WIXPRESS LTD.

FORM F-1

(Securities Registration (foreign private issuer))

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As filed with the Securities and Exchange Commission on October 1, 2013.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Wix.com Ltd.

(Exact Name of Registrant as Specified in its Charter)

State of Israel	7370	98-0685109
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Wix.com Ltd.
40 Namal Tel Aviv St.
Tel Aviv, 6350671 Israel
+972 (3) 545-4900
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Wix.com, Inc.
2601 Mission Street
San Francisco, CA 94110 (415) 643-6479
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Colin J. Diamond, Esq. Joshua G. Kiernan, Esq. White & Case LLP 1155 Avenue of the Americas New York, NY 10036 Tel: (212) 819-8200 Fax: (212) 354-8113	Eitan Israeli, Adv. Menachem Gellman, Adv. Israeli, Ben-Zvi, Attorneys at Law 1 Azrieli Center Round Tower, 24th floor Tel Aviv, 6701101 Israel Tel: +972 (3) 609-9960 Fax: +972 (3) 609-9961	Robert D. Sanchez, Esq. Allison B. Spinner, Esq. Wilson Sonsini Goodrich & Rosati, Professional Corporation 1700 K Street, NW, Fifth Floor Washington, D.C. 20006 Tel: (202) 973-8800 Fax: (202) 973-8899	J. David Chertok, Adv. David S. Glatt, Adv. Meitar Liquornik Geva Leshem Tal 16 Abba Hillel Silver Rd. Ramat Gan, 5250608 Israel Tel: +972 (3) 610-3100

Approximate date of commencement of proposed sale to the public: As soon as practicable after effectiveness of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Ordinary Shares, par value NIS 0.01	$100,000,000	$12,880

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.
(2) Includes shares granted pursuant to the underwriters' option to purchase additional shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and neither we nor the selling shareholders are soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated October 1, 2013

PRELIMINARY PROSPECTUS

Shares

Ordinary Shares

This is the initial public offering of Wix.com Ltd. Prior to this offering, there has been no public market for our ordinary shares. We are selling ordinary shares and the selling shareholders named in this prospectus are selling ordinary shares. We will not receive any proceeds from the sale of the shares by the selling shareholders. The estimated initial public offering price is between $ and $ per share.

We have applied to have the ordinary shares listed on the New York Stock Exchange under the symbol WIX.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions (1)	$	$
Proceeds to us (before expenses)	$	$
Proceeds to the selling shareholders (before expenses)	$	$

(1) See "Underwriting" for a description of compensation payable to the underwriters.

We and the selling shareholders have granted the underwriters an option to purchase up to additional ordinary shares.

We are an "emerging growth company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. Investing in our ordinary shares involves a high degree of risk. See " Risk Factors " beginning on page 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on or about , 2013.

J.P. Morgan **BofA Merrill Lynch** **RBC Capital Markets**

Needham & Company **Oppenheimer & Co.**

, 2013

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Neither we, nor the selling shareholders, nor the underwriters have authorized anyone to provide information different from that contained in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus prepared by us or on our behalf. Neither we, nor the selling shareholders, nor the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any information other than the information in this prospectus and any free writing prospectus prepared by us or on our behalf. Neither the delivery of this prospectus nor the sale of our ordinary shares means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or the solicitation of an offer to buy these ordinary shares in any circumstances under which such offer or solicitation is unlawful.

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before deciding to invest in our ordinary shares. You should read the entire prospectus carefully, including "Risk Factors" and our consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. In this prospectus, the terms "Wix," "we," "us," "our" and "the company" refer to Wix.com Ltd. and its subsidiaries.

Our Vision

We believe that the Internet should be accessible to everyone, not just to access information but also to develop, create and contribute.

We see many similarities in our vision with the desktop revolution, when computer hardware and software evolved to provide everyone with the capability to develop, create and print professional-quality documents from their desktop. Access expanded to everyone, document creation became a core human skill, and the asset-heavy approach was abandoned. This same revolution has not yet happened online. Today, professional skill and capital is needed to turn ideas into high-quality web content. We believe that by providing an easy-to-use and affordable solution with professional-quality results, we are leading the "Webtop Revolution."

Our Business

We are a leading global web development platform with one of the largest number of registered users in the world. We empower more than 37 million registered users in 190 countries to create and manage a fully integrated and dynamic digital presence. We are pioneering a new approach to web development and management that provides an easy-to-use yet powerful cloud-based platform that eliminates the need for complex coding and supplants expensive design services. Our solutions enable millions of businesses, organizations, professionals and individuals to take their businesses, brands and workflow online. We offer our solutions through a freemium and subscription model and as of August 31, 2013, we had 679,536 premium subscriptions.

Our core product is a drag-and-drop visual development and editing environment complete with high quality templates, graphics, image galleries and fonts. With our platform, Wix users can create and manage a professional-quality digital presence tailored to their brands' specific look and feel, accessible across all major browsers and the most widely used desktop, tablet and mobile devices. Our cloud-based platform is accessed through a hosted environment, allowing our users to update their site and manage their business or organization at any time. We provide our users with flexibility and scalability, allowing them to expand their digital presence as their business, organizational, professional or individual needs change and grow. Through our highly curated App Market, which we launched in the last quarter of 2012, we offer users the ability to easily install more than 140 different apps that were carefully identified and selected for inclusion in the App Market by us based on user needs and demand. These apps add additional functionality and are easily integrated into users' websites with one click and without any coding. Revenues from our App Market have been negligible to date.

Our scale and reach makes us an attractive partner for companies interested in distributing their own solutions to our users, which are primarily small business owners, organizations and entrepreneurs. As we expand our platform through partnerships, we are able to increase our value proposition for existing users and more easily attract new users.

By developing business intelligence using the data we have generated over several years of operation, we have been able to leverage online channels effectively for the majority of our marketing efforts without the need for a direct sales force. In addition, many of our users refer us within their personal and professional networks.

As a result, we generate a large volume of traffic through word-of-mouth, with organic and direct traffic, meaning visitor traffic that reached our website, Wix.com, via unpaid search results or by typing the URL of our website in their browser, accounting for approximately 59% of the premium subscriptions generated by users that registered in August 2013.

We are removing not only technological, but also geographic and linguistic barriers to web development by offering our platform in several languages, including English, French, Spanish, Portuguese and Italian.

Through June 30, 2013, we had achieved 14 consecutive quarters of sequential growth in the number of premium subscriptions. We have also achieved 14 consecutive quarters of growth in revenues and collections. We had revenues of $9.9 million, $24.6 million and $43.7 million and collections of $13.8 million, $29.6 million and $52.5 million in 2010, 2011, and 2012, respectively. We had a net loss of $11.5 million, $22.7 million and $15.0 million in 2010, 2011, and 2012, respectively. We had revenues of $34.1 million, collections of $41.9 million and a net loss of $10.1 million during the six months ended June 30, 2013.

Industry Background

Increasing need for a dynamic digital presence

According to a June 2013 Netcraft survey, there are more than 673 million websites across all domains, nearly four times the number that existed five years ago. The way that consumers interact with websites, however, continues to expand with the evolution of technology. Consumers have come to expect a high level of personalization, engagement and functionality; a static website is no longer satisfactory and can even negatively affect overall brand perception for businesses, organizations and professionals.

In the current market, businesses, organizations and professionals need a dynamic digital presence with tools to manage interactions with customers, suppliers, partners and employees online and in real time. These interactions include back-end activities like invoicing, customer relationship management and payment processing, as well as front-end activities such as communications, online marketing, reservations and scheduling and social media integration.

Use of dynamic web content and services for high level customer engagement is becoming increasingly prolific. Businesses, organizations and professionals that have access to the latest technology and large budgets are able to create this fully functional, integrated and engaging digital presence and widen the competitive gap between themselves and those that lack access.

Creating a dynamic digital presence is challenging

Building this presence is becoming more challenging for businesses, organizations, professionals and individuals for the following reasons:

- *Developing a dynamic digital presence with professional quality is expensive.* Developing and maintaining a professional-quality digital presence today often requires the engagement of professional designers and developers, which is not an option for many small businesses with limited budgets.
- *Learning to code is difficult, time consuming and out of reach for most* . As coding languages continue to evolve over time to allow for additional features and functionality, the complexity and level of skill required to develop a digital presence increases dramatically. As a result, these professional-quality improvements are generally out of reach for those that have limited or no experience with computer programming.
- *The ability to manage and modify in real time is limited and time consuming.* Hiring a third-party to dynamically update a site is costly, impractical and often time consuming even for relatively small changes. Most website template solutions provide options but have limited flexibility in terms of what can be changed once a website is published.

- *Integrating functionality requires advanced skills and access to multiple vendors.* Proficiently discovering, managing and integrating multiple applications and tools is complex and typically requires hiring costly developers.
- *There are many platforms, browsers and devices which each have different compatibility requirements.* In order to develop a digital presence that is widely accessible across the growing number of platforms, browsers and devices, there is often a need to recreate an entire site multiple times with different specifications. This is costly and time consuming for even the largest companies.

Our Solution

We offer our web development, design and management solutions and apps through a cloud-based online platform that enables our more than 37 million businesses, organizations, professionals and individuals to create a sophisticated and professional digital presence. Our large user base provides our partners with a massive distribution channel for their products, enhancing the value we can provide our users.

Benefits to Our Users

We believe that our solution offers the following key benefits to our users:

- *Professional quality at an affordable price.* We provide customizable and professionally designed content, allowing users to encapsulate their vision consistent with their brand and establish credibility. We have a dedicated team of over 40 design professionals, and users may access our professional content and features at a material discount to the cost of hiring a professional or in many cases at no cost at all.
- *Easy-to-use technology.* Our platform provides our users with a powerful and easy-to-use cloud-based solution that takes the technological complexity out of web development and management, allowing anyone to create a dynamic digital presence. Our drag-and-drop editing environment enables users with basic computer skills to create a fully functional digital presence without the need to develop an advanced new skill set.
- *User-driven website management.* Our cloud-based platform makes ongoing management simple, enabling users to maintain their dynamic digital presence at any time without the need to pay for expensive design professionals to make even small changes. We also have an in-house team of 130 support and call center professionals available for our users.
- *Access to third-party apps.* We offer a selection of over 140 free and paid apps through our highly curated App Market that were carefully identified and selected for inclusion in the App Market by us based on user needs and demand. These apps provide online workflow and management tools that users can add through the Wix Editor. The required coding is managed automatically by our proprietary software without any effort needed by the user, making integration with our users' sites seamless.
- *Multi-platform.* Our technology addresses the challenges posed by the wide range of browsers and devices used to access the web. We handle all the code customizations and required site compatibility with new device and browser platforms, removing additional cost and effort for our users.

Benefits to Our Partners

We believe that our solution offers the following key benefits to our partners:

- *Distribution to a large user base* . We attract interest from multiple companies seeking to market their solutions effectively to our large and highly engaged audience of businesses, organizations, professionals and individuals through free and paid apps available in our App Market, as well as other offers, features and services.
- *Seamless integration of offered solutions.* We help developers get their products discovered and provide easy installation and integration. We also collect and process payments from our users for paid apps, further reducing friction for both our users and our partners.

Our Strengths

We believe the following key strengths provide us with competitive advantages:

- *Proprietary technology platform.* Our core strength is our technology that reduces the challenges and complexities of web development and management for our users. Our environment enables simple drag-and-drop functionality, and our use of HTML5 gives our users the ability to easily incorporate video, audio, fonts, graphics and animations into their site. Our users also benefit from enhanced workflow functionalities through the seamless integration of third-party apps.
- *Large user base and growing global ecosystem.* As of August 31, 2013, we had over 37 million registered users across 190 countries and offer our platform in several languages, empowering our users to create and manage a digital presence in their own language. As our community grows, we become increasingly valuable as a distribution channel for partners and developers, who in turn expand our offering to our users with additional features and services through the development of apps.
- *Superior design and content* . More than 10% of our workforce is comprised of designers. We believe this investment in design provides our users with a superior starting point and allows them to create a visually engaging and professional-quality digital presence.
- *Efficient marketing and customer acquisition* . Our marketing activities are based on a constant analysis of behavior response data generated on our platform, enabling us to operate different marketing campaigns efficiently across a variety of advertising channels and without a direct sales force.
- *Embedded solution for our users* . As the basis of their online operating platform, Wix becomes a core aspect of our users' businesses. Our solutions are designed to cater to the varying needs of most business categories while supporting users throughout the evolution of their business lifecycle, greatly increasing the likelihood that they remain users.

Our Strategy

Key elements of our strategy include:

- *Growing our user base.* The value of our platform continues to increase as our user base expands. We intend to continue to build our user base in the following ways:
  - *Leveraging our data to increase and optimize our paid marketing.* We will continue to leverage the intelligence derived from the large quantities of marketing data we have gathered since our launch to optimize our marketing spend.
  - *Growing our brand.* We plan to invest in brand marketing initiatives that will further associate Wix as the go-to platform for web development and management, increasing our long-term ability to acquire users.

- *Expanding to underserved geographic markets.* We plan to make our solution, support and communication channels available in more languages and expand our billing infrastructure to drive growth in underserved geographic markets.

- *Developing new solutions* . We intend to create additional value for our users and increase our platform's monetization in the following ways:
  - *Investing in product development to offer additional services.* We plan to leverage our experience and knowledge in web development and workflow management to build new solutions, such as apps, data management and mobile solutions that our users need to operate and succeed online.
  - *Expanding our partner ecosystem.* We will seek to attract more partners that will provide our users with free and paid apps through our App Market as well as other features and services, further enriching our solutions and creating additional monetization opportunities.

Risk Factors

Investing in our ordinary shares involves risks. You should carefully consider the risks described in "Risk Factors" beginning on page 11 before making a decision to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition or results of operations would likely be materially adversely affected. In such case, the trading price of our ordinary shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- Our results of operations and future prospects will be harmed if we are unable to attract new registered users and premium subscriptions at a sufficient rate.
- Our results of operations would be adversely affected if our selling and marketing activities fail to generate traffic to our website, users and premium subscriptions at levels that we anticipate.
- Our limited operating history in a new and developing market makes it difficult to evaluate our current business and future prospects, and may increase the risk that we will not be successful.
- We have a history of operating losses and may not be able to achieve profitability in the future.
- A decrease in annual subscriptions or renewal rates of our existing premium subscriptions could adversely impact our collections and revenues, and harm our ability to forecast our business.
- If we are unable to maintain and enhance our brand, or if events occur that damage our reputation and brand, our ability to expand our base of users and premium subscriptions may be impaired, and our business and financial results may be harmed.
- Our results of operations and business could be harmed if we fail to manage the growth of our infrastructure effectively.
- Failures of the third-party hardware, software and infrastructure on which we rely, including third-party data center hosting facilities, could adversely affect our business.
- We rely on search engines and social networking sites to attract a meaningful portion of our users, and if those search engines or social networking sites change their listings or policies regarding advertising, or increase their pricing or suffer problems, it may limit our ability to attract new users.
- We may face challenges expanding our premium subscription base and increasing revenues in emerging markets due to difficulties in these markets associated with payment collections as well as legal, economic, tax and political risks that are greater than more developed markets.
- We face potential liability and expense for legal claims based on the content on our platform.

- Activities of users or the content of their websites could damage our reputation and brand, or harm our ability to expand our base of users and premium subscriptions, and our business and financial results.

Our Principal Shareholders

Following the closing of this offering, entities affiliated with Mangrove Capital Partners, Bessemer Venture Partners, Insight Venture Partners and Benchmark Capital Partners will beneficially own % of our outstanding ordinary shares in the aggregate (or % if the underwriters exercise in full their option to purchase additional shares), and our executive officers will beneficially own % of our outstanding ordinary shares in the aggregate (or % if the underwriters exercise in full their option to purchase additional shares). Following the closing of this offering, we will not be a party to and are not otherwise aware of any voting agreement among our shareholders. For further information about the ownership of our ordinary shares following this offering, see "Principal and Selling Shareholders."

Corporate Information

Our principal executive offices are located at 40 Namal Tel Aviv St., Tel Aviv 6350671, Israel, and our telephone number is +972 (3) 545-4900. Our website address is www.wix.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. We have included our website address in this prospectus solely for informational purposes. Our agent for service of process in the United States is Wix.com, Inc., located at 2601 Mission Street, San Francisco, CA 94110, telephone number (415) 643-6479.

Throughout this prospectus, we refer to various trademarks, service marks and trade names that we use in our business. The "Wix.com" design logo is the property of Wix.com Ltd. Wix ® is our registered trademark in the United States. We have several other trademarks, service marks and pending applications relating to our solutions. Other trademarks and service marks appearing in this prospectus are the property of their respective holders.

The Offering

Ordinary shares offered:	
by us	ordinary shares
by the selling shareholders	ordinary shares
Ordinary shares to be outstanding after this offering	ordinary shares
Underwriters' option	We and the selling shareholders have granted the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to additional ordinary shares.
Use of proceeds	We intend to use the net proceeds from this offering for general corporate purposes, including selling and marketing expenses aimed at growing our business through user acquisition activities and research and development expenses focused on product development. We may also use a portion of the net proceeds to make acquisitions or investments in complementary companies or technologies, although we do not have any agreement or understanding with respect to any such acquisition or investment at this time. We will not receive any of the proceeds from the sale of shares by the selling shareholders. See "Use of Proceeds."
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.
Proposed NYSE symbol	WIX

The number of ordinary shares to be outstanding after this offering is based on 10,059,409 ordinary shares outstanding as of June 30, 2013. The number of ordinary shares to be outstanding after this offering excludes (1) 2,373,640 ordinary shares reserved for issuance under our equity incentive plans as of June 30, 2013, of which options to purchase 2,278,185 shares had been granted at weighted average exercise price of $2.36 per share and (2) warrants to purchase 9,766 ordinary shares with an exercise price of $20.48 per share.

Unless otherwise indicated, this prospectus:

- reflects the conversion on a one-for-one basis of all outstanding preferred shares into 7,703,182 ordinary shares, which will occur automatically upon the closing of this offering;
- assumes an initial public offering price of $ per ordinary share, the midpoint of the estimated initial public offering price range, set forth on the cover page of this prospectus;
- assumes no exercise of the underwriters' option to purchase up to an additional ordinary shares from us and the selling shareholders; and
- reflects a for share split effected on , 2013 by means of a share dividend of ordinary shares for each ordinary shares outstanding.

Summary Consolidated Financial and Other Data

The following tables set forth our summary consolidated financial and other data. You should read the following summary consolidated financial and other data in conjunction with "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future. Our financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles, or U.S. GAAP.

The summary consolidated statements of operations data for each of the years in the three-year period ended December 31, 2012 are derived from our audited consolidated financial statements appearing elsewhere in this prospectus. The summary consolidated statements of operations data for the six months ended June 30, 2012 and 2013 and the summary consolidated balance sheet data as of June 30, 2013 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. In the opinion of management, these unaudited interim condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations for these periods. Results from interim periods are not necessarily indicative of results that may be expected for the entire year.

