting from granting the Awards, or regarding any other question with respect to the application of the Plan.

11.4 Security for Payment of Taxes

Without derogating from the above, the Company (including any Related Company) and/or the Trustee shall have the right to require that any grantee provide guarantees or other security to the Company's satisfaction to guarantee the payment of any taxes or other obligatory payments which may be payable as a result of or in connection with the grant of an Award, the exercise thereof, the registration of any Awards in the grantee's name (including any sum payable arising out of or in connection with the Company's obligations to deduct tax and other obligatory payments at source); and, with respect to Awards granted pursuant to Section 102 which were not designated as made through a trustee, if the grantee's employment with the Company or any Related Company is terminated for any reason, the grantee will be obligated to provide the Company with a guarantee or other security to its satisfaction and at its discretion, to cover any tax obligations which may arise thereafter in connection with the disposition of the Shares.

12. **DIVIDENDS**

The Shares issued as a result of the vesting or the exercise of the Awards shall participate equally with the Company's other Shares in every cash dividend that shall be declared and distributed subject to the following provisions:

- 12.1 A cash dividend shall be distributed only to persons registered in the register of members as shareholders on the record date fixed for the distribution of the dividend.
- 12.2 A dividend with regard to Shares that are registered in the name of the Trustee shall be paid to the Trustee, subject to any lawful deduction of tax, whether such rate is at the usual rate applicable to a dividend or at a higher rate. The Trustee shall transfer the dividend to the grantees in accordance with instructions that he shall receive from the Company. Alternatively, the Company shall be entitled to pay the dividend directly to the grantee subject to the deduction of the applicable tax.
- 12.3 Without derogating from the provisions of Sections 11.2 and 12.2 hereof, the Company or the Trustee shall be entitled to set off and deduct at source from any dividend any sum that the grantee owes to the Company (including any Related Company) or the Trustee, whether under the Plan or otherwise, and/or any sum that the grantee owes to the tax or other authorities.

13. **RIGHTS AND/OR BENEFITS ARISING OUT OF THE EMPLOYEE/ EMPLOYER RELATIONSHIP AND THE ABSENCE OF AN OBLIGATION TO EMPLOY**

- 13.1 No income or gain which shall be credited to or which purports to be credited to the grantee as a result of the Plan, shall in any manner be taken into account in the calculation of the basis of the grantee's entitlements from the Company or any Related Company or in the calculation of any social welfare right or other rights or benefits arising out of the employee/employer relationship. If, pursuant to any law, the Company or any Related Company, shall be obliged for the purposes of calculation of the said items to take into account income or gain actually or theoretically credited to the grantee, the grantee shall indemnify the Company or any Related Company, against any expense caused to it in this regard.
- 13.2 Nothing in the Plan shall be interpreted as obliging the Company or any Related Company to employ the grantee and nothing in the Plan or any Award granted pursuant thereto shall confer upon any grantee any right to continue in the employment of the Company or any Related Company or restrict the right of the Company or any Related Company to terminate such employment at any time. The grantee shall have no claim whatsoever against the Company or any Related Company as a result of the termination of his or her employment, including, without limitation, any claim that such termination causes any Awards to expire and/or prevents the grantee from exercising the options and/or from receiving or retaining any Shares pursuant to any agreement between him or her and the Company, or results in any loss due to an imposition, or earlier than anticipated imposition, of tax or other liability pursuant to applicable law.

14. **ADJUSTMENTS UPON CHANGES IN CAPITALIZATION**

Upon the occurrence of any of the following described events, a grantee's rights to purchase Shares under the Plan shall be adjusted as hereinafter provided:

- 14.1 In the event that the Company distributes a **cash dividend**, the effective date for the distribution thereof, will take place after the date of the allocation of the Awards to the Trustee for a grantee, but before the exercise or expiry of the Option Exercise Price shall be decreased in respect of each option by the amount of the dividend per Share. For the avoidance of doubt, under no circumstances will the Option Exercise Price be decreased to a price which is less than the nominal value of an ordinary share of the Company.
- 14.2 In the event that the Company distributes **bonus Shares**, the effective date for the distribution of which takes place after the date of the allocation of the Awards to the Trustee for the grantee, but before the exercise or vesting or expiry of the Awards, the number of Shares to which the grantee is entitled upon the exercise or upon vesting of the Awards shall increase by the number of the Shares that the grantee would have been entitled to as bonus Shares, had he exercised the options prior to the effective date for the distribution of the bonus Shares. The Option Exercise Price shall not vary as a result of the increase in the number of Shares to which the grantee is entitled in the wake of the distribution of bonus Shares.
- 14.3 If rights to acquire any securities whatsoever are offered to Company shareholders by way of **rights**, the Company shall act with a view that the number of Shares that each grantee is entitled to upon the exercise or vesting of the Awards, as applicable, will be adjusted by multiplying the relevant number of Shares by the Benefit Ratio.

Benefit Ratio - the closing price of the stock exchange on the last trading day before the Ex Date divided by the base price of the ex-rights stock.

- 14.4 In any event of **division or consolidation** of the Company's share capital, or any other corporate capitalization event of a significantly similar nature, the Company shall effect such changes or adjustments as are required to prevent dilution or increase in a grantee's rights, pursuant to the Plan with respect to the number and class of the Shares in relation to the Awards not yet vested in accordance with their terms or exercised by the grantee and/or the Option Exercise Price of each option.
- 14.5 In any event of a **merger**, spin-off and/or any other structural change, Awards which have been granted under this Plan, shall be replaced by, or converted to, an alternative Award in the Company after such structural change, all at the absolute discretion of the Company's Board.
- 14.6 Notwithstanding anything herein to the contrary, no adjustment shall be made or authorized to the extent that such adjustment would cause the Plan or any option to violate Section 422 of the Code or Section 409A of the Code, and to the extent any adjustments are made, such adjustments shall be made in accordance with the requirements of Section 422 of the Code or Section 409A of the Code, and the rules of any securities exchange, stock market, or stock quotation system to which the Company is subject, as applicable.

15. **TERM, TERMINATION AND AMENDMENT**

Unless the Plan shall theretofore have been terminated as hereinafter provided, the Plan shall terminate on, and no Award shall be granted after, the tenth anniversary of the date the Plan is adopted by the Board. The Board may at any time terminate, modify or amend the Plan in such respects as it shall deem advisable. Awards granted prior to termination of the Plan may, subject to the terms of the Plan and any Agreement or Restricted Share Agreement, be exercised thereafter. No amendment or modification of the Plan may, without the consent of the grantee to whom any Award shall theretofore have been granted, adversely affect the rights of such grantee under such Award.