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
	(in thousands, except share and per share data)				
Consolidated Statements of Operations:					
Revenues	$ 9,850	$ 24,600	$ 43,676	$ 18,884	$ 34,116
Cost of revenues (1)	2,223	5,290	9,233	3,879	6,390
Gross profit	7,627	19,310	34,443	15,005	27,726
Operating expenses:					
Research and development (1)	7,315	14,746	16,782	7,935	11,499
Selling and marketing (1)	9,848	21,586	29,057	12,964	22,615
General and administrative (1)	1,819	5,421	3,662	1,679	3,086
Total operating expenses	18,982	41,753	49,501	22,578	37,200
Operating loss	(11,355)	(22,443)	(15,058)	(7,573)	(9,474)
Financial income (expenses), net	(19)	(41)	487	(108)	(36)
Other expenses	—	127	2	2	—
Loss before taxes on income	(11,374)	(22,611)	(14,573)	(7,683)	(9,510)
Taxes on income	115	129	399	89	557
Net loss	$ (11,489)	$ (22,740)	$ (14,972)	$ (7,772)	$ (10,067)
Basic and diluted net loss per ordinary share (2)	$ (12.90)	$ (24.94)	$ (8.13)	$ (4.23)	$ (5.08)
Weighted average number of ordinary shares used in computing basic and diluted net loss per ordinary share (2)	1,945,299	2,118,476	2,274,240	2,251,691	2,322,952
Basic and diluted pro forma net loss per ordinary share (3)			$ (1.50)		$ (1.00)
Weighted average number of shares used in computing pro forma basic and diluted net loss per ordinary share (3)			9,977,422		10,026,134

	As of June 30, 2013	
	Actual	Pro Forma As Adjusted (4)
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 7,821	$
Restricted deposits	2,302	
Deferred revenues	26,772	
Total assets	19,889	
Total shareholders' equity (deficiency)	(19,148)	

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(dollars in thousands)		
Supplemental Financial and Operating Data:					
Collections (5)	$ 13,753	$ 29,648	$ 52,479	$ 22,253	$ 41,904
Free cash flow (5)	$ (6,374)	$ (12,353)	$ (4,555)	$ (3,181)	$ 204
Number of registered users at period end (6)	6,523,968	16,951,837	28,225,857	22,441,929	35,622,448
Number of premium subscriptions at period end (7)	149,084	298,143	469,589	377,945	626,733

(1) Includes share-based compensation expenses as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Cost of revenues	$ 14	$ 40	$ 105	$ 47	$ 68
Research and development	659	1,939	553	260	503
Selling and marketing	95	222	101	44	106
General and administrative	343	2,532	261	144	424
Total share-based compensation expenses	$1,111	$4,733	$1,020	$ 495	$ 1,101

(2) Basic and diluted net loss per ordinary share is computed based on the weighted average number of ordinary shares outstanding during each period. For additional information, see Notes 2q and 10 to our consolidated financial statements included elsewhere in this prospectus.

(3) Pro forma net loss per share and pro forma weighted average shares outstanding assumes the conversion of preferred shares into ordinary shares, which will occur upon the closing of this offering, but does not include the issuance of shares in connection with this offering. For additional information on the conversion of the preferred shares see Note 2q and Note 10 to our consolidated financial statements included elsewhere in this prospectus.

(4) Pro forma as adjusted gives effect to (a) the conversion of our preferred shares into ordinary shares, which will occur upon the closing of this offering, and (b) the issuance and sale of ordinary shares by us in this offering at an assumed initial public offering price of $ per ordinary share after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(5) See "—Non-GAAP Financial Measures" for how we define and calculate collections and free cash flow, a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, and a discussion about the limitations of these non-GAAP financial measures.

(6) Number of registered users at period end is defined as the total number of users, including those who purchase premium subscriptions, who are registered with Wix.com with a unique email address at the end of the period. The length of time that users take following registration to design and publish a website varies significantly from hours to years, and many users never publish a website. We have no means of assessing the level of engagement of a particular user following registration or how close a user is to potentially publishing their website. Accordingly, our use of the term "user" herein is not intended to necessarily indicate a level of engagement. See "Risk Factors—Risks Related Our Business and Our Industry—The number of our registered users may be higher than the number of actual users and we have no means of assessing the level of engagement of a particular user following registration."

(7) A single user can purchase multiple premium subscriptions. Our premium subscriptions in any given period are derived from users that registered with us during that period and a range of prior periods with the largest contribution from most recently registered users. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Premium Subscription Analysis."

Non-GAAP Financial Measures

Collections

Collections is a non-GAAP financial measure that we define as total cash collected by us from our customers in a given period. Collections is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Collections consists primarily of amounts from annual and monthly premium subscriptions by users, which are deferred and recognized as revenues over the terms of the subscriptions and payments by our users for

domains, which are also recognized ratably over the term of the service period. The following table reconciles revenues, the most directly comparable U.S. GAAP measure, to collections for the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Reconciliation of Revenues to Collections:					
Revenues	$ 9,850	$24,600	$43,676	$ 18,884	$ 34,116
Change in long-term and short-term deferred revenues	3,903	5,048	8,803	3,369	7,788
Collections	$13,753	$29,648	$52,479	$ 22,253	$ 41,904

For a description of how we use collections to evaluate our business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics." We believe that this non-GAAP financial measure is useful in evaluating our business because it is a leading indicator of our revenue growth and the growth of our overall business. Nevertheless, this information should be considered as supplemental in nature and is not meant as a substitute for revenues recognized in accordance with U.S. GAAP.

Free Cash Flow

Free cash flow is a non-GAAP measure defined as cash flow from operating activities minus capital expenditures. The following table reconciles cash flow from operating activities, the most directly comparable U.S. GAAP measure, to free cash flow:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Reconciliation of cash flow from operating activities to free cash flow:					
Net cash provided by (used in) operating activities	$(5,310)	$(10,599)	$(3,608)	$ (2,775)	$ 1,281
Capital expenditures (1)	(1,064)	(1,754)	(947)	(406)	(1,077)
Free cash flow	$(6,374)	$(12,353)	$(4,555)	$ (3,181)	$ 204

(1) Capital expenditures consist primarily of investments in leasehold improvements for our office space and the purchase of computers and related equipment.

For a description of how we use free cash flow to evaluate our business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics." We believe that this non-GAAP financial measure is useful in evaluating our business because free cash flow reflects the cash surplus available or used to fund the expansion of our business after payment of capital expenditures relating to the necessary components of ongoing operations. Nevertheless, this information should be considered as supplemental in nature and is not meant as a substitute for net cash flows from operating activities presented in accordance with U.S. GAAP.

Other companies, including companies in our industry, may calculate collections and free cash flow differently or not at all, which reduces their usefulness as a comparative measure. You should consider collections and free cash flow along with other financial performance measures, including revenues, net cash used in operating activities, and our financial results presented in accordance with U.S. GAAP.

RISK FACTORS

This offering and an investment in our ordinary shares involve a high degree of risk. You should consider carefully the risks described below and all other information contained in this prospectus, before you decide to buy our ordinary shares. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our ordinary shares would likely decline and you might lose all or part of your investment.

Risks Related to Our Business and Our Industry

Our results of operations and future prospects will be harmed if we are unable to attract new registered users and premium subscriptions at a sufficient rate.

The number of new registered users we attract is a key factor in growing our premium subscription base, which in turn drives our revenues and collections. To date, we have grown the number of registered users and premium subscriptions through the provision of complimentary user-friendly, drag-and-drop web development, design and management software, which can be upgraded to a subscription-based package with various additional solutions and services. Over half of our new premium subscriptions in any given month are generated by users who registered in earlier months. We therefore attribute considerable importance to continued growth of our user base since they are our primary source of premium subscriptions. Although we do not expect to maintain the same period-over-period user and premium subscription growth rate that we have experienced in recent quarters, we do seek to add a larger absolute number of registered users and premium subscriptions each quarter in the immediate future. A number of factors could impact our ability to attract new registered users and premium subscriptions, including:

- the quality and design of our platform compared to other similar solutions and services;
- our ability to develop new technologies or offer new products and service offerings;
- the pricing of our solutions and services compared to our competitors;
- the reliability and availability of our customer service; and
- our ability to provide value-added third-party applications, solutions and services that integrate into our solutions.

Our results of operations would be adversely affected if our selling and marketing activities fail to generate traffic to our website, users and premium subscriptions at the levels that we anticipate.

We acquire many of our users through paid marketing channels, such as cost-per-click advertisements on search engines and social networking sites and targeted and generic banner advertisements on other sites. A portion of the users acquired through these channels purchase premium subscriptions over time. In order to maintain our current revenues and grow our business, we need to continuously optimize marketing campaigns aimed at acquiring new registered users and premium subscriptions. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, selling and marketing expenses were $9.8 million, $21.6 million, $29.1 million and $22.6 million, respectively, representing 100%, 88%, 67% and 66% of our revenues, respectively. We conduct search engine optimization and A/B testing, a marketing approach which aims to identify which changes to our website will increase or maximize user interest and user acquisition. We also rely upon the assumption that historical user behavior can be extrapolated to predict future user behavior, and we structure our marketing activities in the manner that we believe is most likely to encourage the user behaviors that lead to desired future outcomes, such as purchasing premium subscriptions. However, we may fail to accurately predict user acquisition, interest, or to fully understand or estimate the conditions and behaviors that drove historical user behavior and thus, fail to generate the return on marketing we expected. For example, events outside our control, such as announcements by our competitors or other third-parties of significant business developments, have in the past adversely affected the returns we had anticipated on our marketing expenses in the short-term. If any of our marketing campaigns prove less successful than anticipated in attracting users and

premium subscriptions, we may not achieve our return-on-investment targets, and our rate of user and premium subscription acquisition may fail to meet market expectations, which could have a material adverse effect on our share price.

Our limited operating history in a new and developing market makes it difficult to evaluate our current business and future prospects, and may increase the risk that we will not be successful.

We were founded in 2006 and the majority of our revenue growth has occurred since 2011. This short history makes it difficult to assess effectively our future prospects. We also operate in a new and developing market that may not develop as expected. We believe that the growth in our user base and revenues may indicate that our business strategy is successful, but you should consider our future prospects in light of the challenges and uncertainties that we face, including the fact that our business has grown rapidly and it may not be possible to discern fully the trends that we are subject to, that we operate in a new and developing market, and that elements of our business strategy are new and subject to ongoing development.

We have a history of operating losses and may not be able to achieve profitability in the future.

We have incurred net losses in each fiscal year since our inception and, as of June 30, 2013, we had an accumulated deficit of $69.9 million. We expect that our operating expenses will continue to increase in the near term at a rate that will offset all or substantially all of any future growth in revenues. We believe that this increase in operating expenses will result primarily from increased selling and marketing expenses related to user acquisition activities and increased research and development expenses related to enhancing the functionality of our solutions. We seek to leverage these expenses across a growing base of premium subscriptions while maintaining or increasing the amount of revenues per premium subscription in order to achieve profitability. As a result, if we are unable to grow our premium subscriptions at the required rate or to maintain or increase revenues per user, or if we incur unexpected expenses, we may be unable to achieve or sustain profitable operations.

A decrease in annual subscriptions or renewal rates of our existing premium subscriptions could adversely impact our collections and revenues, and harm our ability to forecast our business.

The rate at which annual premium subscriptions are purchased and the rate at which premium subscriptions are renewed significantly impact the overall number of premium subscriptions and, as a result, our collections and our revenues. Our annual subscription renewal rates have historically increased based on the length of time a subscription has been active. One of the key drivers of renewal rates is whether premium subscriptions are annual or monthly. Annual subscriptions have higher renewal rates than monthly subscriptions since there is one-twelfth as many opportunities in a given annual period to fail to renew a subscription than a monthly subscription whether deliberately or through failure to update credit card information upon expiration. As such, our overall renewal rates may drop if there is a decrease in the number of premium annual subscriptions compared to premium monthly subscriptions, and will affect our ability to forecast our future results of operations. If the number of annual premium subscriptions or renewal rates fail to meet our expectations, our profitability and future prospects may be adversely impacted.

If we are unable to maintain and enhance our brand, or if events occur that damage our reputation and brand, our ability to expand our base of users and premium subscriptions may be impaired, and our business and financial results may be harmed.

Maintaining, promoting and enhancing the Wix brand is critical to expanding our base of users and premium subscriptions. For both users and premium subscriptions, we market our solutions and services primarily through cost-per-click advertisements on search engines and social networking sites, participation in social networking sites, and free and paid banner advertisements on other websites, and small Wix advertisements on our users' websites that do not currently have a premium subscription. Our ability to attract additional users depends in part on increasing our brand recognition. In addition, our solutions and services are also marketed through free traffic sources, including customer referrals, word-of-mouth and direct searches for our "Wix" name, or web presence solutions, in search engines. Maintaining and enhancing our brand will depend largely on our ability to continue

to provide high-quality, well-designed, useful, reliable, and innovative solutions and services, which we may not do successfully. We may introduce new solutions or terms of service that users do not like, which may negatively affect our brand. Additionally, if users have a negative experience using third-party applications and websites integrated with Wix, such an experience may affect our brand. Our Wix Arena Marketplace enables independent web designers to offer their services to users who engage them directly. As we conduct only a limited evaluation of these designers' credentials, our reputation may be harmed if any of the services provided by these independent designers do not meet users' quality expectations. Maintaining and enhancing our brand may require us to make substantial investments and these investments may not be successful. Additionally, errors, defects, disruptions or other performance problems with our products and platform, including the products and solutions we license from third parties, may reduce our revenue, harm our reputation and brand and adversely affect our ability to attract new users and premium subscriptions, especially if these errors occur when we introduce new services or features. If we fail to successfully promote and maintain the Wix brand or if we incur excessive expenses in this effort, we could be subject to claims regarding our business and financial results may be adversely affected.

Our results of operations and business could be harmed if we fail to manage the growth of our infrastructure effectively.

We have experienced rapid growth in our business and operations, which places substantial demands on our operational infrastructure. The scalability and flexibility of our cloud-based infrastructure depends on the functionality of our third-party servers and their ability to handle increased traffic and demand for bandwidth. The significant growth in the number of users and transactions has increased the amount of both our stored marketing and research data and the data of our users. Any loss of such data due to disruptions in our infrastructure could result in harm to our brand or reputation. Moreover, as our user base grows, and as users use our platform for more complicated tasks, we will need to devote additional resources to improving our infrastructure and continuing to enhance its scalability in order to maintain the performance of our platform and solutions. Our need to effectively manage our operations and growth will also require that we continue to assess and improve our operational, financial and management controls, reporting systems and procedures. We may encounter difficulties obtaining the necessary personnel or expertise to improve those controls, systems and procedures on a timely basis relative to our growth. If we do not manage the growth of our business and operations effectively, the quality of our platform and efficiency of our operations could suffer, which could harm our results of operations and business.

Failures or loss of the third-party hardware, software and infrastructure on which we rely, including third-party data center hosting facilities, could adversely affect our business.

We rely on leased servers and other third-party hardware and infrastructure to support our operations. Our primary data centers are in two geographically separate locations in the United States with a back-up data center in Europe. We lease our primary data centers in the United States from Hostway Services, Inc. pursuant to purchase orders issued under an agreement that automatically renews on an annual basis unless terminated by us by notice at least 60 days before the annual renewal date or by either party at any time with 180 days advance notice. If Hostway ceases to make these data centers available to us without sufficient advance notice, we would likely experience delays in delivering our solutions until migration to an alternate data center provider is completed.

Furthermore, the owners and operators of these facilities do not guarantee that our users' access to our platform will be uninterrupted or error-free. We do not control the operation of these facilities, and such facilities could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. For example, in the past, one of our hosting providers was subject to cyber-attacks and another experienced damage from a fire, both of which caused interruptions in our service. Further, our servers and data centers are vulnerable to damage or interruption from natural disasters, terrorist attacks, power loss, telecommunications failures or similar catastrophic events. Moreover, if for any reason our arrangement with one or more of the providers of the servers that we use is terminated, we could incur additional expenses in arranging for new facilities and support. Disruptions to these servers could interrupt our ability to provide our platform and solutions and materially and adversely affect our business and results of operations.

We rely on search engines and social networking sites to attract a meaningful portion of our users, and if those search engines or social networking sites change their listings or policies regarding advertising, or increase their pricing or suffer problems, it may limit our ability to attract new users.

We rely on search engines and social networking sites to attract new users, and many of our users locate our website and solutions by clicking through on search results displayed by search engines such as Google and Yahoo!, and advertisements on social networking sites such as Facebook. Search engines typically provide two types of search results, natural (i.e., non-paid) and purchased listings. Natural search results are determined and organized solely by automated criteria set by the search engine and a ranking level cannot be purchased. Advertisers can also pay search engines to place listings more prominently in search results and websites in order to attract users to advertisers' websites. To some extent, we rely on natural searches in order to attract free traffic to our website. Search engines revise their algorithms from time to time in an attempt to optimize their search result listings. If search engines on which we rely for algorithmic listings modify their algorithms, our websites may appear less prominently or not at all in search results, which could result in fewer users clicking through to our website. For example, in one instance in the past, traffic was mistakenly directed to one of our homepages that was not in the language of the search performed and resulted in lower users and premium subscriptions for that period. Furthermore, competitors may in the future bid on our name from search services in an attempt to capture potential traffic. Preventing such actions and recapturing potential traffic could increase our expenses. Further, search engines or social networking sites may change their policies from time to time regarding pay-per-click or other means of advertising. If any change to these policies delays or prevents us from advertising these through channels, this could result in fewer users clicking through to our website.

We may face challenges expanding our premium subscription base and increasing revenues in emerging markets due to difficulties in these markets associated with payment collections as well as legal, economic, tax and political risks that are greater than more developed markets.

Expanding our business into emerging markets is an important component of our growth strategy and presents challenges that are different than those associated with more developed international markets. In particular, regulations limiting the use of local credit cards could constrain our growth in certain countries. For example, regulations in certain countries do not permit recurring charges on credit cards. In the last quarter of 2011, we established a Brazilian subsidiary to process local credit cards in Brazil in compliance with Brazilian currency controls. It is often difficult to establish an effective local business model, and we may need to enter into agreements with third-parties to process credit cards on our behalf or modify our business plans or operations in order to establish a local presence in emerging countries, which may delay our entry into these markets or increase our costs. Additionally, in emerging markets we face the risk of more rapidly changing government policies and encountering sudden currency revaluations. It is possible that governments of one or more countries may censor or block access to the Internet due to political concerns or in response to certain incidents or significant events, thereby preventing people in these countries, including our users, from accessing our products. The growth of our business may be adversely affected if we are unable to expand our user base in emerging markets.

We face potential liability and expense for legal claims based on the content on our platform.

Our platform allows users to create websites. At present, we do not require that our users post on their websites, or require their visitors to agree to, any terms of service, privacy policy, disclaimer or any other contractual documentation or policy. If our users do not post or require agreement to the appropriate documentation and policies on their websites, or should our users fail to take steps necessary to enjoy the benefits of certain statutory safe harbors, such as those set forth in Section 512 of the United States Copyright Act, then they may expose themselves to civil and criminal liability under applicable law, for example, where the visitors post information which is libelous, defamatory, in breach of regulation concerning unacceptable content or publications, or in breach of any third-party intellectual property rights or where our users or their suppliers fail to process personal data in accordance with applicable law. It is possible that we could also be subject to liability. In many jurisdictions, including the United States and countries in Europe, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a

number of claims, including actions based on defamation, invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content provided by users. Any court ruling or other governmental action that imposes liability on providers of online services for the activities of their users and other third parties could harm our business. In such circumstances we may also be subject to liability under applicable law in a way which may not be fully mitigated by the user terms of service we require our users to agree to. Any liability attributed to us could adversely affect our brand, reputation, our ability to expand our user base and our financial position. Further, our indemnity from the users may also not be fully effective as a matter of practice if any user does not have sufficient assets, insurance or other means to back that indemnity. In addition, rising concern about the use of the Internet for illegal conduct, such as the unauthorized dissemination of national security information, money laundering or supporting terrorist activities may in the future produce legislation or other governmental action that could require changes to our products, solutions or services, restrict or impose additional costs upon the conduct of our business or cause users to abandon material aspects of our service. Any such adverse legal or regulatory developments could substantially harm our operating results and business.

Activities of users or the content of their websites could damage our reputation and brand, or harm our ability to expand our base of users and premium subscriptions, and our business and financial results.

Our reputation and brand may be negatively affected by the actions of users that are deemed to be hostile, offensive or inappropriate to other users, or by users acting under false or inauthentic identities. This particularly applies to our users who do not have premium subscriptions and who therefore maintain the "Wix" logo on their websites. We do not monitor or review the appropriateness of the domain names our users register or the content of our users' websites, and we do not have control over the activities in which our users engage. While we have adopted policies regarding illegal or offensive use of our services by our users and retain authority to terminate domain name registrations and to take down websites that violate these policies, users could nonetheless engage in these activities. The safeguards we have in place may not be sufficient to avoid harm to our reputation and brand, especially if such hostile, offensive or inappropriate use was high profile, which could adversely affect our ability to expand our user base, and our business and financial results.

We are exposed to risks associated with credit card and debit card payment processing.