16. **AWARD MODIFICATIONS**

Subject to the terms, conditions and limitations of the Plan, the Board at any time and from time to time in its discretion: (i) may select (by price, expiration or other relevant term or otherwise) one or more outstanding Awards granted under the Plan; (ii) may modify, extend or renew those Awards; (iii) may authorize the Company to accept the surrender of outstanding Awards and grant new or replacement Awards pursuant to the Plan in substitution therefor; and (iv) may provide that such modified, extended, renewed or substituted Awards have one or more of the following (in any combination) (A) a lower exercise price or similar component than the surrendered Award or Awards, (B) a higher number of Shares covered by such Award than the number of Shares covered by the surrendered Award or Awards, (C) a longer term than the surrendered Award or Awards, (D) more rapid vesting and exercise ability than the surrendered Award or Awards, (E) a different market or intrinsic value than the surrendered Award or Awards, and (F) other modifications and additional provisions that are authorized by the Plan and more favorable to the grantee than the surrendered Award or Awards. Notwithstanding the foregoing, however: (1) if the exercise price or similar component of the original Award was originally set at the Fair Market Value or a specified fraction or multiple thereof, such exercise price or similar component shall not be lowered in any such modification, extension, renewal or substitution to an amount that is less than the full Fair Market Value or such specified fraction or multiple thereof, as applicable, on the date of such modification, extension, renewal or substitution; and (2) no modification of an Award granted under this Plan shall adversely affect the rights or obligations of a grantee under such Award without such grantee's consent.

17. **EFFECTIVENESS OF THE PLAN; APPROVALS**

The Plan shall become effective as of the date determined by the Board. Notwithstanding the foregoing and Sections 3 and 15 above, in the event that approval of the Plan or any modification or amendment thereto by the shareholders of the Company is required under applicable law or pursuant to applicable stock exchange rules or regulations, such approval shall, to the extent possible, be obtained within the time required under the applicable law, rule or regulation. If such shareholder approval is required in connection with the application of specified tax treatments, the Company shall make reasonable efforts to obtain such approval within the required time.

18. **RELEASE OF THE TRUSTEE AND THE ATTORNEY FROM LIABILITY**

In no event shall the Trustee or the Attorney be liable to any grantee under the Plan, or to a purchaser of Shares from any grantee with respect to any act which has been or will be carried out in relation to the Plan, its execution and any matter connected thereto or arising therefrom. The grantee will be required to covenant upon signing the Agreement that he or she will not make any claim against the Trustee or the Attorney in any manner whatsoever and on any ground whatsoever and that he or she will expressly agree that if the Trustee or the Attorney are sued by them, then the Trustee or the Attorney shall be entitled by virtue of this Section alone to apply to the court for dismissal of the action against them with costs.

19. **GOVERNING LAWS**

The Plan and all instruments issued thereunder shall be governed by and construed in accordance with the laws of the State of Israel, subject to the provisions of the Code with respect to Incentive Stock Options and, in the event of any ambiguity or conflict, the provisions hereof shall be so construed and applied as to give effect to the intention that any Incentive Stock Option granted will qualify as such under Section 422 of the Code.

RedHill Biopharma Ltd.
Appendix A
to
RedHill Biopharma Ltd. Amended and Restated Award Plan (2010)
(Section 9.2)

NOTICE OF EXERCISE

Date: _____

To: Meitav Dash Trusts Ltd. (the "Trustee"), By Fax: 972-3-6960255 or benefits@altshul.co.il

To: RedHill Biopharma Ltd. ("RedHill"), Fax: 972-3-5413144 or Email: einav@redhillbio.com

Dear Sir/Madam:

Re: **Notice of Exercise**

I hereby wish to inform you that it is my desire to exercise _____ options ("**Options**") out of the _____ options which were granted on my name on _____ [Date] under the RedHill Biopharma Ltd. Award Plan (2010), as amended ("**Plan**"), and tenders herewith payment of the purchase price for such shares in full.

The exercise price of said Options is USD _____ per share, all in accordance with the Plan and the Israeli Securities Law of 1968 or any state securities laws.

The total amount for the exercise of the Options of USD _____ was paid to RedHill by me on the date of _____. I am aware that the exercise of the Options will be done only after RedHill will transfer to you written confirmation that the exercise amount was paid in full.

I am aware that all the shares will be allotted to you, registered in your name and that you will hold all the share certificates representing such shares. Likewise, I am aware of and agree to all the other provisions of the Plan and applicable laws.

Yours sincerely,

Signature: _____

Name: _____

The receipt of this form by the Trustee must be verified by phone (No. 972-3-7903444).

RedHill Biopharma Ltd.

Appendix B
to
RedHill Biopharma Ltd. Amended and Restated Award Plan (2010)
(Section 9.2)

NOTICE OF EXERCISE

Date: _____

To: RedHill Biopharma Ltd.

Dear Sirs:

Re: **Notice of Exercise**

Please be advised that on the date of _____ we received instruction from _____ (“the Grantee”) to exercise _____ options (“**Options**”) out of the _____ options which were granted in his/her name on _____ [Date] under the RedHill Biopharma Ltd. Award Plan (2010), as amended (“**Plan**”).

The exercise price of said Options is USD _____ per share, all in accordance with the Plan and the Israeli Securities Law of 1968 or any state securities laws.

The total amount for the exercise of the Options of USD _____ should have been paid to you in full by the Grantee. Upon reception of a written confirmation from you that you received this amount in full, we will exercise the Options for shares and register these shares under our name.

Attached to this notice is the exercise notice sent to us by the Grantee.

Yours sincerely,

Meitav Dash Trusts Ltd.

Signature: _____

Name: _____

INCENTIVE STOCK OPTION AGREEMENT

REDHILL BIOPHARMA LTD.
AMENDED AND RESTATED AWARD PLAN (2010)

1. Grant of Option. Pursuant to the RedHill Biopharma Ltd. Amended and Restated Award Plan (2010) (the "**Plan**"), as adopted by RedHill Biopharma, Ltd., a limited liability company incorporated under the laws of the State of Israel (the "**Company**"), the Company grants to

_____ (the "**Participant**"),

who is an Employee of the Company or a Related Company (as defined in the Plan), provided such Related Company is also a corporation, an option (the "**Stock Option**") to purchase a total of _____ full Shares (the "**Optioned Shares**") of the Company's American Depositary Shares ("**ADSs**"), each representing ten (10) ordinary shares of the Company, at an "**Option Exercise Price**" equal to \$[_____] per ADS (being at least equal to the Fair Market Value per ordinary share of the Company on the Date of Grant (as defined below) multiplied by ten (10) or 110% of such Fair Market Value multiplied by ten (10) in the case of a 10% or more shareholder as provided in Section 422 of the Code), in the amounts, during the periods, and upon the terms and conditions set forth in this Incentive Stock Option Agreement (this "**Agreement**").

The "**Date of Grant**" of this Stock Option is [____], 202[___], and the "**Vesting Commencement Date**" of this Stock Option is [____], 202[___]. The "**Option Period**" shall commence on the Date of Grant and shall expire on the date immediately preceding the tenth anniversary of the Date of Grant (or the date immediately preceding the fifth anniversary of the Date of Grant in the case of a 10% or more shareholder as provided in Section 422 of the Code), unless terminated earlier in accordance with Section 4 below. The Stock Option is intended to be an Incentive Stock Option.

2. Subject to Plan. The Stock Option and its exercise are subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Agreement. The capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan. The Stock Option is subject to any rules promulgated pursuant to the Plan by the Board or an authorized committee thereof (the "**Committee**") and communicated to the Participant in writing.

3. Vesting; Time of Exercise.

a. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Optioned Shares shall be vested, and the Stock Option shall be exercisable as follows:

i. [____]% of the total Optioned Shares shall vest and that portion of the Stock Option shall become exercisable on [____], 202[___] (the "**First Vesting Date**"), provided the Participant is employed by the Company or a Related Company through that date.

ii. An additional [___]% of the total Optioned Shares shall vest and that portion of the Stock Option shall become exercisable on quarterly basis following the First Vesting Date of the Vesting Commencement Date occurring after the First Vesting Date (commencing [____], 202[___]) and through [____], 202[___], provided the Participant is employed by the Company or a Related Company on the applicable vesting date.

iii. The Option shall be fully vested on [____], 202[___].

b. Notwithstanding the foregoing, upon the occurrence of (i) a Significant Event, following which the Participant's employment with the Company or a Related Company is terminated by the Company or the Related Company other than for Cause or (ii) a Hostile Takeover, all Optioned Shares not previously vested shall thereupon immediately become vested and this Stock Option shall become fully exercisable, if not previously so exercisable.

c. Notwithstanding the foregoing, in the event (i) of a sale of all or substantially all of the Company's assets or (ii) the Company is not the continuing or surviving corporation following the consolidation or merger of the Company, and this Agreement is not assumed by the surviving corporation or its parent, or the surviving corporation or its parent does not substitute its own nonqualified stock options or similar award for the Optioned Shares granted hereunder, then the portion of the Stock Option that would vest during the 12-month period immediately following the closing date of the transaction described in subsection (i) or (ii), as applicable, shall become fully vested and exercisable immediately prior to the transaction's closing date. Notwithstanding anything herein or in the Plan to the contrary, no Optioned Shares shall vest and become exercisable unless the applicable event described in Section 3.b. or this Section also constitutes a change in the Company's ownership, its effective control, or the ownership of a substantial portion of its assets within the meaning of Section 409A of the Code.

4. Term; Forfeiture.

a. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned Shares which are not vested on the date of the Participant's Termination of Service (defined below), the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned Shares which are vested will terminate at the first of the following to occur:

- i. 5 p.m. on the date the Option Period terminates;
- ii. 5 p.m. on the date which is 24 months following the date of the Participant's Termination of Service due to death, Retirement (defined below), or Disability (defined below);
- iii. immediately upon the Participant's Termination of Service by the Company or a Related Company for Cause or notice of Termination for Cause;
- iv. immediately after the occurrence of a Cause Event;
- v. 5 p.m. on the date which is 90 days following the date of the Participant's Termination of Service for any reason not otherwise specified in this Section 4.a.; and
- vi. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

b. For purposes of this Agreement, the following terms shall have the meanings set forth below:

i. **“Termination of Service”** occurs when a Participant who is (i) an Employee of the Company or a Related Company ceases to serve as an Employee of the Company and the Related Company for any reason; (ii) a non-employee director of the Company or a Related Company ceases to serve as a non-employee director of the Company and the Related Company for any reason; or (iii) a service provider to the Company or a Related Company ceases to serve as a service provider to the Company and the Related Company for any reason. Except as may be necessary or desirable to comply with applicable federal or state law, a **“Termination of Service”** shall not be deemed to have occurred when a Participant who is an Employee becomes a non-employee director or service provider, or vice versa. If, however, a Participant who is an Employee and who has an Incentive Stock Option ceases to be an Employee but does not suffer a Termination of Service, and if that Participant does not exercise the Incentive Stock Option within the time period required under Section 422 of the Code upon ceasing to be an Employee, the Incentive Stock Option shall thereafter become a Nonqualified Stock Option. Notwithstanding the foregoing provisions of this Section 4.b.i., in the event the Stock Option is subject to Section 409A of the Code, then, in lieu of the foregoing definition and to the extent necessary to comply with the requirements of Section 409A of the Code, the definition of **“Termination of Service”** for purposes of this Agreement shall be the definition of “separation from service” provided for under Section 409A of the Code and the regulations or other guidance issued thereunder.

ii. **“Disability”** means a Participant has been determined by the Board, in its sole discretion, to be totally and permanently disabled. Notwithstanding the foregoing provisions of this Section 4.b.ii., in the event the Stock Option is subject to Section 409A of the Code, then, in lieu of the foregoing definition and to the extent necessary to comply with the requirements of Section 409A of the Code, the definition of **“Disability”** for purposes of this Agreement shall be the definition of “disability” provided for under Section 409A of the Code and the regulations or other guidance issued thereunder.

5. Who May Exercise. Subject to the terms and conditions set forth in Sections 3 and 4 above, during the lifetime of the Participant, the Stock Option may be exercised only by the Participant, or by the Participant’s guardian or personal or legal representative. If the Participant’s Termination of Service is due to his or her death prior to the dates specified in Section 4.a. hereof, and the Participant has not exercised the Stock Option as to the maximum number of vested Optioned Shares as set forth in Section 3 hereof as of the date of his or her death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Participant at any time prior to the earliest of the dates specified in Section 4.a. hereof: the personal representative of his or her estate or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Participant; provided that the Stock Option shall remain subject to the other terms of this Agreement, the Plan, and all applicable laws, rules, and regulations.

6. No Fractional ADSs. The Stock Option may be exercised only with respect to full ADSs, and no fractional ADS shall be issued.

7. Manner of Exercise. Subject to such administrative regulations as the Board or the Committee, as applicable, may from time to time adopt, the Stock Option may be exercised by the delivery of written notice to the Company setting forth the number of ADSs with respect to which the Stock Option is to be exercised, the date of exercise thereof (the “**Exercise Date**”), which shall be at least three days after giving such notice, unless an earlier time shall have been mutually agreed upon, and whether the Optioned Shares to be exercised will be considered to be deemed granted as an Incentive Stock Option as provided in Section 11. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Option Exercise Price of the shares to be purchased, payable as follows: (a) by wire transfer of immediately available funds pursuant to written instructions delivered to the Participant by the Company; (b) if the Company, in its sole discretion, so consents in writing, by the delivery of cash or a check, bank draft, or money order payable to the order of the Company; (c) if the Company, in its sole discretion, so consents in writing, ADSs owned by the Participant on the Exercise Date, valued at its Fair Market Value on the Exercise Date, and which the Participant has not acquired from the Company within six months prior to the Exercise Date; (d) if the Company, in its sole discretion, so consents in writing, by delivery (including by FAX) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions from the Participant to a broker or dealer, reasonably acceptable to the Company, to sell certain of the ADSs purchased upon exercise of the Stock Option or to pledge such shares as collateral for a loan and promptly deliver to the Company the amount of sale or loan proceeds necessary to pay such purchase price; and/or (e) in any other form of valid consideration that is acceptable to the Company in its sole discretion.

Upon payment of all amounts due from the Participant, the Company shall cause the ADSs then being purchased to be registered in the Participant’s name (or the person exercising the Participant’s Stock Option in the event of the Participant’s death) promptly after the Exercise Date. The obligation of the Company to register ADSs shall, however, be subject to the condition that, if at any time the Company shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the ADSs upon any securities exchange or inter-dealer quotation system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the Stock Option or the issuance or purchase of ADSs thereunder, then the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not reasonably acceptable to the Company.