We accept payments primarily through credit and debit card transactions and currently use an internal billing system, as well as third-party billing systems that are integrated into our website and provide a portal for users to submit credit or debit card information for processing. We are subject to a number of risks related to credit and debit card payments, including:

- we pay interchange and other fees, which may increase over time and could require us to either increase the prices we charge for our products or experience an increase in our operating expenses;
- if our billing systems fail to work properly and, as a result, we do not automatically charge our premium subscriptions' credit cards on a timely basis or at all, we could lose revenues; and
- if we are unable to maintain our chargeback rate at acceptable levels, our credit card fees for chargeback transactions, or our fees for other credit and debit card transactions or issuers, may increase, or issuers may terminate their relationship with us.

Our internal billing system interfaces with a number of different of gateway providers that link to a number of different payment card processors based on the jurisdiction and other factors. In connection with this system, we have implemented data security standards, operating rules and certification requirements in accordance with Payment Card Industry, or PCI, Data Security Standards in connection with internal controls requirements under Israeli law and we received PCI compliance level 1 certification in February 2013. There can be no assurance that our billing system data security standards, or those of our third-party billing service providers, will adequately comply with the billing standards of any future jurisdiction in which we seek to market our service offering and establish a local billing solution.

If third-party applications change such that we do not or cannot maintain the compatibility of our platform and solutions with these applications or if we fail to provide third-party applications that our users desire to add to their websites, demand for our solutions and platform could decline.

The attractiveness of our platform depends, in part, on our ability to integrate third-party applications which our users desire into their websites. Third-party application providers may change the features of their applications and platforms or alter the terms governing use of their applications and platforms in an adverse manner. Further, third-party application providers may refuse to partner with us, or limit or restrict our access to their applications and platforms. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms with our platform, which could negatively impact our offerings and harm our business. If we fail to integrate our platform with new third-party applications that our users need for their websites, or to adapt to the data transfer requirements of such third-party applications and platforms, we may not be able to offer the functionality that our users expect, which would negatively impact our offerings and, as a result, harm our business.

Our business and prospects would be harmed if changes to technologies used in our solutions or new versions or upgrades of operating systems and Internet browsers adversely impact the process by which users interface with our platform.

The user interface for our platform is currently simple and straightforward, which we believe has helped us to expand our user base even among users with little technical expertise. In the future, Microsoft, the dominant operating system provider, or any other provider of Internet browsers, could introduce new features that would make it difficult to use our platform. In addition, Internet browsers for desktop or mobile devices could introduce new features, or change existing browser specifications such that they would be incompatible with our products and solutions, or prevent end users from accessing our users' sites. For example, operating systems or major Internet browsers such as Firefox, Internet Explorer or Safari, could become unstable or be incompatible with HTML5-based products and solutions. Any changes to technologies used in our solutions, including within operating systems or Internet browsers that make it difficult for users to access our platform or end-users to access our users' sites, may slow the growth of our user base, and adversely impact our business and prospects.

Our ability to enhance our products may be harmed if we are unable to attract and retain sufficient research and development personnel.

In order to remain competitive, we must continue to develop new solutions, applications and enhancements to our existing platform. Our principal research and development activities are conducted from our headquarters in Tel Aviv, Israel, and we face significant competition for suitably skilled developers in this region. We also engage a small number of developers in the Ukraine through a third-party service organization in order to benefit from the significant pool of talent that is more readily available in that market. Many larger companies expend considerably greater amounts on employee recruitment and may be able to offer more favorable compensation and incentive packages than us. If we cannot attract or retain sufficient skilled research and development employees, our business, prospects and results of operations could be adversely affected.

Our future prospects may be adversely affected if we are unable to generate revenues from sources other than our premium subscription packages.

In addition to our editor, we provide all of our users with access to additional products and services that enhance their digital presence. For example, in the last quarter of 2012 we launched the Wix App Market, which is integrated into our platform. Through the App Market, we offer our users a range of software applications that can be integrated as add-ons to their free or premium websites. The App Market offers both applications that are developed by us and by third-party developers. We cannot offer any assurances that sales of applications or other value-added solutions and services we may offer in the future will be a significant part of our revenues. In addition, our selling efforts for these items may negatively impact our users' perception of us due to our email marketing to generate sales. If we do not succeed in selling these items, our future prospects may be adversely affected.

We may face increased competition in a highly competitive market.

While there are other providers who offer features similar to those features found in our solutions, we believe that we do not compete with traditional web development firms as we focus on not only web development but also technology, design and business work flow processes. Nevertheless, we do compete with aspects of the services provided by web-based website design platforms and software programs, as well as some of the service offerings of a number of smaller template-based web builder companies and designers, as well as those who offer domain registration services, particularly using a freemium business model similar to ours. In the future, we may experience increased competition from web design companies if they broaden their product and service offerings, or significantly lower their pricing. In addition, it is possible that other providers may in the future decide that offering a platform similar to our platform represents an attractive business opportunity. In particular, if a more established company were to target our market, we may face significant competition from a company that enjoys potential competitive advantages, such as greater name recognition, longer operating histories, substantially greater market share, larger existing user bases and substantially greater financial, technical and other resources. These companies may use these advantages to offer solutions and service similar to ours at a lower price, develop different solutions to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards or client requirements. Increased competition could result in us failing to attract users or obtain premium subscriptions at the same rate. It could also cause us to have higher acquisition costs or force us to lower our prices or take other steps that may materially and adversely impact our results of operations.

If we fail to develop and introduce new products and services and keep up with rapid changes in design and technology, our business may be materially and adversely affected.

Our future success will depend on our ability to improve the look, function, performance and reliability of our solutions and services, including integrating Apps developed by third parties. The development of new and upgraded solutions and new service offerings involves a significant amount of time for our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our platform. Further, our design team spends a significant amount of time and resources in order to incorporate various design elements, such as customized colors, fonts, content and other features into our new and upgraded solutions. The introduction of these new and upgraded design features, solutions and services also involves a significant amount of marketing spending. We must also manage our existing offerings, as we continually test, support, and market these solutions and applications. Our revenues and competitive position could be materially and adversely affected if we fail to improve our design features or technology, or if our solutions fail to achieve widespread acceptance.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We believe that an important contributor to our success has been our corporate culture, which we believe fosters innovation, teamwork, passion for our users, and a focus on attractive designs and technologically advanced products. Other than our executive officers, as a result of our growth most of our employees have been with us for fewer than two years. As we continue to grow, we must effectively integrate, develop and motivate a growing number of new employees, including employees in international markets. As a result, we may find it difficult to maintain important aspects of our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our business strategy.

If we fail to maintain a consistently high level of customer service, our brand, business and financial results may be harmed.

We believe our focus on customer support is critical to retaining, expanding and further penetrating our user base. As a result, we have invested in the quality and training of our customer support and call center personnel. If we are unable to maintain a consistently high level of customer service, we may lose existing users and find it more difficult to attract new users. In addition, regardless of the performance of our customer support and call

center, users of online services base their purchasing decisions on a number of factors, including price, design, integration abilities, functionality of services, reputation and ease of use. If we fail to maintain adequate customer support which improves the functionality of our solutions and their ease of use, our reputation, financial results and business prospects may be harmed.

Our business relies on the experience and expertise of our senior management.

The success of our business is dependent to a large degree on the continued service of our executive officers. If we lose the services of any of our key personnel and fail to manage a smooth transition to new personnel, our business could suffer. We do not carry key person insurance on any of our executive officers or other key personnel. We have entered into employment and services agreements with our executive officers and key employees that contain non-compete covenants. Despite these agreements, we may not be able to retain these officers and employees. If we cannot enforce the non-compete covenants, we may be unable to prevent our competitors from benefiting from the expertise of our former employees, which could materially and adversely affect our business and results of operations.

Our revenues may not increase if we are unable to maintain market share for mobile sites and applications, or if our mobile products fail to achieve widespread acceptance, which may affect our business and future prospects.

Consumers are increasingly accessing the Internet through devices other than personal computers, including mobile phones, smartphones and tablets. This trend has increased dramatically in the past few years and is projected to continue to increase. Acknowledging this trend, we launched our first free mobile offering in 2011, offering our users the ability to quickly and easily deploy an HTML5 mobile-optimized website. The mobile device market is characterized by the frequent introduction of new products and solutions, short product life cycles, evolving industry standards, continuous improvement in performance characteristics and rapid adoption of technological and product advancements. We may incur additional costs in order to adapt our current functionalities to other operating systems and we may face technical challenges adapting our products to different versions of already supported operating systems, such as Android variants offered by different mobile phone manufacturers. If we are unable to offer continual improvements to our mobile solutions or adapt their functionalities to new and different operating systems, our mobile solutions may fail to achieve widespread acceptance by our users. Additionally, the providers of certain platforms, such as Apple, may limit or restrict access entirely to their platforms. Therefore, our revenues may not increase even if we continue to penetrate the mobile device market.

Exchange rate fluctuations may negatively affect our results of operations.

Our results of operations and cash flows are affected by fluctuations due to changes in foreign currency exchange rates. In 2012, 89% of our revenues were denominated in U.S. dollars and 11% in other currencies, primarily in euros. Conversely, in 2012, 58% of our cost of revenues and operating expenses were denominated in U.S. dollars and 42% in New Israeli Shekels, or NIS. Our NIS-denominated expenses consist primarily of personnel and overhead costs. Since a significant portion of our expenses are denominated in NIS, any appreciation of the NIS relative to the U.S. dollar would adversely impact our net loss or net income (if any). We estimate that a 10% increase (decrease) in the value of the NIS against the U.S. dollar would have decreased (increased) our net income by approximately $2.5 million in 2012. To protect against the increase in value of forecasted foreign currency cash flow resulting from expenses paid in NIS during the year, we have instituted a foreign currency cash flow hedging program. We hedge portions of the anticipated payroll of our Israeli employees, Israeli suppliers and anticipated rent expenses of our Israeli premises denominated in NIS for a period of one to twelve months with forward contracts and other derivative instruments. We cannot provide any assurances that our hedging activities will be successful in protecting us from adverse impacts from currency exchange rate fluctuations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Risk.”

Because we recognize revenues from premium subscriptions over the term of an agreement, downturns or upturns in sales are not immediately reflected in full in our operating results.

We recognize revenues over the term of our contracts. During the six months ended June 30, 2013, approximately 59% of our premium subscription revenues were from annual subscriptions and approximately 41% were from monthly subscriptions. As a result, much of the revenue we report each quarter is the recognition of deferred revenue from premium subscriptions entered into during previous quarters. Consequently, a shortfall in demand for our solutions and services or a decline in new or renewed contracts in any one quarter may not significantly reduce our revenues for that quarter but could negatively affect our revenues in future quarters. Accordingly, the effect of significant downturns in new or renewed sales of our solutions and service offerings are not reflected in full in our results of operations until future periods.

The impact of worldwide economic conditions, including the resulting effect on spending by small to medium-sized businesses, may adversely affect our business, operating results and financial condition.

Our performance is subject to worldwide economic conditions and their impact on levels of spending by small and medium-sized businesses, which may be disproportionately affected by economic downturns. To the extent that worldwide economic conditions materially deteriorate, our existing and potential premium subscriptions may no longer consider investment in our solutions and platform a necessity, or may elect to reduce budgets for maintaining a digital presence. Economic conditions may adversely impact levels of user spending, which could adversely impact the numbers of users visiting our website. User purchases of discretionary items generally decline during recessionary periods and other periods in which disposable income is adversely affected, which could have a material adverse effect on our financial condition and results of operations.

Our business will suffer if the small business market for our solutions proves less lucrative than projected or if we fail to effectively acquire and service small business users.

We market and develop solutions for small businesses and a majority of our premium subscriptions are from small businesses. Small businesses frequently have limited budgets and may choose to allocate resources to items other than our solutions, especially in times of economic uncertainty or recessions. We believe that the small business market is underserved, and we intend to continue to devote substantial resources to it. We aim to grow our revenues by adding new small business customers, selling additional services to existing small business customers and encouraging existing small business customers to renew their subscriptions to our premium solutions. If the small business market fails to be as lucrative as we project or we are unable to market and sell our services to small businesses effectively, our ability to grow our revenues quickly and become profitable will be harmed.

We are subject to trade and economic sanctions and export laws that may govern or restrict our business and we, and our directors and officers, may be subject to fines or other penalties for non-compliance with those laws.

U.S. Laws and Regulations

We are subject to U.S. laws and regulations that may govern or restrict our business and activities in certain countries and with certain persons, including the trade and economic sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, and the export administration regulations administered by the U.S. Commerce Department's Bureau of Industry and Security, or BIS. In the course of an internal review in early 2013, we determined that we had 16 premium subscriptions, out of a total of approximately 583,000 premium subscriptions, with geographic internet protocols, or GEOIP, addresses in Cuba, Iran, North Korea, North Sudan or Syria ("U.S. Sanctioned Countries") or that had otherwise provided personal information indicating that they may be located in U.S. Sanctioned Countries. As part of a subsequent internal review, we also determined that we had 32,600 users, or less than 0.1% of our total user base of approximately 33 million as measured as of April 30, 2013, with GEOIP addresses in U.S. Sanctioned Countries.

In May 2013, we made a voluntary self-disclosure to OFAC and BIS. We cannot predict when OFAC and BIS will complete their respective reviews and determinations as to whether any violation of relevant U.S. sanctions or export laws occurred or is ongoing. In case of an apparent violation, OFAC and/or BIS could decide

not to impose penalties but issue only a warning or cautionary letter. However, if OFAC or BIS determines that we have violated applicable regulations, we may face civil and/or criminal penalties and may also suffer reputational harm, any of which could have a material adverse effect on our business and financial results.

We have undertaken a number of remedial measures, including terminating the users and the premium subscriptions that may have been from a U.S. Sanctioned Country, and blocking the ability of new users – with or without a premium subscription – that have a GEOIP address in a U.S. Sanctioned Country to access our cloud-based software or services. We have also since instituted new periodic screening practices and updated our systems to prevent users from U.S. Sanctioned Countries entering billing information with an address in that location. We are working to implement other measures related to our billing practices.

Israeli Laws and Regulations

The Israeli Trading with the Enemy Ordinance - 1939 (the "Ordinance") prohibits any Israeli person from trading goods with enemy countries or with the residents of enemy countries. The Israeli Ministry of Finance, which is responsible for implementing the Ordinance, has currently determined enemy countries to be Iran, Lebanon and Syria ("Israeli Sanctioned Countries"). The Ordinance was enacted in 1939 and does not expressly address online services. We therefore cannot state with certainty how the provisions of the Ordinance apply to the type of services that we provide.

We voluntarily approached the Israeli Ministry of Finance in September 2013 and asked for its formal position regarding the applicability of the Ordinance to the type of services that we provide. We do not know the extent to which the Ministry of Finance will want to have further discussions with us, the timing of those discussions or the ultimate outcome of their deliberations. Although the Ordinance allows Israeli persons to apply for a permit to trade with Israeli Sanctioned Countries or their residents, we are not aware of a permit being granted or denied in the past to a person providing the type of services that we provide.

Lebanon is the only Israeli Sanctioned Country that is not also a U.S. Sanctioned Country. We have ceased providing services to users with a GEOIP address in a U.S. Sanctioned Country. The number of users and premium subscribers that we have in Lebanon is not material to our business, however, if we stop providing services in Lebanon, it may decrease the number of our current and future subscribers from other countries, particularly in the Middle East, who may cease using our services in protest to us blocking accounts in Israeli Sanctioned Countries.

In addition, if it is determined by a competent court that sanctions under the Ordinance cover the type of services that we provide, we, our officers and employees may be subject to criminal and/or civil actions. We believe that our initiation of voluntary discussions with the Israeli Ministry of Finance may reduce such exposure, but any liability to which we are subject to could adversely affect our personnel, brand and reputation.

We are subject to privacy and data protection laws and regulations as well as contractual privacy and data protection obligations, and our failure to comply with these or any future laws, regulations, or obligations could subject us to sanctions and damages and could harm our reputation and business.

We hold certain personal data of our users, primarily, username and email address, and may hold certain personal data of the visitors to our users' websites. We have implemented data security standards, operating rules and certification requirements in accordance with PCI Data Security Standards and we received PCI compliance level 1 certification in February 2013. Since we began using our internal billing system in the first quarter of 2013, we have begun to also collect billing information, such as credit card numbers, full names, billing address and phone numbers in compliance with these data security standards. We do not regularly monitor or review the content that our users upload and store and, therefore, do not control the substance of the content within our hosted environment, including sensitive personal information.

We are subject to the privacy and data protection laws and regulations adopted by Israel and potentially, other jurisdictions. For example, although we do not have an operating entity in the Netherlands, the control that we exert over our servers in the Netherlands may result in our activities in Europe being deemed to be subject to Dutch law. Where the local data protection and privacy laws of a jurisdiction apply, we may be required to

register our operations in that jurisdiction or make changes to our business so that user data is only collected and processed in accordance with applicable local law. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of personal information, including credit card data, provided to us by our users, and possibly the visitors to our users' websites. We strive to comply with all applicable laws, regulations, policies and legal obligations, as well as with certain industry standards (including voluntary third-party certification bodies such as TRUSTe) relating to privacy and data protection. We are also subject to the privacy and data security-related obligations set forth in our terms of use with our users, and we may be liable to third parties in the event we are deemed to have wrongfully processed personal data.

The regulatory framework for privacy and data security issues worldwide is currently in flux and is likely to remain so for the foreseeable future. In particular, the European Union has traditionally taken a broader view as to what is considered personal information and has imposed greater obligations under their privacy and data protection laws. For example, the European Union issued a proposal for a new General Data Protection Regulation at the beginning of 2012 which will replace the European Data Protection Directive and is likely to include more stringent obligations for online businesses, such as to conduct a data protection impact assessment for certain higher-risk processing operations, to introduce a more frequent need for the user's consent, to impose an obligation to act on data breaches, to restrict the collection and use of "sensitive" personal data and to expand the legislative requirements for data processors, as well as to introduce a stricter regime of enforcement. Additionally, the proposed regulation is stated to have extra-territorial effect and seeks to regulate the European activities of businesses regardless of their location or the locations of their servers. While it is currently expected that the proposed regulation will not take effect until 2015 or later, the more stringent requirements on privacy user notifications and data handling will require us to adapt our business and are likely to incur additional cost should we become subject to these and other laws and regulations, which could force us to incur material costs of require us to adapt our business.

A failure by us or a third-party contractor providing services to us to comply with applicable privacy and data security laws, regulations, self-regulatory requirements or industry guidelines, or our terms of use with our users, may result in sanctions, statutory or contractual damages or litigation. These proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability, incur additional management resource, increase our costs of doing business, and adversely affect our reputation and the demand for our solutions.

If the security of the confidential information or personal information of our users and the visitors to our users' websites stored in our systems is breached or otherwise subjected to unauthorized access, our reputation may be harmed and we may be exposed to liability.

Due to the nature of our business, our system stores personally identifiable information, credit card information and other critical data for our users and the visitors of our users' websites. We believe that we take reasonable steps to protect the security, integrity and confidentiality of the information we collect and store, but there is no guarantee that inadvertent (e.g., software bugs or other technical malfunctions, employee error or malfeasance, or other factors) or unauthorized disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts. Like many online companies, we have experienced attempts by third parties to circumvent the security of our systems but are not aware of any successful attempts. We may in the future experience successful attempts by third parties to obtain unauthorized access to our data despite our security measures. Since techniques used to obtain unauthorized access change frequently, we may be unable to anticipate these techniques or to implement adequate preventative measures. If our security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any of our users' data, our relationships with our users may be damaged, and we could incur liability. In addition, some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data, and our agreements with certain partners require us to notify them in the event of a security incident. These mandatory disclosures regarding a security breach sometimes lead to negative publicity and may cause our users to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, may harm our reputation, and we could lose users or fail to acquire new users.