If the Participant fails to pay for any of the Optioned Shares specified in such notice or fails to accept delivery thereof, that portion of the Participant’s Stock Option and right to purchase such Optioned Shares may be forfeited by the Company.

8. Nonassignability. The Stock Option may not be transferred, assigned, pledged, withheld, attached, or otherwise encumbered except by will or by the laws of descent and distribution.

9. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any of the Optioned Shares until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant’s name for the ADSs. The Optioned Shares shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 10 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such certificate or certificates or the registration of such shares in the Participant’s name. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of the ADSs.

10. Adjustment of Number of Optioned Shares and Related Matters. The number of ADSs covered by the Stock Option, and the Option Exercise Prices thereof, shall be subject to adjustment in accordance with Section 14 of the Plan.

11. Incentive Stock Option. Subject to the provisions of the Plan, the Stock Option is intended to be an Incentive Stock Option. To the extent the number of Optioned Shares exceeds the limit set forth in Section 7.6 of the Plan, such Optioned Shares shall be deemed granted pursuant to a Nonqualified Stock Option. Unless otherwise indicated by the Participant in the notice of exercise pursuant to Section 7, upon any exercise of this Stock Option, the number of exercised Optioned Shares that shall be deemed to be exercised pursuant to an Incentive Stock Option shall equal the total number of Optioned Shares so exercised multiplied by a fraction, (a) the numerator of which is the number of unexercised Optioned Shares that could then be exercised pursuant to an Incentive Stock Option, and (b) the denominator of which is the total number of unexercised Optioned Shares.

12. Disqualifying Disposition. In the event that ADSs acquired upon exercise of this Stock Option is disposed of by the Participant in a “Disqualifying Disposition,” such Participant shall notify the Company in writing within 30 days after such disposition of the date and terms of such disposition. For purposes hereof, “**Disqualifying Disposition**” shall mean a disposition of ADSs that is acquired upon the exercise of this Stock Option (and that is not deemed granted pursuant to a Nonqualified Stock Option under Section 11) prior to the expiration of either two years from the Date of Grant of this Stock Option or one year from the transfer of shares to the Participant pursuant to the exercise of the Stock Option.

13. Voting. The Participant, as record holder of some or all of the Optioned Shares following exercise of this Stock Option, has the exclusive right to vote, or consent with respect to, such Optioned Shares until such time as the Optioned Shares are transferred in accordance with this Agreement; provided, however, that this Section shall not create any voting right where the holders of such Optioned Shares otherwise have no such right.

14. Arbitration.

a. All disputes and controversies of every kind and nature between any parties hereto arising out of or in connection with this Agreement or the transactions described herein as to the construction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, or breach (any such matter, a “**Dispute**”), shall be submitted to arbitration pursuant to the following procedures:

i. The parties to such Dispute shall use commercially reasonable efforts to resolve such Dispute through negotiation between individuals with the authority to settle the Dispute on behalf of the parties (each, an “**Authorized Decision Maker**”). To this end, each such party shall cause an Authorized Decision Maker to consult and negotiate with an Authorized Decision Maker of the other party, and the parties shall attempt to reach a resolution satisfactory to both parties, recognizing that their mutual interests may not be aligned (and that each such party shall be entitled to reasonably seek to promote such party’s own interests in such resolution).

ii. If the parties to a Dispute do not resolve such Dispute within 30 days of the first negotiation between the Authorized Decision Makers, then upon written notice by either party to the other, the Dispute shall be submitted to non-binding mediation to be administered in New York City, New York, by the American Arbitration Association or its successor (the “**AAA**”) (or another mediator upon the mutual agreement of the Participant and the Company). Such mediation session shall take place within 60 days of the date of receipt of the written request for mediation. If the parties are not able to agree regarding the identity of the mediator within 20 days from the party’s delivery of the mediation demand to the other party, the AAA shall appoint a neutral mediator upon written request to the AAA by either party.

iii. In the event the Company and the Participant are unable to resolve any Dispute pursuant to Section 14.a.i. or ii. above, the parties hereto shall resolve such Dispute by binding arbitration under the Employment Arbitration rules of the AAA then in effect, and in accordance with applicable law, including the Federal Arbitration Act and the Federal Rules of Civil Procedure, but subject to the following agreed provisions and except where applicable federal or state law requires otherwise. Subject to legal privileges, the arbitrator shall have the power to permit discovery as allowed under the Federal Rules of Civil Procedure. The arbitration shall be conducted in New York City, New York, and the proceedings shall be kept strictly confidential by the parties, their respective attorneys, and the arbitrator. Notice of papers or processes relating to any arbitration proceeding, or for the confirmation of award and entry of judgment on an award, may be served on each of the parties by registered or certified mail. The arbitrator shall be selected by agreement of the parties, but if no agreement can be reached, the arbitrator shall be appointed pursuant to the procedures of the AAA. The Company, on the one hand, and the Participant, on the other hand, shall each pay one-half of the arbitrator's expenses. Each party shall pay its own legal expenses, except where prohibited by law. The arbitrator shall have no authority to consolidate the claims of other employees into a class action or otherwise fashion, consider, preside over, or award relief to any form of a representative, collective, or class proceeding. The arbitrator shall provide a written opinion supporting his or her conclusions, including detailed findings of fact and conclusions of law. Such findings of fact shall be final and binding on the parties. The arbitrator may award damages and/or permanent injunctive relief, but in no event shall the arbitrator have the authority to award punitive or exemplary damages, except where authorized by statute. If proper notice of any hearing has been given, the arbitrator shall have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. If any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, or ordinance, such portion shall be deemed to be modified or altered to conform thereto or, if that is not possible, to be omitted from this Agreement, and the invalidity of any such portion shall not affect the force, effect, and validity of the remaining portion hereof.

iv. Except as set forth in Section 14.b., the parties stipulate that the provisions of this Section shall be a complete defense to any suit, action, or proceeding instituted in any foreign, federal, state, or local court or before any administrative tribunal with respect to any controversy or dispute arising out of this Agreement or the transactions described herein. The arbitration provisions hereof shall, with respect to such controversy or dispute, survive the termination or expiration of this Agreement.

No party to an arbitration may disclose the existence or results of any arbitration hereunder without the prior written consent of the other parties, nor will any party to an arbitration disclose to any third party any confidential information disclosed by any other party to an arbitration in the course of an arbitration hereunder without the prior written consent of such other party.

b. Emergency Relief. Notwithstanding anything in this Section 14 to the contrary, any party may seek from a court any provisional remedy that may be necessary to protect any rights or property of such party pending the establishment of the arbitral tribunal or its determination of the merits of the controversy or to enforce a party's rights under Section 14.

15. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

16. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he or she will not exercise the Stock Option granted hereby, and that the Company will not be obligated to issue any shares to the Participant hereunder, if the exercise thereof or the issuance or registration of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

17. Investment Representation. Unless the ADSs are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all ADSs which may be purchased hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the ADSs are issued to him or her in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the ADSs shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

18. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Stock Option subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

19. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Israel.

20. No Right to Continue Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employment of the Company or any Related Company, whether as an Employee, non-employee director, or service provider, or to interfere with or restrict in any way the right of the Company or any Related Company to discharge the Participant as an Employee at any time (subject to any contract rights of the Participant).

21. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

22. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

23. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement, or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

24. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein.

25. Modification. No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

26. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

27. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

28. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

RedHill Biopharma Ltd.
21 Ha'arba'a Street
Tel Aviv 6473921, Israel
Attn: Razi Ingber or Einav Nagar
Facsimile: 972-3-541-3144 or Email: Razi@redhillbio.com or Einav@redhillbio.com

- b. Notice to the Participant shall be addressed and delivered as set forth on the signature page.

29. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company, or if applicable, any Related Company (for purposes of this Section 29, the term "**Company**" shall be deemed to include any applicable Related Company) shall have the right to deduct from all amounts paid in cash or other form in connection with the Plan, any federal, state, local, or other taxes required by law to be withheld in connection with this Stock Option. The Company may, in its sole discretion, also require the Participant receiving ADSs issued under the Plan to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Participant's income arising with respect to this Stock Option. Such payments shall be required to be made when requested by the Company and may be required to be made prior to the delivery of any certificate representing ADSs or the registration of such shares in the Participant's name. Such payment may be made by (a) wire transfer of immediately available funds pursuant to written instructions delivered to the Participant by the Company and in an amount that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding obligations of the Company; (b) if the Company, in its sole discretion, so consents in writing, the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding obligations of the Company; (c) if the Company, in its sole discretion, so consents in writing, the actual delivery by the exercising Participant to the Company of ADSs that the Participant has not acquired from the Company within six months prior to the date of exercise, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding payment; (d) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of shares to be delivered upon the exercise of the Stock Option, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the required tax withholding payment; or (e) any combination of (a), (b), (c), or (d). Notwithstanding the foregoing, the Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant or withhold the number of shares to be delivered upon the exercise of this Stock Option with an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional ADSs) the required tax withholding obligations of the Company.

*[Remainder of Page Intentionally Left Blank
Signature Page Follows.]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

REDHILL BIOPHARMA LTD.

By: _____

Name: Micha Ben Chorin

Title: CFO

PARTICIPANT:

Signature

Name: _____

Address: _____

NONQUALIFIED STOCK OPTION AGREEMENT

REDHILL BIOPHARMA LTD. AMENDED AND RESTATED AWARD PLAN (2010)

1. Grant of Option. Pursuant to the RedHill Biopharma Ltd. Amended and Restated Award Plan (2010) (the “**Plan**”) for employees, non-employee directors, and certain service providers of RedHill Biopharma, Ltd., a limited liability company incorporated under the laws of the State of Israel (the “**Company**”), and its Related Companies (as defined in the Plan), the Company grants to

_____ (the “**Participant**”),

an option (the “**Stock Option**”) to purchase a total of _____ full American Depository Shares (the “**Optioned ADSs**”) of the Company (each ADS representing ten ordinary shares, par value NIS 0.01 per share) (“**Common Stock**”) at an “**Option Exercise Price**” equal to \$[_____] per ADS (being at least equal to the Fair Market Value per share of the ADS on the date of grant).

The date of grant of this Stock Option is [____], 202[___], and the “**Vesting Commencement Date**” of this Stock Option is [____], 202[___]. The “**Option Period**” shall commence on the date of grant and shall expire on the date immediately preceding the tenth anniversary of the date of grant, unless terminated earlier in accordance with Section 4 below. The Stock Option is a Nonqualified Stock Option. This Stock Option is intended to comply with the provisions governing nonqualified stock options under the final Treasury Regulations issued on [____], 202[___], in order to exempt this Stock Option from application of Section 409A of the Code.

2. Subject to Plan. The Stock Option and its exercise are subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Nonqualified Stock Option Agreement (this “**Agreement**”). The capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan. The Stock Option is subject to any rules promulgated pursuant to the Plan by the Board or an authorized committee thereof (the “**Committee**”) and communicated to the Participant in writing.

3. Vesting; Time of Exercise.

a. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Optioned ADSs shall be vested and the Stock Option shall be exercisable as follows:

i. [____]% of the total Optioned ADSs shall vest and that portion of the Stock Option shall become exercisable on [____], 202[___] (the “**First Vesting Date**”), provided the Participant is employed by (or, if the Participant is a non-employee director or a service provider, is providing services to) the Company or a Related Company through that date.

ii. An additional [____]% of the total Optioned ADSs shall vest and that portion of the Stock Option shall become exercisable on quarterly basis following the First Vesting Date of the Vesting Commencement Date occurring after the First Vesting Date (commencing [____], 202[___]) and through [____], 202[___], provided the Participant is employed by (or, if the Participant is a non-employee director or a service provider, is providing services to) the Company or a Related Company on the applicable vesting date.

iii. The Option shall be fully vested on [____], 202[___].

b. Notwithstanding the foregoing, upon the occurrence of (i) a Significant Event, following which the Participant's employment with or provision of services to the Company or a Related Company is terminated by the Company or the Related Company other than for Cause or (ii) a Hostile Takeover, all Optioned ADSs not previously vested shall thereupon immediately become vested and this Stock Option shall become fully exercisable, if not previously so exercisable.

c. Notwithstanding the foregoing, in the event (i) of a sale of all or substantially all of the Company's assets or (ii) the Company is not the continuing or surviving corporation following the consolidation or merger of the Company, and this Agreement is not assumed by the surviving corporation or its parent, or the surviving corporation or its parent does not substitute its own nonqualified stock options or similar award for the Optioned ADSs granted hereunder, then the portion of the Stock Option that would vest during the 12-month period immediately following the closing date of the transaction described in subsection (i) or (ii), as applicable, shall become fully vested and exercisable immediately prior to the transaction's closing date. Notwithstanding anything herein or in the Plan to the contrary, no Optioned ADSs shall vest and become exercisable unless the applicable event described in Section 3.b. or this Section also constitutes a change in the Company's ownership, its effective control, or the ownership of a substantial portion of its assets within the meaning of Section 409A of the Code.