If our security measures fail to protect credit card information adequately, we could be liable to both our users for their losses, as well as the vendors under our agreements with them such that we could be subject to fines and higher transaction fees, we could face regulatory action, and our users and vendors could end their relationships with us, any of which could harm our business, results of operations or financial condition. Any willful or accidental security breaches or other unauthorized access or unlawful processing could expose us to liability for the loss of such information, adverse regulatory action by governments in the United States, Israel, and elsewhere, investigation and litigation, downtime of our systems and other possible liabilities. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot assure you that our existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the rules and regulations adopted by the payment card networks, such as Visa and MasterCard, and if we fail to adhere to their rules and regulations, we would be in breach of our contractual obligations to payment processors and merchant banks, which could subject us to damages and liability and could eventually prevent us from processing or accepting credit card payments.

The payment card networks, such as Visa and MasterCard have adopted rules and regulations that apply to all merchants who process and accept credit cards for payment of goods and services. We are obligated to comply with these rules and regulations as part of the contracts we enter into with payment processors and merchant banks. The rules and regulations adopted by the payment card networks include the Payment Card Industry Data Security Standards, or PCI DSS. Under the PCI DSS, we are required to adopt and implement internal controls over the use, storage and security of payment card data to help prevent fraud. If we fail to comply with the rules and regulations adopted by the payment card networks, including the PCI DSS, we would be in breach of our contractual obligations to payment processors and merchant banks. Such failure to comply may subject us to fines, penalties, damages, higher transaction fees, and civil liability, and could eventually prevent us from processing or accepting debit and credit cards or could lead to a loss of payment processor partners. We also cannot guarantee that such compliance will prevent illegal or improper use of our payments systems or the theft, loss or misuse of the debit or credit card data of users or participants or regulatory or criminal investigations. A failure to adequately control fraudulent credit card transactions would result in significantly higher credit card-related costs and any increases in our credit card and debit card fees could adversely affect our results of operations. Moreover, any such illegal or improper payments could harm our reputation and may result in a loss of service for our users, which would adversely affect our business, operating results and financial condition.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology.

Our intellectual property rights are important to our business. We rely on a combination of confidentiality clauses, trade secrets, copyrights and trademarks to protect our intellectual property and know-how. In addition, we have filed a number of applications for patents to protect our technologies. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create solutions and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our solutions may be unenforceable under the laws of certain jurisdictions and foreign countries.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business

alliances. No assurance can be given that these agreements will be effective in controlling access to our proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our solutions. Additionally, we may from time to time be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including but not limited to our trademarks and patent applications. While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third parties may have already registered or otherwise acquired rights to identical or similar marks for solutions that also address the software market. Additionally, the process of seeking patent protection can be lengthy and expensive. Any of our pending or future patent or trademark applications, whether or not challenged, may not be issued with the scope of the claims we seek, if at all. We are unable to guarantee that additional patents or trademarks will issue from pending or future applications or that, if patents or trademarks issue, they will not be challenged, invalidated or circumvented, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. We rely on our brand and trademarks to identify our solutions to our users and to differentiate our solutions from those of our competitors, if we are unable to adequately protect our trademarks, third parties may use our brand names or trademarks similar to ours in a manner that may cause confusion to our users or confusion in the market, or dilute our brand names or trademarks, which could decrease the value of our brand.

From time to time, we may discover that third parties are infringing, misappropriating or otherwise violating our intellectual property rights. However, policing unauthorized use of our intellectual property and misappropriation of our technology is difficult and we may therefore not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop solutions with the same or similar functionality as our solutions. If competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if such competitors are able to develop solutions with the same or similar functionality as ours without infringing our intellectual property, our competitive position and results of operations could be harmed and our legal costs could increase.

We are subject to claims by third parties of intellectual property infringement and may in the future become subject to additional claims that, regardless of merit, could result in litigation and materially adversely affect our business, results of operations or financial condition.

There can be no assurance that third parties will not assert that our solutions, services and intellectual property infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, non-practicing entities, or NPEs, have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours.

For example, we are currently subject to a patent infringement litigation that was filed against us on December 7, 2012 by CreateAds LLC, an entity that we believe is an NPE. The complaint alleges that we infringe a U.S. patent owned by CreateAds LLC. CreateAds LLC has filed similar complaints alleging infringement against at least forty other defendants. We filed a motion to dismiss the complaint in its entirety on February 1, 2013, on the grounds that the patent-in-suit claims only abstract ideas. On February 25, 2013, the plaintiff opposed our motion and on March 14, 2013 we filed a reply in support of the motion. We intend to continue pursuing the dismissal of the case. Due to the early stage of the proceedings, we currently do not have the ability to assess the probability of a particular outcome or the potential exposure from this lawsuit. We also recently entered into a settlement agreement with another NPE with respect to a claim that we infringed its patent. See “Business—Legal Proceedings.”

Any such claims, regardless of merit, that result in litigation, could result in substantial expenses, divert the attention of management, cause significant delays in introducing new solutions or services, materially disrupt the conduct of our business and have a material and adverse effect on our brand, reputation, business, financial

condition and results of operations. As a consequence of such claims, we could be required to pay substantial damages, develop non-infringing technology, enter into royalty-bearing licensing agreements, stop selling or marketing some or all of our solutions or services or re-brand our solutions or services. If it appears necessary, we may seek to license intellectual property that we are alleged to infringe, potentially even if we believe such claims to be without merit. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result. Litigation is inherently uncertain and any adverse decision could result in a loss of our proprietary rights, subject us to significant liabilities, require us to seek licenses for alternative technologies from third parties and otherwise negatively affect our business.

Our platform contains open source software, which may pose particular risks to our proprietary software and solutions.

We use open source software in connection with our software development. From time to time, companies that use open source software have faced claims challenging the use of open source software and/or compliance with open source license terms, and we may be subject to such claims in the future. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code of the user. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, it is our view that we do not distribute our software, since no installation of our software is necessary and editing and design platform is accessible solely through the "cloud." Nevertheless, this position could be challenged. Any requirement to disclose our proprietary source code or pay damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

The number of our registered users may be higher than the number of actual users, and we have no means of assessing the level of engagement of a particular user following registration.

We use the definition "user" to mean the number of unique email addresses registered on Wix.com. The number of users as we define it may be higher than the actual number of users because some users have multiple registrations and others may have registered under different or fictitious names. In addition, we have no means of assessing the level of engagement of a particular user following registration. The length of time that users take following registration to design and publish a website varies significantly from hours to years. Some users may never publish a website, but have not cancelled their registration. Even if it were measurable, we do not consider the level of engagement of our registered users to be material to our business. Rather, we consider the rate at which users from a particular period generate premium subscriptions to be material to our business. For example, in the second quarter of 2013, 43% of our premium subscriptions were purchased by users that registered with us in the same quarter and the remaining 57% were from users who registered in earlier quarters. Nevertheless, if the number of our registered users is materially inconsistent with the number of our actual users, our user base, which we believe is important to the growth of our premium subscriptions, may be overstated. If that is the case, our business may not grow as fast as we expect, and our financial results and business prospects may be harmed.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our contractors or employees, which could result in litigation and adversely affect our business.

We enter into assignment of invention agreements with certain of our employees pursuant to which such individuals agree to assign to us all rights to any inventions created in the scope of their employment or engagement with us. Under the Israeli Patent Law, inventions conceived by an employee or a person deemed to be an employee during the scope of their employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee shall determine whether the employee or contractor is entitled to remuneration for their inventions. However, recent decisions by the Israeli Compensation

and Royalties Committee and the Supreme Court have created uncertainty in this area, as the Supreme Court held that employees may be entitled to remuneration for their service inventions despite having specifically waived such rights. Further, the Committee has not yet determined the method for calculating this Committee-enforced remuneration. Although our contractors or employees have agreed to assign to us service invention rights, we may face claims challenging such agreements and demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our contractors or employees, or be forced to litigate such claims, which could otherwise negatively affect our business.

U.S. states may seek to impose state and local business taxes and sales/use taxes and current EU taxes on Internet sales may increase.

There is a risk that U.S. states could assert that we or our non-U.S. subsidiaries are liable for U.S. state and local business activity taxes based upon income or gross receipts or for the collection of U.S. local sales/use taxes. This risk exists regardless of whether we and our non-U.S. subsidiaries are subject to U.S. federal income tax. States are becoming increasingly aggressive in asserting a nexus for business activity tax purposes and imposing sales/use taxes on products and services provided over the Internet. We and our non-U.S. subsidiaries could be subject to U.S. state and local taxation if a state tax authority asserts that our activities or the activities of our non-U.S. subsidiaries give rise to a nexus. We and our non-U.S. subsidiaries could also be liable for the collection of U.S. state and local sales/use taxes if a state tax authority asserts that distribution of our products over the Internet is subject to sales/use taxes. Additionally, pending legislation in the U.S. Congress, if enacted, could grant states additional authority to collect sales/use taxes on the sale of our premium subscriptions over the Internet. Further, if a state tax authority asserts that distribution of our products or services is subject to such sales/use taxes, our premium subscribers could also be subjected to sales/use taxes, which may decrease the likelihood that such users would purchase or continue to renew their premium subscriptions. Additionally, sales of our solutions subject to value-added tax, or VAT, at the applicable rate in each jurisdiction, which may increase and cause either our prices to increase or our revenues to decline. New obligations to collect or pay taxes of any kind could substantially increase our cost of doing business.

We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.

From time to time, in addition to this offering, we may seek additional equity or debt financing to fund our growth, develop new solutions and services or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in our markets may change, or other circumstances may arise, that have a material adverse effect on our cash flow and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business or to develop new business at the rate desired and our results of operations may suffer.

We may make acquisitions and investments, which could result in operating difficulties, dilution and other harmful consequences.

From time to time, we evaluate potential strategic acquisition or investment opportunities. Any transactions that we enter into could be material to our financial condition and results of operations. The process of integrating an acquired company, business or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments carry with them a number of risks, including the following:

- diversion of management time and focus from operating our business;
- implementation or remediation of controls, procedures and policies of the acquired company;
- coordination of product, engineering and selling and marketing functions;
- retention of employees from the acquired company;

- unforeseen liabilities;
- litigation or other claims arising in connection with the acquired company; and
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Our failure to address these risks or other problems encountered in connection with acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business, results of operations and financial condition.

Risks Related to Our Ordinary Shares and the Offering

Our share price may be volatile, and you may lose all or part of your investment.

The initial public offering price for the ordinary shares sold in this offering will be determined by negotiation between us and representatives of the underwriters. This price may not reflect the market price of our ordinary shares following this offering and the price of our ordinary shares may decline. In addition, the market price of our ordinary shares could be highly volatile and may fluctuate substantially as a result of many factors, including:

- actual or anticipated fluctuations in our results of operations;
- variance in our financial performance from the expectations of market analysts;
- announcements by us or our competitors of significant business developments, changes in service provider relationships, acquisitions or expansion plans;
- changes in the prices of our solutions;
- our involvement in litigation;
- our sale of ordinary shares or other securities in the future;
- market conditions in our industry;
- changes in key personnel;
- the trading volume of our ordinary shares;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic and market conditions.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If we were involved in any similar litigation we could incur substantial costs and our management's attention and resources could be diverted.

There has been no prior public market for our ordinary shares, and an active trading market may not develop.

Prior to this offering, there has been no public market for our ordinary shares. An active trading market may not develop following completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies by using our shares as consideration.

If we do not meet the expectations of equity research analysts, if they do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our ordinary shares could decline.

The trading market for our ordinary shares will rely in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, our stock price could decline. Moreover, the price of our ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Following the closing of this offering, a small number of significant beneficial owners of our shares acting together will have a controlling influence over matters requiring shareholder approval, which could delay or prevent a change of control.

Following the closing of this offering, the largest beneficial owners of our shares, entities and individuals affiliated with Mangrove Capital Partners, Bessemer Venture Partners, Insight Venture Partners, and Benchmark Capital Partners, each of which currently beneficially owns more than 10.0% of our outstanding shares, will beneficially own in the aggregate % of our ordinary shares or % if the underwriters exercise their option to purchase additional ordinary shares. As a result, these shareholders, acting together, could exercise a controlling influence over our operations and business strategy and will have sufficient voting power to control the outcome of matters requiring shareholder approval. These matters may include:

- the composition of our board of directors which has the authority to direct our business and to appoint and remove our officers;
- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our articles of association which govern the rights attached to our ordinary shares.

This concentration of ownership of our ordinary shares could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our ordinary shares that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our ordinary shares. This concentration of ownership may also adversely affect our share price.

As a foreign private issuer, we may follow certain home country corporate governance practices instead of certain New York Stock Exchange, or NYSE, corporate governance requirements.

As a foreign private issuer, in reliance on Section 303A.11 of the NYSE Listed Company Manual, which permits a foreign private issuer to follow the corporate governance practices of its home country, we will be permitted to follow certain Israeli corporate governance practices instead of those otherwise required under the corporate governance standards for U.S. domestic issuers. As of the consummation of this offering, we intend to follow the NYSE corporate governance standards for domestic issuers. We may in the future elect to follow home country practice in Israel with regard to matters such as the formation of compensation, nominating and corporate governance committees, separate executive sessions of independent directors and non-management directors and the requirement to obtain shareholder approval for certain dilutive events (such as for the establishment or amendment of certain equity-based compensation plans, issuances that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company). Accordingly, our shareholders may not be afforded the same protection as provided under NYSE corporate governance rules. Following our home country governance practices as opposed to the requirements that would otherwise apply to a United States company listed on the NYSE may provide less protection than is accorded to investors of domestic issuers. See "Management—Corporate Governance Practices."

As a foreign private issuer we will not be subject to U.S. proxy rules and will be exempt from filing certain Exchange Act reports.

As a foreign private issuer, we will be exempt from the rules and regulations under the United States Securities Exchange Act of 1934, as amended, or the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors, and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We will also be exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the Securities and Exchange Commission, or SEC, as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act.

In addition, we would lose our foreign private issuer status if a majority of our directors or executive officers are U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

We are an "emerging growth company" and we cannot be certain whether the reduced requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 effective on April 5, 2012, or the JOBS Act, and we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not "emerging growth companies." Most of such requirements relate to disclosures that we would only be required to make if we cease to be a foreign private issuer in the future. Nevertheless, as a foreign private issuer that is an emerging growth company, we will not be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, for up to five fiscal years after the date of this offering. We will remain an emerging growth company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least $1.0 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our ordinary shares less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

The market price of our ordinary shares could be negatively affected by future sales of our ordinary shares.

After this offering, there will be shares of our ordinary shares outstanding. Sales by us or our shareholders of a substantial number of ordinary shares in the public market following this offering, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities. Of our issued and outstanding shares, all the ordinary shares sold in this offering will be freely transferable, except for any shares acquired by our "affiliates," as that term is defined in Rule 144 under the U.S. Securities Act of 1933. Following completion of this offering, % of our outstanding ordinary shares (or % if the underwriters exercise their option in full) will be considered restricted shares and will be held by our affiliates.

Such securities can be resold into the public markets in the future in accordance with the requirements of Rule 144, including volume limitations, manner of sale requirements and notice requirements. See "Shares Eligible for Future Sale."

We, our executive officers and directors, and the holders of substantially all of our outstanding ordinary shares, have agreed with the underwriters that, subject to limited exceptions, for a period of 180 days after the date of this prospectus, we and they will not directly or indirectly offer, pledge, sell, contract to sell, grant any option to purchase or otherwise dispose of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, or in any manner transfer all or a portion of the economic consequences associated with the ownership of ordinary shares, or cause a registration statement covering any ordinary shares to be filed except for the ordinary shares offered in this offering, without the prior written consent of the designated representatives of the underwriters, who may, in their sole discretion and at any time without notice, release all or any portion of the shares subject to these lock-up agreements.

Starting six months after the closing of this offering, all of our shareholders prior to this offering are entitled to require that we register their shares under the U.S. Securities Act of 1933 for resale into the public markets. All shares sold pursuant to an offering covered by such registration statement will be freely transferable. See "Certain Relationships and Related Party Transactions—Registration Rights."

In addition to our current shareholders' registration rights, as of June 30, 2013, 2,278,185 ordinary shares were outstanding share options granted under our equity incentive plans and we had outstanding warrants to purchase 9,766 ordinary shares. Following this offering, we intend to file a registration statement on Form S-8 under the U.S. Securities Act of 1933 registering shares under our equity incentive plans. Shares included in such registration statement will be available for sale in the public market immediately after such filing, subject to vesting provisions, except for shares held by affiliates who will have certain restrictions on their ability to sell.

You may be subject to adverse United States federal income tax consequences if we are classified as a Controlled Foreign Corporation.

Each "Ten Percent Shareholder" in a non-U.S. corporation that is classified as a "controlled foreign corporation," or a CFC, for United States federal income tax purposes generally is required to include in income for U.S. federal tax purposes such Ten Percent Shareholder's pro rata share of the CFC's "Subpart F income" and investment of earnings in U.S. property, even if the CFC has made no distributions to its shareholders. A non-U.S. corporation generally will be classified as a CFC for United States federal income tax purposes if Ten Percent Shareholders own, directly or indirectly, more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a United States person (as defined by the U.S. Internal Revenue Code of 1986, as amended (the "Code")) who owns or is considered to own 10% or more of the total combined voting power of all classes of stock entitled to vote of such corporation. The determination of CFC status is complex and includes attribution rules, the application of which is not entirely certain.

We do not believe that we were a CFC for the taxable year ended December 31, 2012 or that we are currently a CFC. It is possible, however, that following this offering, a shareholder treated as a United States person for United States federal income tax purposes will acquire, directly or indirectly, enough shares to be treated as a Ten Percent Shareholder after application of the constructive ownership rules and, together with any other Ten Percent Shareholders of the Company, cause the Company to be treated as a CFC for United States federal income tax purposes. We believe that immediately following this offering certain of our shareholders are Ten Percent Shareholders for United States federal income tax purposes. Holders should consult their own tax advisors with respect to the potential adverse U.S. tax consequences of becoming a Ten Percent Shareholder in a CFC.

Our U.S. shareholders may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets (which, assuming we were not a CFC for the year being tested, would be

measured by fair market value of the assets, and for which purpose the total value of our assets may be determined in part by the market value of our ordinary shares, which is subject to change) are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company, or PFIC, for United States federal income tax purposes. Our status as a passive foreign investment company may also depend on how quickly we utilize the cash proceeds from this offering in our business. Based on our belief that we were not a CFC prior to this offering in the current taxable year and on certain estimates of our gross income and gross assets, our intended use of proceeds of this offering, and the nature of our business, we do not expect that we will be classified as a PFIC for the taxable year ending December 31, 2013. However, because PFIC status is based on our income, assets and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the 2013 taxable year until after the close of the year. There can be no assurance that we will not be considered a PFIC for any taxable year. If we are characterized as a PFIC, our United States shareholders may suffer adverse tax consequences, including having gains realized on the sale of our ordinary shares treated as ordinary income, rather than a capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are United States holders, and having interest charges apply to distributions by us and the proceeds of share sales. If we are characterized as a PFIC, certain elections may be available that would alleviate some of the adverse consequences of PFIC status and result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares; however, we do not intend to provide the information necessary for U.S. holders to make qualified electing fund elections if we are classified as a PFIC. See "Taxation and Government Programs—United States Federal Income Taxation—Passive Foreign Investment Company Considerations."

You will experience immediate and substantial dilution in the net tangible book value of the ordinary shares you purchase in this offering.

The initial public offering price of our ordinary shares substantially exceeds the net tangible book value per share of our ordinary shares immediately after this offering. Therefore, if you purchase our ordinary shares in this offering, you will suffer, as of , 2013, immediate dilution of $, per share or $ if the underwriters exercise their option in full, in net tangible book value after giving effect to the sale of ordinary shares in this offering at an assumed public offering price of $ per share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, less underwriting discounts and commissions and the estimated expenses payable by us. If outstanding options to purchase our ordinary shares are exercised in the future, you will experience additional dilution. See "Dilution."

Provisions of Israeli law and our amended and restated articles of association to be effective upon the closing of this offering may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Provisions of Israeli law and our amended and restated articles of association to be effective upon the closing of this offering could have the effect of delaying or preventing a change in control and may make it more difficult for a third-party to acquire us or our shareholders to elect different individuals to our board of directors, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. Among other things:

- Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased;
- Israeli corporate law does not provide for shareholder action by written consent unless such consent is unanimous, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- our articles of association divide our directors into three classes each of which is elected once every three years;
- our articles of association do not permit a director to be removed except by a vote of 75% of our shareholders entitled to vote at a general meeting of shareholders;
- our articles of association require that director vacancies may only be filled by our board of directors; and

- our articles of association prevent "business combinations" with "interested shareholders" for a period of three years after the date of the transaction in which the person became an interested shareholder, unless the business combination is approved in accordance with our articles of association by a general meeting of our shareholders or satisfies other requirements specified in our articles of association.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred. See "Description of Share Capital—Acquisitions under Israeli Law."

We have broad discretion over the use of proceeds we receive in this offering and may not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion in the application of the net proceeds from this offering and, as a result, you will have to rely upon the judgment of our management with respect to the use of these proceeds. Our management may spend a portion or all of the net proceeds in ways that not all shareholders approve of or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business.

We have not yet determined whether our existing internal controls over financial reporting systems are compliant with Section 404 of the Sarbanes-Oxley Act, and we cannot provide any assurance that there are no material weaknesses or significant deficiencies in our existing internal controls.

Pursuant to Section 404 of the Sarbanes-Oxley Act and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, starting with the second annual report that we file with the SEC after the consummation of this offering, our management will be required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an "emerging growth company" under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above, our independent registered public accounting firm will also need to attest to the effectiveness of our internal control over financial reporting under Section 404. We have not yet commenced the process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls. This process will require the investment of substantial time and resources, including by our Chief Financial Officer and other members of our senior management. In addition, we cannot predict the outcome of this determination and whether we will need to implement remedial actions in order to implement effective control over financial reporting. The determination and any remedial actions required could result in us incurring additional costs that we did not anticipate. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our independent auditors.

Risks Relating to Our Incorporation and Location in Israel

Conditions in Israel could adversely affect our business.

We are incorporated under Israeli law and our principal executive offices are located in Israel. Accordingly, political, economic and military conditions in Israel directly affect our business. Since the State of Israel was

established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Although Israel has entered into various agreements with Egypt, Jordan and the Palestinian Authority, there has been an increase in unrest and terrorist activity, which began in September 2000 and has continued with varying levels of severity into 2013. In mid-2006, Israel was engaged in an armed conflict with Hezbollah in Lebanon, resulting in thousands of rockets being fired from Lebanon and disrupting most day-to-day civilian activity in northern Israel. Starting in December 2008, for approximately three weeks, Israel engaged in an armed conflict with Hamas in the Gaza Strip, which involved missile strikes against civilian targets in various parts of Israel and negatively affected business conditions in Israel. In 2012 once again Israel engaged in an armed conflict with Hamas in the Gaza Strip, with missiles reaching as far as Tel-Aviv. Popular uprisings in various countries in the Middle East and North Africa are affecting the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and these countries. Any armed conflicts, terrorist activities or political instability in the region could adversely affect our business, financial condition and results of operations. Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East, such as damages to our facilities resulting in disruption of our operations. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or will be adequate in the event we submit a claim.

A number of countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continue or increase. These restrictions may limit materially our ability to distribute our products to users in these countries or establish distributor relationships with companies operating in these regions. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturn in the economic or financial condition of Israel, could adversely affect our operations, cause our revenues to decrease and adversely affect the share price of publicly traded companies having operations in Israel, such as us. Similarly, Israeli corporations are limited in conducting business with entities from several countries. For example, in 2008 the Israeli legislature adopted a law forbidding any investments in entities that transact business with Iran. Moreover, individuals in certain geographical regions may refrain from doing business with Israel and Israeli companies as a result of their objection to Israeli foreign or domestic policies.

Our operations may be disrupted by the obligations of personnel to perform military service.

As of June 30, 2013, we had 346 employees based in Israel. Our employees in Israel, including executive officers, may be called upon to perform up to 56 days per each three year period, (in some cases more, e.g. officers may be called to serve up to 84 days per each three year period) of military reserve duty until they reach the age of 40 (and in some cases, depending on their certain military profession up to 45 or even 49) and, in emergency circumstances, could be called to immediate and unlimited active duty (however, this would need to be approved by the Israeli government). In response to increased tension and hostilities, there have been since September 2000 occasional call-ups of military reservists, including in connection with the mid-2006 war in Lebanon, the December 2008 conflict with Hamas and the 2012 conflict in the Gaza Strip, and it is possible that there will be additional call-ups in the future. Our operations could be disrupted by the absence of a significant number of employees related to military service or the absence for extended periods of one or more of our key employees for military service. Such disruptions in the future could materially adversely affect our business and results of operations, especially if we are unable to replace these key employees with other personnel qualified in information technology and data optimization.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

We are eligible for certain tax benefits provided to “Beneficiary Enterprises” under the Israeli Law for the Encouragement of Capital Investments, 1959, referred to as the Investment Law. In order to remain eligible for the tax benefits for “Beneficiary Enterprises” we must continue to meet certain conditions stipulated in the

Investment Law and its regulations, as amended. In addition, In September 2011, we received a tax ruling from the Israeli Tax Authorities, according to which, among other things, the Israeli Tax Authorities approved the following: (i) our status as an "Industrial Enterprise"; and (ii) that the expansion of our enterprise is considered as a "Beneficiary Enterprise" with 2009 as an elected year of operations, all under the Investment Law as amended by 2005 Amendment. The benefits available to us under this tax ruling are subject to the fulfillment of conditions stipulated in the ruling. If we do not meet these conditions, the ruling may be abolished which would result in adverse tax consequences to us. Further, in the future these tax benefits may be reduced or discontinued. If these tax benefits are reduced, cancelled or discontinued, our Israeli taxable income would be subject to regular Israeli corporate tax rates. The standard corporate tax rate for Israeli companies in 2010 was 25% of their taxable income and was reduced to 24% in 2011. The corporate tax rate was increased to 25% in 2012 and to 26.5% for 2014 and thereafter. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs. See "Taxation and Government Programs—Israeli Tax Considerations and Government Programs—Law for the Encouragement of Capital Investments, 5719-1959."

It may be difficult to enforce a U.S. judgment against us, our officers and directors and the Israeli experts named in this prospectus in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors and these experts.

We are incorporated in Israel. Only some of our directors and none of our executive officers are resident in the United States. Our independent registered public accounting firm is not a resident of the United States. Most of our assets and the assets of these persons are located outside the United States. Therefore, it may be difficult for an investor, or any other person or entity, to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S. or Israeli court, or to effect service of process upon these persons in the United States. Additionally, it may be difficult for an investor, or any other person or entity, to assert a claim based on U.S. securities laws in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws on the grounds that Israel is not the most appropriate forum in which to bring such a claim. Even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. See "Enforceability of Civil Liabilities."

Your rights and responsibilities as our shareholder will be governed by Israeli law which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

Since we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in United States-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of an office holder in the company or has another power with respect to the company, has a duty to act in fairness towards the company. However, Israeli law does not define the substance of this duty of fairness. See "Management—Approval of Related Party Transactions under Israeli Law—Fiduciary Duties of Directors and Executive Officers." Because Israeli corporate law underwent extensive revisions approximately fifteen years ago, some of the parameters and implications of the provisions that govern shareholder behavior have not been clearly determined. These provisions may be

interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of United States corporations.

Additionally, we expect the quorum requirements for meetings of our shareholders to be lower than is customary for domestic issuers. As permitted under the Companies Law, pursuant to our amended and restated articles of association to be effective upon the closing of this offering, the quorum required for an ordinary meeting of shareholders will consist of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law, who hold at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders). For an adjourned meeting at which a quorum is not present, the meeting may generally proceed irrespective of the number of shareholders present at the end of half an hour following the time fixed for the meeting.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions. The statements we make regarding the following matters are forward-looking by their nature:

- our expectations regarding future changes in our cost of revenues and our operating expenses on an absolute basis and as a percentage of our revenues;
- our expectation that the percentage of revenues we derive from outside of North America will increase in the future;
- our planned level of capital expenditures and our belief that our existing cash and cash from operations will be sufficient to fund our operations for at least the next twelve months; and
- our plans to make our product, support and communication channels available in additional languages and to expand our payment infrastructure to transact in additional local currencies and accept additional payment methods.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks provided under “Risk Factors” in this prospectus.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus, to conform these statements to actual results or to changes in our expectations.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million (or approximately $ million if the underwriters exercise their option in full), assuming the shares are offered at $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same and after deducting the underwriting discounts and commissions. Similarly, each increase (decrease) of 100,000 shares in the number of ordinary shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting the underwriting discounts and commissions.

The principal purposes of this offering are to obtain additional working capital, to create a public market for our ordinary shares and to facilitate our future access to the public equity markets. We intend to use the net proceeds from this offering for general corporate purposes focused on growing our business. We expect to use a significant portion to hire additional personnel for our research and development and support and call center functions, and to increase our selling and marketing expenses focused on user acquisition. We may also use a portion of the net proceeds to make acquisitions or investments in complementary companies or technologies, although we do not have any agreement or understanding with respect to any such acquisition or investment at this time. However, we do not currently have specific plans or commitments with respect to the net proceeds from this offering and, accordingly, are unable to quantify the allocation of such proceeds among the various potential uses. We will have broad discretion in the way that we use the net proceeds of this offering.

We will not receive any of the proceeds from the sale of ordinary shares by the selling shareholders.

DIVIDEND POLICY

We have never declared or paid any dividends on our ordinary shares. We do not anticipate paying any dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business. Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of June 30, 2013, as follows:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all outstanding preferred shares into ordinary shares upon the closing of this offering;
- on a pro forma as adjusted basis to give effect to the conversion described in the preceding clause and to reflect the issuance and sale of ordinary shares in this offering at an assumed initial public offering price of $ per ordinary share, the midpoint of the initial public offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

You should read this information in conjunction with our consolidated financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other financial information contained in this prospectus.

	As of June 30, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share amounts)		
Cash and cash equivalents	$ 7,821	$ 7,821	$
Ordinary shares, par value NIS 0.01 per share; 7,018,542 shares authorized, actual; 15,000,000 shares authorized, pro forma; shares authorized, pro forma as adjusted; 2,356,227 shares issued and outstanding, actual; 10,059,409 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	$ 5	$ 26	$
Preferred shares, par value NIS 0.01 per share; 7,981,458 shares authorized and actual; zero shares authorized pro forma and zero shares pro forma as adjusted; 7,703,182 shares issued and outstanding, actual; zero shares issued and outstanding, pro forma; zero shares issued and outstanding, pro forma as adjusted	$ 21	$ —	$
Additional paid-in capital	50,778	50,778	
Other comprehensive loss	(93)	(93)	
Accumulated deficit	(69,859)	(69,859)	
Total shareholders' equity (deficiency)	(19,148)	(19,148)	
Total capitalization	$ 19,889	$ 19,889	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share, would increase (decrease) the as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

DILUTION

If you invest in our ordinary shares in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per ordinary share after this offering. Our net tangible book value as of June 30, 2013 was $ per ordinary share.

After giving effect to the automatic conversion of all outstanding preferred shares upon the closing of this offering and the sale of ordinary shares that we are offering at an assumed initial public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value on an adjusted basis as of June 30, 2013 would have been $ per ordinary share. This amount represents an immediate decrease in net tangible book value of $ per ordinary share to our existing shareholders and an immediate increase in net tangible book value of $ per ordinary share to new investors purchasing ordinary shares in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for an ordinary share.

The following table illustrates this dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 2013	$	
Increase per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors in this offering.		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ordinary share would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and short-term investments, share capital, share premium, additional paid-in capital, total equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional ordinary shares in full in this offering, the pro forma as adjusted net tangible book value after the offering would be $ per share, the decrease in net tangible book value per share to existing shareholders would be $ and the increase in net tangible book value per share to new investors would be $ per share, in each case assuming an initial public offering price of $ per ordinary share.

The following table summarizes, as of , 2013, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing shareholders paid during the past five years, on the one hand, and new investors are paying in this offering, on the other hand. The calculation below is based on an assumed initial public offering price of $ per share before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing shareholders		%	$	%	$
New investors					
Total		100%		100%	

The foregoing tables and calculations exclude (1) 2,373,640 ordinary shares reserved for issuance under our equity incentive plans as of June 30, 2013 of which options to purchase 2,278,185 shares had been granted at a weighted average exercise price of $2.36 per share, and (2) warrants to purchase 9,766 ordinary shares with an exercise price of $20.48 per share.

To the extent any of these outstanding options is exercised, there will be further dilution to new investors. To the extent all of such outstanding options had been exercised as of June 30, 2013, the pro forma as adjusted net tangible book value per share after this offering would be $, and total dilution per share to new investors would be $.

If the underwriters exercise their option to purchase additional shares in full:

- the percentage of ordinary shares held by existing shareholders will decrease to approximately % of the total number of our ordinary shares outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of our ordinary shares outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our selected consolidated financial and other data. You should read the following selected consolidated financial and other data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future. Our financial statements have been prepared in accordance with U.S. GAAP.

The selected consolidated statements of operations data for each of the years in the three-year period ended December 31, 2012 and the consolidated balance sheet data as of December 31, 2011 and 2012 are derived from our audited consolidated financial statements appearing elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2010 are derived from our audited consolidated financial statements that are not included in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2012 and 2013 and the selected consolidated balance sheet data as of June 30, 2013 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. In the opinion of management, these unaudited interim condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations for these periods. Results from interim periods are not necessarily indicative of results that may be expected for the entire year.

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
	(in thousands, except share and per share data)				
Consolidated Statements of Operations:					
Revenues	$ 9,850	$ 24,600	$ 43,676	$ 18,884	$ 34,116
Cost of revenues (1)	2,223	5,290	9,233	3,879	6,390
Gross profit	7,627	19,310	34,443	15,005	27,726
Operating expenses:					
Research and development (1)	7,315	14,746	16,782	7,935	11,499
Selling and marketing (1)	9,848	21,586	29,057	12,964	22,615
General and administrative (1)	1,819	5,421	3,662	1,679	3,086
Total operating expenses	18,982	41,753	49,501	22,578	37,200
Operating loss	(11,355)	(22,443)	(15,058)	(7,573)	(9,474)
Financial income (expenses) net	(19)	(41)	487	(108)	(36)
Other expenses	—	127	2	2	—
Loss before taxes on income	(11,374)	(22,611)	(14,573)	(7,683)	(9,510)
Taxes on income	115	129	399	89	557
Net loss	$ (11,489)	$ (22,740)	$ (14,972)	$ (7,772)	$ (10,067)
Basic and diluted net loss per ordinary share (2)	$ (12.90)	$ (24.94)	$ (8.13)	$ (4.23)	$ (5.08)
Weighted average number of ordinary shares used in computing basic and diluted net loss per ordinary share (2)	1,945,299	2,118,476	2,274,240	2,251,691	2,322,952
Basic and diluted pro forma net loss per ordinary share (3)			$ (1.50)		$ (1.00)
Weighted average number of shares used in computing pro forma basic and diluted net loss per ordinary share (3)			9,977,422		10,026,134

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash and cash equivalents	$ 4,501	$10,374	$ 7,510	$ 7,821
Restricted deposits	1,358	4,164	2,536	2,302
Deferred revenues	5,133	10,181	18,984	26,772
Total assets	7,674	18,628	16,125	19,889
Total shareholders' equity (deficiency)	(16)	3,086	(10,571)	(19,148)

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(dollars in thousands)		
Supplemental Financial and Operating Data:					
Collections (4)	$ 13,753	$ 29,648	$ 52,479	$ 22,253	$ 41,904
Free cash flow (4)	$ (6,374)	$ (12,353)	$ (4,555)	$ (3,181)	$ 204
Number of registered users at period end (4)	6,523,968	16,951,837	28,225,857	22,441,929	35,622,448
Number of premium subscriptions at period end (4)	149,084	298,143	469,598	377,945	626,733

(1) Includes share-based compensation expenses as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Cost of revenues	$ 14	$ 40	$ 105	$ 47	$ 68
Research and development	659	1,939	553	260	503
Selling and marketing	95	222	101	44	106
General and administrative	343	2,532	261	144	424
Total share-based compensation expenses	$ 1,111	$ 4,733	$ 1,020	$ 495	$ 1,101

(2) Basic and diluted net loss per ordinary share is computed based on the weighted average number of ordinary shares outstanding during each period. For additional information, see Notes 2q and 10 to our consolidated financial statements included elsewhere in this prospectus.

(3) Pro forma net loss per share and pro forma weighted average shares outstanding assumes the conversion of preferred shares into ordinary shares, which will occur upon the closing of this offering, but does not include the issuance of shares in connection with this offering. For additional information on the conversion of the preferred shares, see Notes 2q and 10 to our consolidated financial statements included elsewhere in this prospectus.

(4) For a description of how we define and use collections, free cash flow, number of registered users at period end and number of premium subscriptions at period end to evaluate our business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics." Collections and free cash flow are non-GAAP financial measures. For a reconciliation of collections and free cash flow to the most directly comparable U.S. GAAP measure, see "Summary—Summary Consolidated Financial and Other Data—Non-GAAP Financial Measures."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this prospectus. You should read the following discussion in conjunction with "Special note regarding forward-looking statements" and "Risk Factors."

Overview

We are a leading global web development platform with one of the largest number of registered users in the world. We empower more than 37 million registered users in 190 countries to create and manage a fully integrated and dynamic digital presence. We are pioneering a new approach to web development and management that provides an easy-to-use yet powerful cloud-based platform that eliminates complex coding and expensive design services. Our solutions enable millions of businesses, organizations, professionals and individuals to take their businesses, brands and workflow online without the need to engage expensive development and design firms or other costly professionals.

We were founded in late 2006 and have achieved a number of significant milestones since then:

- In April 2008, we launched our Wix Editor, which enabled the creation of a digital presence in Flash format.
- In October 2008, we launched our premium subscription offering and by July 2009 gained our first one million users and 20,495 premium subscriptions.
- By June 2011, we reached 10 million users and by January 2012, we supported five languages across 190 countries.
- In March 2012, we released our advanced HTML5 Editor, which greatly improved our service offering and support for mobile devices, allowed our users greater functionality and customization and expanded our abilities to develop new solutions to offer our users. By April 2012, we reached 20 million registered users.
- In October 2012, we introduced the Wix App Market with Wix and third-party developed applications, or apps, providing users with additional workflow functionality which can be integrated into their websites.
- Throughout 2013, we continued to grow at a rapid pace and as of August 31, 2013, we had more than 37 million registered users and 679,536 premium subscriptions and averaged 19,762 app installations per day during the month of August.

We have experienced significant growth in our user base and premium subscriptions in recent periods. Our users grew from 6.5 million at December 31, 2010 to 28.2 million at December 31, 2012, representing a 108% compounded annual growth rate. Our premium subscriptions have grown from 149,084 to 469,589 over the same period, representing a 78% compounded annual growth rate. Through June 30, 2013, we had achieved 14 consecutive quarters of sequential growth in the accumulated number of premium subscriptions. We have also achieved 14 consecutive quarters of growth in revenues and collections. We had revenues of $9.9 million, $24.6 million and $43.7 million and collections of $13.8 million, $29.6 million and $52.5 million in 2010, 2011 and 2012, respectively. We had a net loss of $11.5 million, $22.7 million and $15.0 million in 2010, 2011 and 2012, respectively. We had revenues of $34.1 million, collections of $41.9 million and a net loss of $10.1 million during the six months ended June 30, 2013.

How We Generate Revenues

We derive the substantial majority of our revenue from monthly and annual premium subscriptions for our solutions. Annual subscriptions provide benefits to our operating model because we are able to collect cash up front, increase overall retention rates and have greater visibility into revenues. As a result, we provide incentives to drive annual subscriptions, including a lower average monthly price relative to a monthly subscription. We have noticed, however, that promotions that further lower the effective price of an annual subscription can result in attracting users who do not renew their subscription once the promotion is no longer available. We therefore seek to strike a balance between attracting annual subscriptions and maintaining a user base that is loyal to our offering. As of August 31, 2013, 64% of our overall premium subscriptions were annual and 36% were monthly.