4. Term; Forfeiture.

a. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned ADSs which are not vested on the date of the Participant's Termination of Service (defined below), the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned ADSs which are vested will terminate at the first of the following to occur:

- i. 5 p.m. on the date the Option Period terminates;
- ii. 5 p.m. on the date which is 24 months following the date of the Participant's Termination of Service due to death, Retirement (defined below), or Disability (defined below);
- iii. immediately upon the Participant's Termination of Service by the Company or a Related Company for Cause or notice of Termination for Cause;
- iv. immediately after the occurrence of a Cause Event;
- v. 5 p.m. on the date which is 90 days following the date of the Participant's Termination of Service for any reason not otherwise specified in this Section 4.a.; and
- vi. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

b. For purposes of this Agreement, the following terms shall have the meanings set forth below:

i. “**Retirement**” means any Termination of Service, with the approval of the Board, solely due to the Participant’s retirement upon or after attainment of age 60.

ii. “**Termination of Service**” occurs when a Participant who is (i) an Employee of the Company or a Related Company ceases to serve as an Employee of the Company and the Related Company for any reason; (ii) a non-employee director of the Company or a Related Company ceases to serve as a non-employee director of the Company and the Related Company for any reason; or (iii) a service provider to the Company or a Related Company ceases to serve as a service provider to the Company and the Related Company for any reason. Except as may be necessary or desirable to comply with applicable federal or state law, a “**Termination of Service**” shall not be deemed to have occurred when a Participant who is an Employee becomes a non-employee director or service provider, or vice versa. If, however, a Participant who is an Employee and who has an Incentive Stock Option ceases to be an Employee but does not suffer a Termination of Service, and if that Participant does not exercise the Incentive Stock Option within the time period required under Section 422 of the Code upon ceasing to be an Employee, the Incentive Stock Option shall thereafter become a Nonqualified Stock Option. Notwithstanding the foregoing provisions of this Section 4.b.ii., in the event the Stock Option is subject to Section 409A of the Code, then, in lieu of the foregoing definition and to the extent necessary to comply with the requirements of Section 409A of the Code, the definition of “**Termination of Service**” for purposes of this Agreement shall be the definition of “separation from service” provided for under Section 409A of the Code and the regulations or other guidance issued thereunder.

iii. “**Disability**” means a Participant has been determined by the Board, in its sole discretion, to be totally and permanently disabled. Notwithstanding the foregoing provisions of this Section 4.b.iii., in the event the Stock Option is subject to Section 409A of the Code, then, in lieu of the foregoing definition and to the extent necessary to comply with the requirements of Section 409A of the Code, the definition of “Disability” for purposes of this Agreement shall be the definition of “disability” provided for under Section 409A of the Code and the regulations or other guidance issued thereunder.

5. Who May Exercise. Subject to the terms and conditions set forth in Sections 3 and 4 above, during the lifetime of the Participant, the Stock Option may be exercised only by the Participant, or by the Participant’s guardian or personal or legal representative. If the Participant’s Termination of Service is due to his or her death prior to the dates specified in Section 4.a. hereof, and the Participant has not exercised the Stock Option as to the maximum number of vested Optioned ADSs as set forth in Section 3 hereof as of the date of his or her death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Participant at any time prior to the earliest of the dates specified in Section 4.a. hereof: the personal representative of his or her estate or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Participant; provided that the Stock Option shall remain subject to the other terms of this Agreement, the Plan, and all applicable laws, rules, and regulations.

6. No Fractional Shares. The Stock Option may be exercised only with respect to full shares, and no fractional share of stock shall be issued.

7. Manner of Exercise. Subject to such administrative regulations as the Board or the Committee, as applicable, may from time to time adopt, the Stock Option may be exercised by the delivery of written notice to the Company setting forth the number of shares of Common Stock with respect to which the Stock Option is to be exercised and the date of exercise thereof (the "**Exercise Date**"), which shall be at least three days after giving such notice, unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Option Exercise Price of the shares to be purchased, payable as follows: (a) by wire transfer of immediately available funds pursuant to written instructions delivered to the Participant by the Company; (b) if the Company, in its sole discretion, so consents in writing, by the delivery of cash or a check, bank draft, or money order payable to the order of the Company; (c) if the Company, in its sole discretion, so consents in writing, Common Stock owned by the Participant on the Exercise Date, valued at its Fair Market Value on the Exercise Date, and which the Participant has not acquired from the Company within six months prior to the Exercise Date; (d) if the Company, in its sole discretion, so consents in writing, by delivery (including by FAX) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions from the Participant to a broker or dealer, reasonably acceptable to the Company, to sell certain of the shares of Common Stock purchased upon exercise of the Stock Option or to pledge such shares as collateral for a loan and promptly deliver to the Company the amount of sale or loan proceeds necessary to pay such purchase price; and/or (e) in any other form of valid consideration that is acceptable to the Company in its sole discretion.

Upon payment of all amounts due from the Participant, the Company shall cause the Common Stock then being purchased to be registered in the Participant's name (or the person exercising the Participant's Stock Option in the event of the Participant's death) promptly after the Exercise Date. The obligation of the Company to register shares of Common Stock shall, however, be subject to the condition that, if at any time the Company shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the Common Stock upon any securities exchange or inter-dealer quotation system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the Stock Option or the issuance or purchase of shares of Common Stock thereunder, then the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not reasonably acceptable to the Company.

If the Participant fails to pay for any of the Optioned ADSs specified in such notice or fails to accept delivery thereof, that portion of the Participant's Stock Option and right to purchase such Optioned ADSs may be forfeited by the Participant.

8. Nonassignability. The Stock Option may not be transferred, assigned, pledged, withheld, attached, or otherwise encumbered except by will or by the laws of descent and distribution.

9. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any of the Optioned ADSs until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the shares of Common Stock. The Optioned ADSs shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 10 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such certificate or certificates or the registration of such shares in the Participant's name. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of the shares of Common Stock.

10. Adjustment of Number of Optioned ADSs and Related Matters. The number of shares of Common Stock covered by the Stock Option, and the Option Exercise Prices thereof, shall be subject to adjustment in accordance with Section 14 of the Plan.

11. Nonqualified Stock Option. The Stock Option shall not be treated as an Incentive Stock Option.

12. Voting. The Participant, as record holder of some or all of the Optioned ADSs following exercise of this Stock Option, has the exclusive right to vote, or consent with respect to, such Optioned ADSs until such time as the Optioned ADSs are transferred in accordance with this Agreement; provided, however, that this Section shall not create any voting right where the holders of such Optioned ADSs otherwise have no such right.

13. Arbitration.

a. All disputes and controversies of every kind and nature between any parties hereto arising out of or in connection with this Agreement or the transactions described herein as to the construction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, or breach (any such matter, a “*Dispute*”), shall be submitted to arbitration pursuant to the following procedures:

i. The parties to such Dispute shall use commercially reasonable efforts to resolve such Dispute through negotiation between individuals with the authority to settle the Dispute on behalf of the parties (each, an “*Authorized Decision Maker*”). To this end, each such party shall cause an Authorized Decision Maker to consult and negotiate with an Authorized Decision Maker of the other party, and the parties shall attempt to reach a resolution satisfactory to both parties, recognizing that their mutual interests may not be aligned (and that each such party shall be entitled to reasonably seek to promote such party’s own interests in such resolution).

ii. If the parties to a Dispute do not resolve such Dispute within 30 days of the first negotiation between the Authorized Decision Makers, then upon written notice by either party to the other, the Dispute shall be submitted to non-binding mediation to be administered in New York City, New York, by the American Arbitration Association or its successor (the “AAA”) (or another mediator upon the mutual agreement of the Participant and the Company). Such mediation session shall take place within 60 days of the date of receipt of the written request for mediation. If the parties are not able to agree regarding the identity of the mediator within 20 days from the party’s delivery of the mediation demand to the other party, the AAA shall appoint a neutral mediator upon written request to the AAA by either party.

iii. In the event the Company and the Participant are unable to resolve any Dispute pursuant to Section 13.a.i. or ii. above, the parties hereto shall resolve such Dispute by binding arbitration under the Employment Arbitration rules of the AAA then in effect, and in accordance with applicable law, including the Federal Arbitration Act and the Federal Rules of Civil Procedure, but subject to the following agreed provisions and except where applicable federal or state law requires otherwise. Subject to legal privileges, the arbitrator shall have the power to permit discovery as allowed under the Federal Rules of Civil Procedure. The arbitration shall be conducted in New York City, New York, and the proceedings shall be kept strictly confidential by the parties, their respective attorneys, and the arbitrator. Notice of papers or processes relating to any arbitration proceeding, or for the confirmation of award and entry of judgment on an award, may be served on each of the parties by registered or certified mail. The arbitrator shall be selected by agreement of the parties, but if no agreement can be reached, the arbitrator shall be appointed pursuant to the procedures of the AAA. The Company, on the one hand, and the Participant, on the other hand, shall each pay one-half of the arbitrator’s expenses. Each party shall pay its own legal expenses, except where prohibited by law. The arbitrator shall have no authority to consolidate the claims of other employees into a class action or otherwise fashion, consider, preside over, or award relief to any form of a representative, collective, or class proceeding. The arbitrator shall provide a written opinion supporting his or her conclusions, including detailed findings of fact and conclusions of law. Such findings of fact shall be final and binding on the parties. The arbitrator may award damages and/or permanent injunctive relief, but in no event shall the arbitrator have the authority to award punitive or exemplary damages, except where authorized by statute. If proper notice of any hearing has been given, the arbitrator shall have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. If any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, or ordinance, such portion shall be deemed to be modified or altered to conform thereto or, if that is not possible, to be omitted from this Agreement, and the invalidity of any such portion shall not affect the force, effect, and validity of the remaining portion hereof.

iv. Except as set forth in Section 13.b., the parties stipulate that the provisions of this Section shall be a complete defense to any suit, action, or proceeding instituted in any foreign, federal, state, or local court or before any administrative tribunal with respect to any controversy or dispute arising out of this Agreement or the transactions described herein. The arbitration provisions hereof shall, with respect to such controversy or dispute, survive the termination or expiration of this Agreement.

No party to an arbitration may disclose the existence or results of any arbitration hereunder without the prior written consent of the other parties, nor will any party to an arbitration disclose to any third party any confidential information disclosed by any other party to an arbitration in the course of an arbitration hereunder without the prior written consent of such other party.

b. Emergency Relief. Notwithstanding anything in this Section 13 to the contrary, any party may seek from a court any provisional remedy that may be necessary to protect any rights or property of such party pending the establishment of the arbitral tribunal or its determination of the merits of the controversy or to enforce a party's rights under Section 13.

14. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

15. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he or she will not exercise the Stock Option granted hereby, and that the Company will not be obligated to issue any shares to the Participant hereunder, if the exercise thereof or the issuance or registration of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

16. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be purchased hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to him or her in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

17. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Stock Option subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

18. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Israel.

19. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Related Company, whether as an Employee, non-employee director, or service provider, or to interfere with or restrict in any way the right of the Company or any Related Company to discharge the Participant as an Employee, non-employee director, or service provider at any time.

20. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement, and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

21. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

22. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement, or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

23. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein.

24. Modification. No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

25. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

26. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

27. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

RedHill Biopharma Ltd.
21 Ha'arba'a Street
Tel Aviv 6473921, Israel
Attn: Einav Nagar or Razi Ingber
Email: einav@redhillbio.com or razi@redhillbio.com
Facsimile: 972-3-639-8891

- b. Notice to the Participant shall be addressed and delivered as set forth on the signature page.

28. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company, or if applicable, any Related Company (for purposes of this Section 28, the term "**Company**" shall be deemed to include any applicable Related Company) shall have the right to deduct from all amounts paid in cash or other form in connection with the Plan, any federal, state, local, or other taxes required by law to be withheld in connection with this Stock Option. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Participant's income arising with respect to this Stock Option. Such payments shall be required to be made when requested by the Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock or the registration of such shares in the Participant's name. Such payment may be made by (a) wire transfer of immediately available funds pursuant to written instructions delivered to the Participant by the Company and in an amount that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding obligations of the Company; (b) if the Company, in its sole discretion, so consents in writing, the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding obligations of the Company; (c) if the Company, in its sole discretion, so consents in writing, the actual delivery by the exercising Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six months prior to the date of exercise, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (d) below) the required tax withholding payment; (d) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of shares to be delivered upon the exercise of the Stock Option, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the required tax withholding payment; or (e) any combination of (a), (b), (c), or (d). Notwithstanding the foregoing, the Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant or withhold the number of shares to be delivered upon the exercise of this Stock Option with an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares) the required tax withholding obligations of the Company.

*[Remainder of Page Intentionally Left Blank
Signature Page Follows.]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

REDHILL BIOPHARMA LTD.

By: _____

Name: _____

Title: _____

PARTICIPANT:

Signature

Name: _____

Address: _____



Confidential

REDHILL BIOPHARMA LTD.

The "Company"

Date: [____], 202[__]

Grant Letter – Non Israeli and Non US Taxpayers

To the Grantee: _____, ID No. _____.

You are hereby notified that on [____], 202[__] the Board of Directors of the Company (the "**Board**") that you shall be granted _____ options, each to purchase one American Depository Share ("**ADS**") of the Company (each ADS representing ten ordinary shares, par value NIS 0.01 per share), at an exercise price per share of USD [____] (the "**Exercise Price**" and the "**Options**"), subject to the terms, conditions and rules of the Share Ownership and Amended and Restated Award Plan (2010) of the Company (the "**Plan**"), any applicable law and this Grant Letter, as follows:

1. **Definitions.** Any terms used in this Grant Letter, except where stated otherwise, will have the same meaning as contained in the Plan.
2. **Vesting.** Unless otherwise determined by the Board and/or any committee of the Board so designated by the Board, all Options granted to you on this date shall, subject to your continued employment with or rendering service to the Company or Affiliate, become vested and exercisable in accordance with the vesting schedule detailed below. The commencement date of your vesting schedule is [____], 202[__] (the "**Commencement Date**").

Vesting will take place in 16 equal quarterly installments commencing on [____], 202[__] (the "**First Vesting Date**") and ending on [____], 202[__] (the "**Last Vesting Date**"). Should the number of Options to vest upon each Vesting Date result in a fractional number of Options, the number of Options that shall vest on each Vesting Date will be rounded down to the nearest whole number, with the remainder vesting upon the Last Vesting Date.

3. The Options have a 10-years term and they will expire on [____], 202[__], unless terminated earlier in accordance with the Plan.
4. The Options are granted to you on condition that you sign the Approval of the grantee as detailed below.

RedHill Biopharma Ltd.

Date

APPROVAL OF THE GRANTEE:

I am aware of the fact that upon termination of my engagement with the Company, I shall not have a right to the Options, except as specified in the Plan.