In addition, we generate revenues from selling third-party domain registration, revenue from Wix-developed apps and revenues from sharing agreements with third-party developers for apps sold through our App Market. We launched our App Market in the last quarter of 2012 and therefore generated negligible revenues from it in 2012.

Our solutions are offered through a freemium model in which users can register with an e-mail address and build, launch and manage a digital presence for free for an unlimited amount of time. A premium subscription, which provides users with additional solutions such as extra bandwidth and storage, Wix ad removal, access to Google Analytics, domain connectivity and eCommerce solutions, can be purchased at any time. Because we increase our pipeline of potential premium subscriptions by acquiring more registered users and over half of the new premium subscriptions in a typical month in recent periods were generated by registered users who registered in previous months, we are focused on building a large user base. The number of new registered users we attract is therefore a key factor in growing our premium subscription base, which drives our revenues and collections. Users that purchase premium subscriptions often decide to do so several months, quarters or years after initially registering with us. Thus, in each period, new premium subscriptions include users who registered in that period as well as users who initially registered with us in previous periods. We believe this characteristic of our business model provides us with a growing pipeline of potential subscriptions as our user base grows.

User Acquisition Spending

Approximately 59% of the premium subscriptions generated by users that registered in August 2013 came from organic and direct sources, meaning visitors that reached us via unpaid search results or by typing the URL of our website in their browser. Our selling and marketing spending to attract additional new registered users focuses primarily on online advertising. The types of paid marketing channels that we target are cost-per-click advertisements on search engines and social networking sites and targeted and generic banner advertisements on other sites.

Our registered user acquisition strategy is based on the significant amounts of data that we have accumulated regarding the behavior of registered users that we acquire from different sources. We extrapolate from this historical user behavior data to predict future user behavior and make decisions regarding our marketing expenditures. In order to grow our registered user base and in turn our premium subscriptions, we consider the time period over which we seek to return an amount of collections equal to the marketing expenditures used to attract a specific group of registered users during a particular period, which we refer to as a cohort. In order to achieve the targeted time for return on those marketing expenditures, we adjust the paid marketing channels that we use and the amounts that we pay to acquire new registered users in addition to considering those registered users that come from organic and direct sources. For example, we could pay a substantially identical amount to acquire fewer users that generate premium subscriptions at a higher rate versus acquiring more users that generate premium subscriptions at a lower rate. The net amount of premium subscriptions would be the same, but in the former case we would have acquired fewer new registered users overall. We prefer the latter case due to the benefit of gaining more registered users and having a larger pipeline of registered users that can generate premium subscriptions over time based on the long “tail” of premium subscriptions that each cohort generates. This larger number of users also creates more overall users of our platform who can recommend others to our site. In addition, a single registered user can purchase multiple

premium subscriptions. This fact, coupled with our preference to grow the size of our user base even if the rate of purchase of premium subscriptions is lower, is why we do not consider the rate at which registered users purchase a premium subscription (or any other measure of "conversion") to be a meaningful measure of the success of our business.

Since we target our marketing expenditures by extrapolating from historical user behavior to predict future user behavior, an event that disrupts that behavior can adversely impact the returns that we projected for a particular cohort. For example, an event such as a change to or a bug in a browser that affects all websites viewed on that browser, including websites created using our platform, can adversely impact user behavior and in turn our projected returns. Moreover, significant announcements by third parties can also have the same effect. For example, an announcement by Adobe to stop supporting Flash on mobile devices when our platform was Flash-based only, in the past caused us to attract less new registered users than we projected during the short-term impact of such announcement.

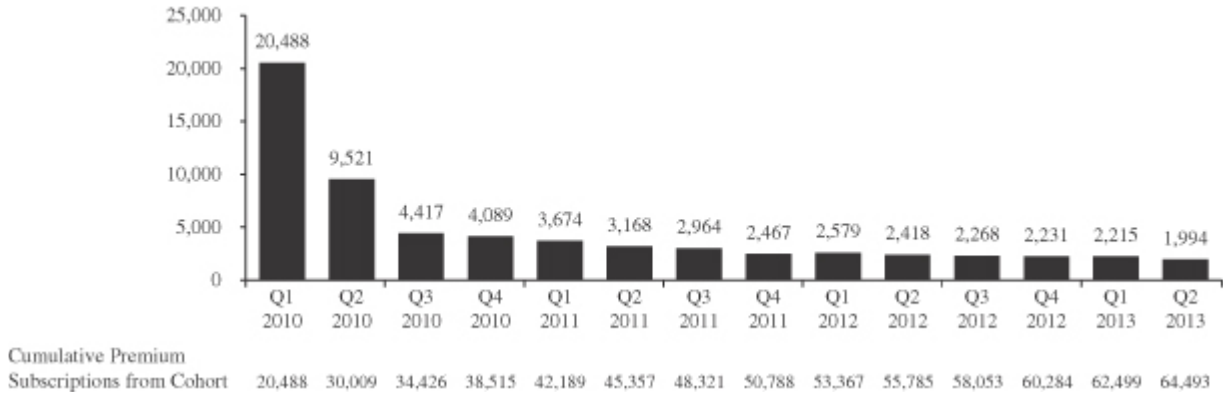
Premium Subscription Origination Analysis

To track our growth, progress and execution of marketing efforts, including achievement of our targeted time for return on marketing expenditures, we regularly review the relationship between origination of our users and origination of premium subscriptions.

First Quarter 2010 User Cohort. The following chart summarizes the number of premium subscriptions that originated during each quarterly period from the first quarter of 2010 to the first quarter of 2013 from the 919,221 registered users that first registered with us in the first quarter of 2010. We refer to this group of users as our first quarter 2010 User Cohort. The first quarter 2010 User Cohort is representative of trends we have seen in premium subscription originations, and we believe it is consistent with our users' subscription purchasing behavior in recent periods.

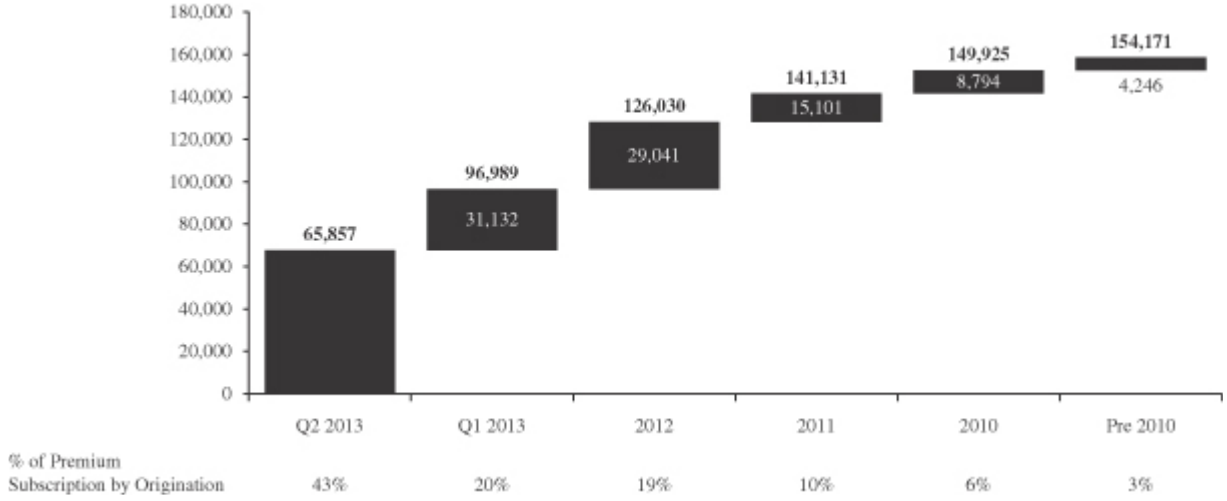
Through June 30, 2013, the first quarter 2010 User Cohort generated a total of 64,493 new premium subscriptions and continued to generate premium subscriptions up through and during the third quarter of 2013. As of the end of its first quarter, there were 18,562 premium subscriptions that had been purchased by users from the first quarter 2010 User Cohort. Fourteen quarters later there were still 19,472 premium subscriptions from users that originated from this same cohort. We spent approximately $1.1 million in advertising expenses to acquire this user cohort. Since originating, premium subscriptions from users in this cohort have resulted in aggregate revenues recognized of $7.8 million and $9.0 million in collections through the second quarter of 2013. Approximately $1.2 million of deferred revenue relating to purchases by this user cohort remained outstanding at June 30, 2013. Furthermore, this cohort continues to generate revenue and collections beyond that date.

Premium Subscriptions From First Quarter 2010 User Cohort



Second Quarter 2013 Premium Subscription Cohort. The following chart summarizes the composition of premium subscriptions purchased in the second quarter of 2013 by user registration date. In the second quarter of 2013, we sold 154,171 premium subscriptions, of which 65,857 premium subscriptions, or 43% of the total, were purchased by users that first registered with us in the same quarter. The remaining 57% of premium subscriptions purchased in the second quarter of 2013 were by users who initially registered in earlier quarters.

Premium Subscriptions in First Quarter 2013 by User Registration Date



Some users account for multiple premium subscriptions. For example, users who are professional web designers often use our platform to support their business, building and designing sites for their own customers. We believe these trends illustrate the increasing value of our user base as we continue to increase the number of our users.

Key Financial and Operating Metrics

We monitor the following key operating and financial metrics to evaluate the growth of our business, measure the effectiveness of our marketing efforts, identify trends affecting our business, formulate financial projections and make strategic decisions:

- *Collections* . We define collections as total cash collected by us from our customers in a given period. Collections is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Collections consists primarily of amounts from annual and monthly premium subscriptions by users, which are deferred and recognized as revenues over the terms of the subscriptions and payments by our users for domains, which are also recognized ratably over the term of the service period. We believe that collections is a leading indicator of the growth of our overall business. Collections is non-GAAP financial measure. For a reconciliation of collections to the most directly comparable U.S. GAAP measure, see “Summary—Summary Consolidated Financial and Other Data—Non-GAAP Financial Measures—Collections.”
- *Free cash flow* . We define free cash flow as cash flow from operating activities minus capital expenditures. We believe that free cash flow is useful in evaluating our business because free cash flow reflects the cash surplus available or used to fund the expansion of our business after the payment of capital expenditures relating to the necessary components of ongoing operations. Free cash flow is currently negative because of the substantial investments that we are making in expanding our business. Free cash flow is a non-GAAP financial measure. For reconciliation of free cash flow to the

most directly comparable U.S. GAAP measure, see "Summary—Summary Consolidated Financial and Other Data—Non-GAAP Financial Measures—Free Cash Flow."

- *Number of registered users at period end.* We define this metric as the total number of users, including those who have purchased premium subscriptions, who are registered with Wix.com with a unique e-mail address at the end of the period. The length of time that users take following registration to design and publish a website varies significantly from hours to years, and many users never publish a website. We have no means of assessing the level of engagement of a particular user following registration or how close a user is to potentially publishing their website. We view the number of users at the end of a given period as a key indicator of the attractiveness and usability of our product, as well as the strength of our pipeline that can generate premium subscriptions over time. We believe that growth in premium subscriptions will be driven significantly by our ability to add users to our platform and to further enhance our product and service offerings.
- *Number of premium subscriptions at period end* **.** We define this metric as the total monthly and annual premium subscriptions as of the end of the period. A single user can purchase multiple premium subscriptions. Because we derive the majority of our revenues and collections from premium subscriptions, we believe that this is a key metric in understanding our growth. The total number of premium subscriptions is also impacted by the renewal rates of our existing premium subscriptions. Premium subscriptions terminate due to an active decision by a user not to renew their subscription or due to the failure of a user to update his or her credit card information upon expiration or termination. Our renewal rates demonstrate our strong value proposition to our premium subscriptions. We observe the average renewal rates of the cohorts of our users with premium subscriptions to measure the effectiveness of our platform and satisfaction of our users. From January 1, 2010 to June 30, 2013, an average of 71% of our registered users with annual subscriptions renewed their subscriptions after the first year. Over the same period, an average of 51% of our registered users with monthly subscriptions maintained their subscriptions after one year. Renewal rates improved in the second and third years of subscription for both annual and monthly subscriptions. Registered users with annual subscriptions who had renewed in the first year, renewed at a rate of 71% in the second year, while those with monthly subscriptions renewed at a rate of 65% in the second year. Registered users with annual subscriptions who had renewed for two years, renewed at a rate of 72% in the third year, while those with monthly subscriptions renewed at a rate of 68% in the third year.

Components of Statements of Operations

Revenues

Sources of Revenues. We derive the substantial majority of our revenues from monthly and annual premium subscriptions by businesses, organizations, professionals and individuals to our various premium subscriptions, which include extra bandwidth and storage, Wix ad removal, access to Google Analytics, domain connectivity and eCommerce solutions.

We derive a small portion of our revenues from selling third-party domain registration. Revenues from domain name registrations accounted for approximately 5% of revenues in 2012 and 6% of revenues in the six months ended June 30, 2013. We also derive a small portion of our revenues from our App Market consisting of revenues derived from sharing agreements with third parties pursuant to which we receive a portion of the collected revenues of any app to which our users subscribe. Revenues from app installations from our App Market accounted for a negligible amount of revenues in 2012 and the six months ended June 30, 2013. We plan to increase the number of value-added services that we offer and the associated revenues we derive from these services.

Payment and Revenue Recognition. Revenues from premium subscriptions, domain name registration and apps developed by us are recognized ratably over the term of the service period. We offer new premium subscription packages for a 14-day trial period during which the user can cancel the subscription at any time and receive a full refund. We classify such amounts collected from new subscriptions as customer deposits until the

end of the 14-day trial period. After the 14-day trial period has ended, we recognize premium subscription revenues ratably over the term of the service period, either monthly or annually. We do not offer trial periods for domain name registrations. Substantially all deferred revenues consist of amounts received from premium subscriptions and domain registration sales that are not yet recognized as revenues. For revenues from apps developed by third-party app developers, we account on a net basis by recognizing only the commission we retain from each sale. We do not reflect in our financial statements the portion of the gross amount billed to users with apps that we remit to third-party app developers. See "—Application of Critical Accounting Policies and Estimates—Revenue Recognition."

We bill our premium subscriptions in advance through our users' credit or debit cards and a small amount through PayPal. We currently use third-party billing systems integrated into our website, and an internal billing system, both which provide a portal for users to submit credit or debit card information for processing. Payment occurs after the credit card information entered for the transaction passes through the validation and verification process of our internal and third-party billing providers and processors.

Geographic Breakdown of Revenues

The following table sets forth the geographic breakdown of revenues for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
North America	71%	67%	60%	62%	56%
Europe	17	18	21	20	23
Latin America	3	6	10	9	11
Asia and Others	9	9	9	9	10
Total	100%	100%	100%	100%	100%

We expect the percentage of revenues derived from outside of North America to increase over time as we continue to further penetrate internationally. Additional international adoption of our solutions and services is driven by our ability to offer our platform in local languages and offer local billing solutions. When penetrating new markets, we first focus on establishing an operational online billing system, if needed, prior to launching and investing in local marketing activities. We currently offer our platform in five languages—English, French, Spanish, Portuguese and Italian, and we have plans to add more languages. We have historically launched our platform in new markets without the need for local support staff.

Costs and Expenses

Cost of Revenues . Cost of revenues consists primarily of costs directly associated with the provision of services, namely, bandwidth and hosting costs for our platform, customer support software solutions and related call center costs along with domain name registration costs. Cost of revenues also consists of personnel and the related overhead costs, including share-based compensation. We expect cost of revenues to increase with the increase in the number of users but to slightly decrease as a percentage of revenues.

Research and Development . Research and development expenses consist primarily of personnel and the related overhead costs, including share-based compensation, related to our solutions and service development activities including new initiatives, quality assurance and other related development activities. We expect research and development costs and expenses to continue to increase on an absolute basis, but to decrease as a percentage of revenues, as we develop new solutions and add functionalities to our existing solutions and services and expand our mobile app offering.

Selling and Marketing. Our primary operating expense is selling and marketing. The significant majority of our selling and marketing expenses are user acquisition costs, which consist primarily of fees paid to third parties for our cost-per-click advertising, social networking and marketing campaigns and other media advertisements. We intend to continue expanding our user acquisition efforts to drive revenue growth while focusing on our return-on-

investment targets. Other selling and marketing expenses also consist primarily of personnel and the related overhead costs, including share-based compensation for personnel engaged in marketing, advertising and promotional activities. Our marketing expenses also include billing costs in connection with the processing fee of our collections. We expect our expenses to increase on an absolute basis as we penetrate our existing markets and expand to new markets, hire additional personnel and increase our business and collections.

General and Administrative. General and administrative expenses primarily consist of personnel and overhead related costs, including share-based compensation, for our executive, finance, human resources and administrative personnel. General and administrative expenses also include legal, accounting and other professional service fees and other corporate expenses. We expect our general and administrative expenses to increase on an absolute basis, but decrease as a percentage of revenues, as we penetrate our existing markets and expand to new markets, hire additional personnel and incur additional costs related to the growth of our business. We will also incur costs associated with being a public company in the United States, including compliance under the Sarbanes-Oxley Act of 2002 and rules promulgated by the SEC and the New York Stock Exchange, and director and officer liability insurance.

Financial Income (Expenses), Net. Financial income (expenses), net consists primarily of costs related to derivative instruments we enter into for foreign exchange transactions to hedge a portion of our payments in NIS, as well as income and expenses related to the change in the fair value of such derivative instruments. In addition, financial income (expenses), net includes the fluctuation in value due to foreign exchange differences between our monetary assets and liabilities denominated in NIS. We do not have any indebtedness for borrowed amounts.

Other Expenses. During 2011, we relocated to our current corporate headquarters in Tel Aviv. This relocation resulted in us incurring a capital loss due to the disposal of leasehold improvements and fixed assets. Therefore, we recorded a capital loss of $0.1 million in 2011 while we recorded no capital gains or losses in 2010 and a minimal amount in 2012 and the six months ended June 30, 2013.

Taxes on Income. As of June 30, 2013, we had not yet generated taxable income in Israel. At the end of our last fiscal year, our net operating loss carry forwards for Israeli tax purposes amounted to approximately $36.2 million. After we utilize our net operating loss carry forwards, we are eligible for certain tax benefits in Israel under the Law for the Encouragement of Capital Investments, 1959, or the Investment Law. Accordingly, if we generate taxable income in Israel during the benefit period, we expect our effective tax rate will be lower than the standard corporate tax rate for Israeli companies, which was 25% in 2010, 24% in 2011 and 25% in 2012 and 2013. The standard corporate tax rate is set to increase to 26.5% in 2014. Our benefit period currently ends in 2020. Our taxable income generated outside of Israel or derived from other sources in Israel which is not eligible for tax benefits will be subject to the regular corporate tax rate. For more information about the tax benefits available to us as a Beneficiary Enterprise, see “Taxation and Government Programs.”