I hereby confirm that:

1. I read the Plan and this Grant Letter thoroughly, received all the clarifications and explanations I requested, and I understand and accept their terms and conditions. I acknowledge that the grant of Options as prescribed under this Grant Letter is based on my confirmation;
2. I have obtained professional tax advice from my own tax advisor concerning any tax consequences related to the Options and ADSs and I do not rely on the Company or any of its affiliates for any tax advice in connection with the Options and ADSs.

Name of Grantee

Signature

Date



Confidential

REDHILL BIOPHARMA LTD.
The "Company"

Grant Letter

Date: [____], 202[__]

To the Grantee, _____, ID _____

You are hereby notified that on [____], 202[__] the Board of Directors of the Company (the "**Board**") resolved that you shall be granted _____ options, each to purchase one American Depository Share ("**ADS**") of the Company (each ADS representing ten ordinary shares, par value NIS 0.01 per share), at an exercise price per ADS of USD [____] (the "**Exercise Price**" and the "**Options**"), subject to the terms, conditions and rules of the Amended and Restated Award Plan (2010) of the Company (the "**Plan**"), that certain trust agreement with Altshuler Shaham Trusts Ltd. (the "**Trust Agreement**") and any applicable law and this Grant Letter, as follows:

1. **Definitions.** Any terms used in this Grant Letter, except where stated otherwise, will have the same meaning as contained in the Plan.
2. **Section 102.** The Options, ADSs and Additional Rights shall be allocated on your behalf to the trustee who shall be appointed by the Board (the "**Trustee**") under the provisions of the Capital Gains Tax Track and will be held by the Trustee for the period stated in Section 102 of the Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder ("**Section 102**").

The Options, ADSs and Additional Rights are granted to you and allocated to the Trustee according to the provisions of Section 102, the Plan and the Trust Agreement signed between the Company and the Trustee attached herewith and made a part of this notice.

3. **Vesting.** Unless otherwise determined by the Board and/or any committee of the Board so designated by the Board, all Options granted to you on this date shall, subject to your continued employment with or rendering service to the Company or Affiliate, become vested and exercisable in accordance with the vesting schedule detailed below. The commencement date of your vesting schedule is [____], 202[__] (the "**Commencement Date**");

Vesting will take place in 16 equal quarterly installments commencing on [____], 202[__] (the "**First Vesting Date**") and ending on [____], 202[__] (the "**Last Vesting Date**"). Should the number of Options to vest upon each Vesting Date result in a fractional number of Options, the number of Options that shall vest on each Vesting Date will be rounded down to the nearest whole number, with the remainder vesting upon the Last Vesting Date.

4. The Options have a 10-years term and they will expire on [____], 202[__], unless terminated earlier in accordance with the Plan.
5. The Options are granted to you on condition that you sign the Approval of the grantee as detailed below.

RedHill Biopharma Ltd.

Date

APPROVAL OF THE GRANTEE:

I hereby agree that all the Options and Additional Rights granted to me, shall be allocated to the Trustee under provisions of the Capital Gains Tax Track and shall be held by the Trustee for the period stated in Section 102 and in accordance with the provisions of the Trust Agreement, or for a shorter period if an approval is received from the tax authorities.

I am aware of the fact that upon termination of my employment in the Company, I shall not have a right to the Options, except as specified in the Plan.

I hereby confirm that:

1. I read the Plan, the Trust Agreement and this Grant Letter thoroughly, received all the clarifications and explanations I requested, and I understand and accept their terms and conditions. I acknowledge that the grant of Options as prescribed under this Grant Letter is based on my confirmation;
2. I understand the provisions of Section 102 and the applicable tax track of this grant of Options;
3. Subject to the provisions of Section 102, I confirm that I shall neither sell nor transfer the Options, ADSs or Additional Rights from the Trustee until the end of the Lock-Up Period, unless otherwise allowed or determined by the Israeli tax authorities;
4. If I shall sell or withdraw the shares from the Trust before the end of the Lock-Up Period as defined in Section 102 (“**Violation**”), either (A) I shall reimburse the Company within three (3) days of its demand for the employer portion of the payment by the Company to the National Insurance Institute plus linkage and interest in accordance with the law, as well as any other expense that the Company shall bear as a result of the said Violation (all such amounts defined as the “**Payment**”) or (B) I agree that the Company may, in its sole discretion, deduct such amounts directly from any monies to be paid to me as a result of my disposition of the ADSs;
5. I understand that this grant of Options is conditioned upon the receipt of all required approvals from the tax authorities.

Name of Grantee

Signature

Date



Confidential

REDHILL BIOPHARMA LTD.

The "Company"

Date: [____] [__], 202[__]

Grant Letter – 3(i)

To the Grantee: _____, ID _____

You are hereby notified that on [____], 202[__] the Board of Directors of the Company (the "**Board**") resolved that you shall be granted _____ options to the Company's American Depository Shares ("**ADSs**") of the Company (each representing ten ordinary shares, par value NIS 0.01 per share), at an exercise price per ADS of USD [____] (the "**Exercise Price**" and the "**Options**"), subject to the terms, conditions and rules of the Amended and Restated Award Plan (2010) of the Company (the "**Plan**"), any applicable law and this Grant Letter, as follows:

1. **Definitions.** Any terms used in this Grant Letter, except where stated otherwise, will have the same meaning as contained in the Plan.
2. **Section 3(i).** All options granted to you shall be taxed in accordance with Section 3(i) of the Israeli Income Tax Ordinance, 1961 ("**Section 3(i)**"). As a result, you may be required to pay taxes upon the exercise of the Options, even if the ADSs are not sold upon such exercise.
3. **Vesting.** Unless otherwise determined by the Board and/or any committee of the Board so designated by the Board, all Options granted to you on this date shall, subject to your continued employment with or rendering service to the Company or Affiliate, become vested and exercisable in accordance with the vesting schedule detailed below. The commencement date of your vesting schedule is [____], 202[__] (the "**Commencement Date**").

Vesting will take place in 16 equal quarterly installments commencing on [____], 202[__] (the "**First Vesting Date**") and ending on [____], 202[__] (the "**Last Vesting Date**"). Should the number of Options to vest upon each Vesting Date result in a fractional number of Options, the number of Options that shall vest on each Vesting Date will be rounded down to the nearest whole number, with the remainder vesting upon the Last Vesting Date.

4. The Options have a 10-years term and they will expire on [____], 202[__], unless terminated earlier in accordance with the Plan.
5. The Options are granted to you on condition that you sign the Approval of the grantee as detailed below.

RedHill Biopharma Ltd.

Date

APPROVAL OF THE GRANTEE:

I am aware of the fact that upon termination of my engagement with the Company, I shall not have a right to the Options, except as specified in the Plan.

I hereby confirm that:

1. I read the Plan and this Grant Letter thoroughly, received all the clarifications and explanations I requested and I understand and accept their terms and conditions. I acknowledge that the grant of Options as prescribed under this Grant Letter is based on my confirmation;
2. I have obtained professional tax advice from my own tax advisor concerning any tax consequences related to the Options and ADSs and I do not rely on the Company or any of its affiliates for any tax advice in connection with the Options and ADSs.

Name of Grantee

Signature

Date