Comparison of Period to Period Results of Operations

The following tables set forth our results of operations in dollars and as a percentage of revenues for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Revenues	$ 9,850	$ 24,600	$ 43,676	$ 18,884	$ 34,116
Cost of revenues	2,223	5,290	9,233	3,879	6,390
Gross profit	7,627	19,310	34,443	15,005	27,726
Research and development	7,315	14,746	16,782	7,935	11,499
Selling and marketing	9,848	21,586	29,057	12,964	22,615
General and administrative	1,819	5,421	3,662	1,679	3,086
Total operating expenses	18,982	41,753	49,501	22,578	37,200
Operating loss	(11,355)	(22,443)	(15,058)	(7,573)	(9,474)
Financial income (expenses), net	(19)	(41)	487	(108)	(36)
Other expenses	—	127	2	2	—
Loss before taxes on income	(11,374)	(22,611)	(14,573)	(7,683)	(9,510)
Taxes on income	115	129	399	89	557
Net loss	$(11,489)	$(22,740)	$(14,972)	$ (7,772)	$ (10,067)

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(as a % of revenues)		
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	22.6	21.5	21.1	20.5	18.7
Gross profit	77.4	78.5	78.9	79.5	81.3
Research and development	74.2	59.9	38.4	42.0	33.7
Selling and marketing	100.0	87.8	66.6	68.7	66.3
General and administrative	18.5	22.0	8.4	8.9	9.1
Total operating expenses	192.7	169.7	113.4	119.6	109.1
Operating loss	(115.3)	(91.2)	(34.5)	(40.1)	(27.8)
Financial income (expenses), net	(0.2)	(0.2)	1.1	(0.6)	(0.1)
Other expenses	—	0.5	—	0.0	—
Loss before taxes on income	(115.5)	(91.9)	(33.4)	(40.7)	(27.9)
Taxes on income	1.1	0.5	0.9	0.5	1.6
Net loss	(116.6)%	(92.4)%	(34.3)%	(41.2)%	(29.5)%

Revenues. Revenues increased by $15.2 million, or 80.4%, from $18.9 million in the six months ended June 30, 2012 to $34.1 million in the six months ended June 30, 2013. The substantial majority of this increase was driven by 65.8% growth in the number of premium subscriptions from 377,945 as of June 30, 2012 to 626,733 as of June 30, 2013. The number of premium subscriptions was favorably impacted by the introduction of versions of our HTML5 product in languages other than English in July 2012, and the introduction of our eCommerce platform for HTML5 in August 2012. Premium subscriptions were also impacted favorably in the six months ended June 30, 2013 by an increase in marketing spend, particularly on social media platforms.

Collections increased by $19.6 million, or 87.9%, from $22.3 million in the six months ended June 30, 2012 to $41.9 million in the six months ended June 30, 2013. This increase was due to an increase in premium subscriptions from 377,945 to 626,733 as well as domain name registration to a lesser extent.

Costs and Expenses

Cost of Revenues . Cost of revenues increased by $2.5 million, or 64.1%, from $3.9 million in the six months ended June 30, 2012 to $6.4 million in the six months ended June 30, 2013. This increase was primarily attributable to an increase of $1.1 million in payroll expenses due to increased headcount from 91 to 130, an increase of $0.7 million in domain name costs, an increase of $0.6 million in bandwidth and hosting costs, and an increase of $0.1 million related to allocated overhead expenses and other costs due to expanded activities.

Research and Development . Research and development expenses increased by $3.6 million, or 45.6%, from $7.9 million in the six months ended June 30, 2012 to $11.5 million in the six months ended June 30, 2013. This increase was attributable to an increase of $2.4 million in payroll and consultant fees due to increased headcount from 131 to 202 to support our development plans, an increase of $0.5 million related to allocated overhead expenses, an increase of $0.5 million in other development costs due to expanded activities, and an increase of $0.2 million in share-based compensation costs.

Selling and Marketing. Selling and marketing expenses increased by $9.6 million, or 73.8%, from $13.0 million in the six months ended June 30, 2012 to $22.6 million in the six months ended June 30, 2013. This increase was attributable to an increase of $7.8 million in user acquisition costs and other marketing activities from $10.0 million in the six months ended June 30, 2012 to $17.8 million in the six months ended June 30, 2013 due to the expansion of distribution channels for our products and services, especially via social networking platforms. It also resulted from an increase of $0.8 million in processing costs of our collections, an increase of $0.7 million in payroll expenses due to increased headcount from 53 to 66, and an increase of $0.3 million in related allocated overhead expenses.

General and Administrative . General and administrative expenses increased by $1.4 million, or 82.4%, from $1.7 million in the six months ended June 30, 2012 to $3.1 million in the six months ended June 30, 2013. This increase was primarily attributable to an increase of $0.7 million in legal, audit and other consulting services costs primarily associated with the increase in our operations and our preparation to become a public company, an increase of $0.6 million in payroll expenses due to increased headcount from 19 to 27, which included an increase of $0.3 million in share-based compensation expenses and an increase of $0.1 million related to allocated overhead expenses and other costs.

Financial Expenses (Income), Net . Financial expenses (income), net decreased by $0.07 million from financial expenses of $0.11 million in the six months ended June 30, 2012 to financial expenses of $0.04 million in the six months ended June 30, 2013. Financial expenses in the six months ended June 30, 2013 was primarily due to $0.3 million in share-based compensation costs related to warrants granted in connection with our revolving credit facility, which was offset with a gain of $0.4 million due to foreign exchange fluctuations of the NIS against the U.S. dollar, losses from hedging transactions of $0.1 million and interest expenses of $0.1 million.

Taxes on Income . Taxes on income increased by $0.5 million from $0.1 million in the six months ended June 30, 2012 to $0.6 million in the six months ended June 30, 2013. This increase was attributable to an increase of $0.2 million in taxes in the United States and an increase of $0.3 million in taxes in Brazil.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenues. Revenues increased by $19.1 million, or 77.6%, from $24.6 million in 2011 to $43.7 million in 2012. The substantial majority of this increase in revenues was driven by 56% growth in the number of premium subscriptions from 298,143 as of December 31, 2011 to 469,589 as of December 31, 2012 with virtually no impact from changes in pricing. The number of premium subscriptions was favorably impacted by the

introduction of our HTML5 platform in March 2012, the introduction of versions of our HTML5 platform in languages other than English in July 2012, and the introduction of our eCommerce platform for HTML5 in August 2012. Premium subscriptions were also impacted favorably in 2012 by an increase in marketing spending.

Collections increased by $22.9 million, from $29.6 million in 2011 to $52.5 million in 2012. This increase was due to an increase in premium subscriptions and domain name registration sales.

Costs and Expenses

Cost of Revenues. Cost of revenues increased by $3.9 million, or 73.6%, from $5.3 million in 2011 to $9.2 million in 2012. This increase was primarily attributable to an increase of $1.4 million in payroll expenses due to increased headcount from 73 to 114, an increase of $1.0 million in bandwidth and hosting costs, an increase of $0.9 million in domain name costs as we started to sell third-party domain names in May 2011, and an increase of $0.6 million related to allocated overhead expenses due to expanded activities.

Research and Development . Research and development expenses increased by $2.1 million, or 14.3%, from $14.7 million in 2011 to $16.8 million in 2012. This increase was attributable to an increase of $2.8 million in payroll and consultants fees due to increased headcount from 126 to 176 to support our development plans, which was partly offset by a decrease of $1.4 million in share-based compensation costs, and an increase of $0.7 million related to allocated overhead expenses due to expanded activities.

Selling and Marketing. Selling and marketing expenses increased by $7.5 million, or 34.7%, from $21.6 million in 2011 to $29.1 million in 2012. This increase was attributable to an increase of $6.0 million in user acquisition costs and other marketing activities from $16.2 million in 2011 to $22.2 million in 2012 due to the expansion of distribution channels for our products and services. It also resulted from an increase of $0.8 million in payroll expenses due to increased headcount from 44 to 56, and an increase of $0.6 million in processing costs of our collections and an increase of $0.1 million in facilities costs.

General and Administrative . General and administrative expenses decreased by $1.7 million, or 31.5%, from $5.4 million in 2011 to $3.7 million in 2012. This decrease was primarily attributable to a decrease of $2.1 million in payroll expenses, which included a decrease of $2.3 million in share-based compensation expenses recorded in 2011 that was partly offset by an increase of $0.2 million in payroll fees. There was also an increase of $0.4 million in external services and other costs.

Financial Income (Expenses), Net. Financial income (expenses), net increased by $0.5 million from 2011 to 2012. Financial income in 2012 was primarily due to gains from hedging transactions entered into to mitigate foreign exchange fluctuations of the NIS against the U.S. dollar. This increase was partially offset by exchange rate differences.

Taxes on Income . Taxes on income increased by $0.3 million from $0.1 million in 2011 to $0.4 million in 2012. This increase was primarily attributable to an increase of $0.2 million in taxes in Brazil and increase of $0.1 million in taxes in the U.S.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenues . Revenues increased by $14.7 million, or 148%, from $9.9 million in 2010 to $24.6 million in 2011. The substantial majority of this increase was attributable to the increase in premium subscriptions, with virtually no impact from changes in product pricing. The increase in premium subscription revenues was driven by a 104% growth in our premium subscriptions from 149,084 as of December 31, 2010 to 298,143 as of December 31, 2011. This increase resulted from us more than doubling our marketing expenses from 2010 to 2011 and introducing our platform in additional languages, including French, Italian, Portuguese and Spanish, which contributed to increased revenues.

Collections increased by $15.8 million from $13.8 million in 2010 to $29.6 million in 2011. This increase was due to an increase in premium subscriptions and also due to sales of domain name registration sales which was introduced in May 2011.

Costs and Expenses

Cost of Revenues. Cost of revenues increased by $3.1 million, or 140.9%, from $2.2 million in 2010 to $5.3 million in 2011. Cost of revenues increased primarily due an increase of $1.7 million in payroll expenses due to increased headcount from 42 to 73, an increase of $0.9 million related to allocated overhead due to expanded activities and an increase of $0.5 million in bandwidth and hosting costs. The increase in 2011 is attributed to our call center office which began operations in the end of 2010 and increased its activity through 2011.

Research and Development . Research and development expenses increased by $7.4 million, or 101.4%, from $7.3 million in 2010 to $14.7 million in 2011. This increase was attributable to an increase of $6.2 in payroll and consultant fees, which includes $4.9 million due to increased headcount from 80 to 126 to support new product initiatives and $1.3 million due to an increase in share-based and option compensation expenses. There was also an increase of $1.2 million related to facilities fee and allocated overhead expenses due to growth in headcount.

Selling and Marketing. Selling and marketing expenses increased by $11.8 million, or 120.4%, from $9.8 million in 2010 to $21.6 million in 2011. This increase was primarily attributable to an increase of $9.7 million in user acquisition and marketing activity costs from $6.5 million in 2010 to $16.2 million in 2011 due to the expansion of our distribution channels such as paid searches and online media buying. This increase was also due to an increase of $0.9 million due to increased payroll expenses associated with increased headcount from 36 to 44, an increase of $0.8 million in processing costs and an increase of $0.4 million in facilities fees.

General and Administrative . General and administrative expenses increased by $3.6 million, or 200.0%, from $1.8 million in 2010 to $5.4 million in 2011. This increase was due to an increase of $2.2 million of share-based compensation expenses, as well as an increase of $0.7 million in personnel-related costs and an increase of $0.7 million due to third-party professional services fees and overhead expenses.

Financial Income (Expenses), Net. Financial expenses increased from 2010 to 2011 primarily due to currency hedging activities, which were partially offset by an increase in interest income on cash balances and exchange rate differences.

Taxes on Income . Taxes on income remained consistent from 2010 to 2011.

Quarterly Results of Operations and Seasonality

The following tables present our unaudited condensed consolidated quarterly results of operations in dollars and as a percentage of revenues for the periods indicated. Our quarterly collections and free cash flow as well as reconciliations of revenues to collections and reconciliations of net cash used in operating activities to free cash flow for the same periods are also presented. This information should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. The historical quarterly results presented are not necessarily indicative of the results that may be expected for any future quarters or periods.

	Three Months Ended									
	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31 2013	June 30, 2013
	(in thousands)									
Consolidated Statements of Operations Data:										
Revenues	$ 4,511	$ 5,658	$ 6,645	$ 7,786	$ 8,777	$10,107	$11,495	$13,297	$15,522	$18,594
Cost of revenues	1,027	1,208	1,492	1,563	1,815	2,064	2,550	2,804	3,015	3,375
Gross profit	3,484	4,450	5,153	6,223	6,962	8,043	8,945	10,493	12,507	15,219
Research and development	3,933	3,348	3,554	3,911	3,967	3,968	4,155	4,692	5,534	5,965
Selling and marketing	3,998	5,236	6,247	6,105	6,088	6,876	7,586	8,507	10,526	12,089
General and administrative	1,423	2,147	883	968	912	767	953	1,030	1,363	1,723
Total operating expenses	9,354	10,731	10,684	10,984	10,967	11,611	12,694	14,229	17,423	19,777
Operating loss	(5,870)	(6,281)	(5,531)	(4,761)	(4,005)	(3,568)	(3,749)	(3,736)	(4,916)	(4,558)
Net loss	$(5,754)	$ (6,156)	$ (5,854)	$ (4,976)	$ (3,735)	$ (4,037)	$ (3,755)	$ (3,445)	$ (4,916)	$ (5,151)

	Three Months Ended									
	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013
	(as a % of revenues)									
Consolidated Statements of Operations Data:										
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	22.8	21.4	22.5	20.1	20.7	20.4	22.2	21.1	19.4	18.2
Gross profit	77.2	78.6	77.5	79.9	79.3	79.6	77.8	78.9	80.6	81.8
Research and development	87.2	59.2	53.5	50.2	45.2	39.3	36.1	35.3	35.7	32.1
Selling and marketing	88.6	92.5	94.0	78.4	69.3	68.0	66.0	64.0	67.8	65.0
General and administrative	31.5	37.9	13.2	12.4	10.4	7.6	8.3	7.7	8.8	9.2
Total operating expenses	207.3	189.6	160.8	141.0	124.9	114.9	110.4	107.0	112.3	106.3
Operating loss	(130.1)	(111.0)	(83.2)	(61.1)	(45.6)	(35.3)	(32.6)	(28.1)	(31.7)	(24.5)
Net loss	(127.6)%	(108.8)%	(88.1)%	(63.9)%	(42.6)%	(39.9)%	(32.7)%	(25.9)%	(31.7)%	(27.7)%

	Three Months Ended									
	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013
	(in thousands, except percentages)									
Supplemental Financial Metrics:										
Collections (1)	$ 5,929	$ 6,789	$ 7,927	$ 9,003	$10,534	$11,719	$13,415	$16,811	$19,674	$22,230
Free cash flow (1)	$(1,047)	$ (3,249)	$ (5,105)	$ (2,952)	$ (1,374)	$ (1,809)	$ (1,849)	$ 477	$ 236	$ (32)
Supplemental Operating Metrics										
Number of users at period end (2)	8,358	10,939	14,046	16,952	19,603	22,442	25,209	28,226	31,940	35,622
Number of premium subscriptions at period end (3)	192	223	266	298	338	378	414	470	549	627

	Three Months Ended									
	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31 2013	June 30, 2013
	(in thousands)									
Reconciliation of Revenues to Collections:										
Revenues	$ 4,511	$ 5,658	$ 6,645	$ 7,786	$ 8,777	$10,107	$11,495	$13,297	$15,522	$18,594
Change in deferred revenues	1,418	1,131	1,282	1,217	1,757	1,612	1,920	3,514	4,152	3,636
Collections (1)	$ 5,929	$ 6,789	$ 7,927	$ 9,003	$10,534	$11,719	$13,415	$16,811	$19,674	$22,230

	Three Months Ended									
	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31 2013	June 30, 2013
	(in thousands)									
Reconciliation of Net cash provided by (used in) operating activities to Free cash flow:										
Net cash provided by (used in) operating activities	$ (141)	$ (2,861)	$ (4,843)	$ (2,754)	$ (1,173)	$ (1,604)	$ (1,563)	$ 732	$ 640	$ 641
Capital expenditure	(906)	(388)	(262)	(198)	(201)	(205)	(286)	(255)	(404)	(673)
Free cash flow(1)	$(1,047)	$ (3,249)	$ (5,105)	$ (2,952)	$ (1,374)	$ (1,809)	$ (1,849)	$ 477	$ 236	$ (32)

(1) See "Summary—Summary Consolidated Financial and Other Data—Non-GAAP Financial Measures" for how we define and calculate collections and free cash flow, a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, and a discussion about the limitations of these non-GAAP financial measures.

(2) Number of users at period end is defined as the total number of users, including those who purchase premium subscriptions, who are registered with Wix.com with a unique email address at the end of the period.

(3) A single user can purchase multiple premium subscriptions.

Although our revenues and collections have grown quarter over quarter for the eight quarters presented above, our net loss has fluctuated from quarter to quarter. These quarterly fluctuations in net loss result primarily from increases in selling and marketing expenses for user acquisition in order to generate revenues in subsequent periods.

We believe there are slight seasonal impacts to our business during major holiday periods when we experience lower than average daily site traffic. However to date, seasonal impacts have not been clearly visible in our quarterly consolidated results of operations, which we believe may be due to the rapid growth of our business and our geographic breadth. In the future, seasonal trends may cause fluctuations in our quarterly results, including fluctuations in sequential collections.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through the proceeds from the issuance of our preferred shares and cash flows from operations. As of June 30, 2013, we had $7.8 million of cash and cash equivalents. In addition, we had $2.3 million as restricted deposits of which $1.4 million related to our currency hedging transactions and the remaining balance consisted of restricted bank deposits for our leases, credit card agreements and also reserves deposit to secure our online merchant activity with one of our billing processors.

A substantial source of our cash provided by operating activities is our deferred revenues, which is included on our consolidated balance sheet as a liability. Deferred revenues consist of the unrecognized portion of upfront payments from our premium subscriptions as well as domain name registration sales. We assess our liquidity, in part, through an analysis of the anticipated recognition of deferred revenues into revenues together with our other sources of liquidity. As of June 30, 2013, we had a working capital deficit of $23.2 million, which included $25.7 million of short-term deferred revenues recorded as a current liability, and we also had $1.1 million of long-term deferred revenues. These deferred revenues remains unrecognized generally for one to 12 months for premium subscriptions and one to 36 months for domain name registration sales, and will be recognized as revenues ratably over the term of the service period when all of the revenue recognition criteria are met in accordance with our revenue recognition policy.

While our primary source of liquidity is cash flow from operations, we also have funds available under a revolving credit facility with Silicon Valley Bank. The facility is denominated in the U.S. dollar and has a borrowing capacity of the lower of (1) our last month's eligible collections or (2) $10 million. Our eligible collections for June 2013 were $7.0 million. Any borrowings under the facility bear interest at an annual rate equal to a daily floating prime rate, as published in the Wall Street Journal, plus 2.25%. The agreement governing the revolving credit facility contains customary terms and conditions. The agreement also contains the following negative covenants, for which the lender's consent is required:

- a commitment not to make distributions or payments to our current or former shareholders, except in the ordinary course of business or as compensation to officers, directors and employees;
- negative pledges by us and our wholly-owned Delaware subsidiary, Wix.Com, Inc.
- limitations on dissolution, any subordinated debt arrangement, mergers, acquisitions and dispositions not in the ordinary course of business; and
- restrictions on changes in business, management, ownership or business locations, including the addition of new offices or business locations, or changes in organizational structure.

Failure to meet these financial and other covenants would enable the bank to demand immediate repayment of all outstanding balances under the facility. As of June 30, 2013, we were in compliance with all such covenants. All borrowings under the revolving credit facility must be repaid by December 31, 2014. As of June 30, 2013, we had no outstanding borrowings under this credit facility.

We believe our existing cash and cash from operations will be sufficient to fund our operations for at least the next twelve months. In addition we believe that these resources, together with borrowings under our credit facility and the net proceeds from this offering, will serve to accelerate our growth plans and future operations.

We expect to spend approximately $2.0 million through December 31, 2013 for capital expenditures, primarily related to leasehold improvements as we expand our office space. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our selling and marketing activities, the timing and extent of our spending on research and development efforts, and international expansion. We may also seek to invest in or acquire complementary businesses or technologies. To the extent that existing cash, cash from operations and net proceeds from this offering are insufficient to fund our future activities, we may need to raise additional funding through debt and equity financing. Additional funds may not be available on favorable terms or at all.

The following table presents the major components of net cash flows for the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Net cash provided by (used in) operating activities	$ (5,310)	$(10,599)	$(3,608)	$ (2,775)	$ 1,281
Net cash provided by (used in) investing activities	(1,766)	(4,553)	683	1,247	(843)
Net cash provided by financing activities	10,103	21,025	61	24	98

Cash Used in Operating Activities

Net cash used in operating activities grew from 2010 to 2011 and decreased through 2012 and the six months ended June 30, 2013. In the six months ended June 30, 2013, operating activities provided $1.3 million in cash. Our primary source of cash from operating activities has been cash collections from our premium subscriptions. Our primary uses of cash from operating activities have been selling and marketing expenses, personnel and related overhead costs. The increase in cash used in operating activities from 2010 to 2011 resulted from an increase in selling and marketing expenses, research and development activities and support costs for new users partially offset by the growth in collections from our premium subscriptions. The decrease from 2011 to 2012, as well as the positive cash from operations generated in the six months ended June 30, 2013, was due to the significant growth in collections from our premium subscriptions. We expect cash inflows from operating activities to be affected by increases in sales and the timing of collections. We expect cash outflows from operating activities to be affected by increases in marketing and increases in personnel costs as we grow our business.

For the six months ended June 30, 2013, operating activities provided $1.3 million in cash. Despite generating positive cashflow, our operating cash needs resulted primarily from our net loss of $10.1 million, which included $2.0 million of non-cash charges related primarily to share-based compensation expenses, depreciation and tax benefits related to the exercise of share options. Our net loss (after adjusting for such non-cash items) was offset primarily by a net change of $9.4 in our operating assets and liabilities, which was primarily the result of an increase of $7.9 million in deferred revenues due to an increase in collections from our premium subscriptions and a $3.5 million increase in payroll accruals and other liabilities primarily due to trade payables and others. These increases were offset by a $1.6 million increase in prepaid expenses and other current and long term assets as a result of growth in our business and a $0.4 million increase in trade receivables due to an increase in sales.

For the six months ended June 30, 2012, operating activities used $2.8 million in cash, primarily as a result of our net loss of $7.8 million, offset by non-cash charges of $0.9 million as well as a net change of $4.1 million in our net operating assets and liabilities. Non-cash charges included share-based compensation expenses, depreciation and tax benefits related to the exercise of share options.

For the year ended December 31, 2012, operating activities used $3.6 million in cash, primarily as a result of a net loss of $15.0 million, offset by non-cash charges of $2.1 million as well as a net change of $9.3 million in our net operating assets and liabilities. Non-cash charges included share-based compensation expenses, depreciation, deferred income taxes, net and tax benefits related to the exercise of share options. The net change in our operating assets and liabilities was primarily the result of an increase of $8.8 million in deferred revenues due to an increase in collections from our premium subscriptions and a $2.4 million increase in payroll accruals and other liabilities primarily due to trade payables and others. These increases were offset by a $0.6 million increase in trade receivables due to an increase in sales and a $1.3 million increase in prepaid expenses and other current and long term assets as a result of growth in our business.

For the year ended December 31, 2011, operating activities used $10.6 million in cash as a result of a net loss of $22.7 million, partially offset by non-cash charges of $5.4 million as well as a net change of $6.7 million in our net operating assets and liabilities. Non-cash charges included share-based compensation expenses, depreciation, tax benefits related to the exercise of share options, deferred income taxes, net and capital loss. The net change in our operating assets and liabilities was primarily the result of a $5.0 million increase in deferred revenues mainly due to an increase in sales of premium subscriptions, as well as a $2.9 million increase in accrued and other liabilities as a result of growing our business. These increases were partially offset by a $1.0 million increase in prepaid expenses and other assets as a result of growth in our business and a $0.2 million increase in trade receivables due to an increase in sales.

For the year ended December 31, 2010, operating activities used $5.3 million in cash as a result of a net loss of $11.5 million, partially offset by a net change of $5.0 million in our net operating assets and liabilities, as well as non-cash charges of $1.2 million.

Cash Provided by (Used in) Investing Activities

Cash used in investing activities was $0.8 million in the six months ended June 30, 2013. Cash provided by investing activities was $0.7 million in 2012. Cash used in investing activities was $1.8 million and $4.6 million in 2010 and 2011, respectively. Investing activities have consisted primarily of investment and proceeds of restricted deposits and purchase of property and equipment.

Cash Provided by Financing Activities

Our financing activities have primarily consisted of proceeds from the issuance and sale of preferred shares and proceeds from the exercise of share options. For the six months ended June 30, 2013 and the years ended December 31, 2010, 2011 and 2012, financing activities provided $0.1 million, $10.1 million, $21.0 million and $0.1 million in cash, respectively, primarily as a result of net proceeds from the issuance and sale of preferred shares and proceeds from the exercise of share options. We expect the completion of this offering to result in a material increase in our cash flows from financing activities.

Contractual Obligations

Our significant contractual obligations as of December 31, 2012 are summarized in the following table:

	Payments Due by Period (1)					
	Total	2013	2014	2015	2016	Thereafter
	(in thousands)					
Operating lease obligations (2)	$4,704	$1,770	$1,463	$1,361	$110	$ —

(1) Does not include short-term obligations that accrue monthly and are payable to third-party distributors and Internet search providers.
(2) Consists of future lease payments for our rented office facilities located in Tel Aviv, Israel, New York, New York, and San Francisco, California, as well as future lease payments for leased motor vehicles, the leases for each of which will expire in 2016.

Application of Critical Accounting Policies and Estimates

Our accounting policies and their effect on our financial condition and results of operations are more fully described in our consolidated financial statements included elsewhere in this prospectus. We have prepared our financial statements in conformity with U.S. GAAP, which requires management to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. These estimates are prepared using our best judgment, after considering past and current events and economic conditions. While management believes the factors evaluated provide a meaningful basis for establishing and applying sound accounting policies, management cannot guarantee that the estimates will always be consistent with actual results. In addition, certain information relied upon by us in preparing such estimates includes internally generated financial and operating information, external market information, when available, and when necessary, information obtained from consultations with third-parties. Actual results could differ from these estimates and could have a material adverse effect on our reported results. See “Risk Factors” for a discussion of the possible risks which may affect these estimates.

We believe that the accounting policies discussed below are critical to our financial results and to the understanding of our past and future performance, as these policies relate to the more significant areas involving management's estimates and assumptions. We consider an accounting estimate to be critical if: (1) it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate; and (2) changes in the estimate could have a material impact on our financial condition or results of operations.

Revenue Recognition

We derive most of our revenues from monthly and annual premium subscriptions. We derive a portion of our revenues from selling third-party domain registration. We also derive a portion of our revenues from our App Market consisting of revenues derived from sharing agreements with third parties pursuant to which we receive a portion of the collected revenues of any app to which our users subscribe.

We recognize revenues in accordance with ASC No. 605-10-S99, (SEC Staff Accounting Bulletin No. 104, "Revenue Recognition"), when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered to the customer, (iii) the fee is fixed or determinable, and (iv) collectability is reasonably assured.

Revenues related to services for websites and the purchase and registration of domain names are recognized ratably over the term of the service period. Revenues related to apps developed by third-party developers are recognized when earned. We account for such sales on a net basis by recognizing the commission we retain from each sale. The portion of the gross amount billed to users that is remitted by us to third-party app developers is not reflected in our consolidated statements of operations.

We offer new premium subscription packages for a 14-day trial period during which the user can cancel the subscription at any time and receive a full refund. We consider such amounts collected from new premium subscriptions as customer deposits until the end of the 14-day trial period. After the 14-day trial period has ended, we recognize premium subscription revenues ratably over the term of the service period, either monthly or annually. We do not offer trial periods for domain name registrations. Deferred service revenues primarily include unearned amounts received from customers but not recognized as revenues.

Although in general, we do not grant rights of refund, there are certain instances where such refunds occur. Since we collect most of our revenues through online credit card billing, a small portion of our users elect to chargeback due to disputes over the credit card statements and/or claims of false transaction, and accordingly ask for refunds. We maintain a provision for chargebacks and refunds in accordance with ASC No. 605, "Revenue Recognition", which we estimate based primarily on historical experience as well as management judgment and is recorded through a reduction of revenues.

A portion of our revenue transactions include multiple elements within a single contract if it is determined that multiple units of accounting exist. Commencing January 1, 2011, we adopted Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements, (amendments to ASC Topic 605, Revenue Recognition)" (ASU No. 2009-13). ASU No. 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method.

The primary types of transactions in which we engage for which ASU No. 2009-13 is applicable are agreements that include multiple elements which are delivered at different points in time. Such elements may include some or all of the following:

- services for websites;
- purchase and registration of domain names; and
- third-party apps.

We consider the sale of each of the above stated elements in bundled agreement to be a separate unit of accounting for the arrangement and defer the relative sales price of the undelivered element to the period in which revenue is earned.

Pursuant to the guidance under ASU No. 2009-13, when a sales arrangement contains multiple elements, the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its VSOE if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. VSOE of selling price is based on the price charged when the element is sold separately. In determining VSOE, it is required that a substantial majority of the selling prices fall within a reasonable range based on historical discounting trends for specific services. TPE of selling price is established by evaluating largely interchangeable competitor services in stand-alone sales to similarly situated customers.

Monthly and annual premium subscriptions and domain name registrations are sold separately and therefore the selling price is based on VSOE.

Share-Based Compensation

Under U.S. GAAP, we account for our share-based compensation for employees in accordance with the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 718 "Compensation—Stock Based Compensation", which requires us to measure the cost of options based on the fair value of the award on the grant date. The Company also applies ASC 718 "Compensation – Stock Compensation" ("ASC No. 718") and ASC No. 505-50 "Equity Based Payments to Non-Employees" ("ASC No. 505-50") with respect to options issued to non-employees consultants.

We selected the Black-Scholes-Merton option pricing model as the most appropriate method for determining the estimated fair value of our share-based awards. The resulting cost of an equity incentive award is recognized as an expense over the requisite service period of the award, which is usually the vesting period. We recognize compensation expense over the vesting period using the straight-line method and classify these amounts in the consolidated financial statements based on the department to which the related employee reports.

Option Valuations

The determination of the grant date fair value of options using an option pricing model is affected by estimates and assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of our share price over the expected term of the options, share option exercise and cancellation behaviors, risk-free interest rates and expected dividends, which are estimated as follows:

- *Fair Value of our Ordinary Shares.* Because our shares are not publicly traded, we must estimate the fair value of ordinary shares, as discussed in "Ordinary Share Valuations" below.
- *Expected Term.* The expected term of options granted represents the period of time that options granted are expected to be outstanding, and is determined based on the simplified method in accordance with ASC No. 718-10-S99-1, (SAB No. 110), as adequate historical experience is not available to provide a reasonable estimate.
- *Volatility.* The expected share price volatility was based on the historical equity volatility of the ordinary shares of comparable companies that are publicly traded.
- *Risk-free Rate.* The risk-free interest rate is based on the yield from U.S. Treasury zero-coupon bonds with a term equivalent to the contractual life of the options.
- *Dividend Yield.* We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes-Merton model change significantly, share-based compensation for future awards may differ materially compared with the awards granted previously.

The following table presents the weighted-average assumptions used to estimate the fair value of options granted to employees during the periods presented. The number of options granted to non-employees was immaterial.

	Year Ended December 31, 2012	Six Months Ended June 30, 2013
Expected volatility	70%	58-65%
Expected dividends	0%	0%
Expected term	6.11 years	4-5.3 years
Risk-free rate	1.0%-1.6%	0.5%-0.8%

The following table presents the grant dates, number of underlying shares and related exercise prices of awards granted to employees and non-employees, from January 1, 2012 through August 31, 2013, as well as the estimated fair value of the underlying ordinary shares on the grant date.

Date of Grant	Number of Shares Subject to Awards Granted	Exercise Price Per Share	Estimated Fair Value Per Ordinary Share at Grant Date
March 2012	62,450	$ 3.15	$ 7.47
May 2012	2,200	3.15	9.09
May 2012	117,850	7.01	9.09
August 2012	67,000	7.01	11.29
January 2013	166,700	7.01	17.39
May 2013	98,200	7.01	27.00
July 2013	899,304	0.01	30.35
July 2013	22,000	17.39	30.35
July 2013	515,535	22.00	30.35
August 2013	9,000	22.00	30.35
August 2013	77,000	30.35	30.35

Based on the assumed initial public offering price of $ per share, the midpoint of the estimated initial public offering price range, set forth on the cover page of this prospectus, the intrinsic value of the awards outstanding as of June 30, 2013 was $ million, of which $ million related to vested options and $ million related to unvested options.

Ordinary Share Valuations

Due to the absence of an active market for our ordinary shares, the fair value of our ordinary shares for purposes of determining the exercise price for award grants was determined in good faith by our management and approved by our board of directors. In connection with preparing our financial statements for this offering, our management considered the fair value of our ordinary shares based on a number of objective and subjective factors consistent with the methodologies outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, referred to as the AICPA Practice Aid, including:

- the likelihood of achieving a liquidity event, such as an initial public offering, given prevailing market conditions and the potential effect of such event on our stock price
- third-party valuations of our ordinary shares;
- the prices, rights, preferences and privileges of our preferred shares relative to our ordinary shares;
- the prices of our preferred shares sold to outside investors in arms-length transactions;
- the ordinary shares underlying the award involved illiquid securities in a private company;
- our results of operations and financial position;

- the material risks related to our business;
- our business strategy;
- the market performance of publicly traded companies in the web services space; and
- external market conditions affecting the web services space.

For the purpose of the valuation referred to above, we used the discounted cash flow method to determine our enterprise value. Using this method, our projected after-tax cash flows available to return to holders of invested capital are discounted back to present value, using the discount rate. The discount rate, known as the weighted cost of capital, accounts for the time value of money and the appropriate degree of risks inherent in the business.

We determined our enterprise value, and allocated that enterprise value to each element of our capital structure (preferred shares, ordinary shares and options), using two methodologies:

- First, we determined our enterprise value based on a fully diluted scenario where all preferred shares convert into ordinary shares in an exit scenario due to a liquidity event, such as an initial public offering, or IPO. In this scenario, we based our enterprise value on the most recent investment round prior to the valuation (where such investment round occurred sufficient recently) or otherwise used a combination of the guideline company method and information based on our preliminary discussions with the underwriters. For the guideline company method, we identified public companies that we determined had business and financial risks comparable to us. We considered the enterprise value to revenue multiple and enterprise value to EBITDA multiple of those comparable companies to derive our enterprise value. The enterprise value was then divided by the resulting number of shares to determine a per share value.
- Second, we determined our enterprise value based an assumed liquidity scenario in which the preferred stock benefitted from its liquidation preference, such as a sale, merger or liquidation. We used the discounted cash flow, or DCF, method to determine our enterprise value, and the option pricing methodology, or OPM to allocate it to each element of our capital structure.
  - Under the DCF, our projected after-tax cash flows available to return to holders of invested capital were discounted back to present value, using the discount rate. The discount rate, known as the weighted cost of capital, accounts for the time value of money and the appropriate degree of risk inherent in a business.
  - Under the OPM, ordinary and preferred shares are treated as call options, with the preferred shares having an exercise price based on the liquidation preference of the preferred shares. Ordinary shares will only have value if funds available for distribution to the shareholders exceed the value of the liquidation preference at the time of a liquidity event such as a merger, sale or initial public offering, assuming the enterprise has funds available to make a liquidation preference meaningful and collectible to the shareholders. The ordinary shares are modeled as call options with a meaningful enterprise at an exercise price equal to the remaining value immediately after the convertible preferred shares are liquidated. The value of the call options is determined using the Black Sholes option-pricing model.

Each valuation scenario under the full dilution scenario and liquidity event scenario was then assigned a probability weighting based on management’s discussions with our board of directors and our assessment of market conditions under the Probability Weighed Expected Return Method (PWERM). The valuation is then discounted due to factors such as marketability and restrictions on shares.

We have set out below the application of the above methodologies to the valuation of our ordinary shares on each of the grant dates:

- *March 2012 Grant.* We determined that the fair value of our ordinary shares as of March 1, 2012 was $7.47 per share. As part of this determination, along with market considerations, our management considered a third-party valuation dated March 22, 2013.
    - For the purpose of the fully diluted scenario, we used the enterprise value derived from the purchase at arms' length of our Series E preferred shares pursuant to an agreement entered into in February 2011. In considering the appropriateness of using this enterprise value, we considered the fact that it reflected a higher enterprise value than would be obtained as of March 2012 using the guideline public company method based on 12 months trailing revenue or 2013 projected revenue and that no significant events had occurred since February 2011 either to our business, or valuation of the comparable companies, that would lead to a conclusion that our enterprise value had declined since the February 2011 investment. This resulted in a value per ordinary share of $20.48. We believe that the $20.48 ordinary share value under the fully diluted scenario reflected the value that investors perceived we might achieve in a future exit event and not just our going concern value.
    - For the purpose of the liquidity scenario, we used a discount rate of 21.9%. The resulting enterprise value was allocated among the elements of our capital structure using the OPM assuming a liquidity event in 2.5 years. This resulted in a value per ordinary share of $8.10.

  Using the PWERM, we then estimated that the probability of the fully diluted scenario was 10%, while the probability of the liquidity scenario was 90%. Applying these weightings, we arrived at a value of $9.34 per ordinary share, which we discounted by 20% due to lack of marketability, to arrive at a fair value of $7.47 per share.
- *May 2012 Grant.* In reviewing the grant made in May 2012, our management considered the valuation analyses conducted in March 2012 and August 2012, and concluded that the continued development of our business made it appropriate to apply a value of $9.09 per ordinary shares based on a straight line approach between those two valuations. Specifically, we launched our HTML5 platform at the end of March 2012. While no negative events were reported, we did not have assurance of widespread market success in May 2012. Accordingly, we determined that the reasonable approach was to take the estimated fair value based on the linear progression of the two valuations to reflect the ongoing growth of our business.
- *August 2012 Grant.* We determined that the fair value of our ordinary shares as of August 1, 2012 was $11.29 per share. As part of this determination, along with market considerations, our management considered a third-party valuation analysis dated March 22, 2013.
    - For the purpose of the fully diluted scenario, we continued to use the enterprise value derived from the purchase at arms' length of our Series E preferred stock pursuant to an agreement entered into in February 2011. Our reasons as to the appropriateness of using this valuation were the same as in March 2012. This resulted in a value per ordinary share of $20.48.
    - For the purpose of the liquidity scenario, we used a discount rate of 20.5%. The reason for the decrease compared to March 2012 was the later stage of development of our company and a decrease in the interest rate of 20-year Treasury bills. The resulting enterprise value was allocated among the elements of our capital structure using the OPM assuming a liquidity event in 1.08 years. This resulted in a value per ordinary share of $10.88.

Using the PWERM, we then estimated that the probability of the fully diluted scenario was 25%, while the probability of the liquidity scenario was 75%. Applying these weightings, we arrived at a value of $13.28 per ordinary share, which we discounted by 15% due to lack of marketability, to arrive at a fair value of $11.29 per share. The reason for the decrease in the discount for lack of marketability compared to March 2012 was a shorter time horizon until an IPO and decreased market volatility.

- *January 2013 Grant.* We determined that the fair value of our ordinary shares as of January 9, 2013 was $17.39 per share. As part of this determination, along with market considerations, our management considered a third-party valuation analysis dated May 7, 2013.
  - For the purpose of the fully diluted scenario, we used the guideline company method to determine our enterprise value. At that time, we were discussing the possibility of an IPO with investment banks and planned to commence such a process in the coming months. Therefore, we decided that it was not appropriate to continue to use the February 2011 enterprise value, but that we should use a valuation methodology similar to those that the investment banks and potential investors in an IPO would use, such as the guideline company method. We used a 6.0 multiple of enterprise value to trailing 12 months revenue, a 3.5 multiple of enterprise value to projected 2013 revenue and a 10.0 multiple of enterprise value to projected 2015 EBITDA. This resulted in a value per ordinary share of $23.71.
  - For the purpose of the liquidity scenario, we used a discount rate of 20% for the DCF method, which was substantially identical to the discount rate used in August 2012. The resulting enterprise value was allocated among the elements of our capital structure using the OPM assuming a liquidity event in 0.98 years. This resulted in a value per ordinary share of $17.22. The reason for the significant increase in our value under the liquidity scenario was that our projected results of operations had improved significantly since we had last determined our value using the DCF method. Our HTML5 platform had been launched over 10 months before and we had seen its impact on our user base. As a result, we increased our financial projections materially.

  Using the PWERM, we then estimated that the probability of the fully diluted scenario was 50% as we had begun to contemplate an IPO. The probability of a liquidity scenario was thus estimated at 50%. Applying these weightings, we arrived at a value of $20.46 per ordinary share, which we discounted by 15% due to lack of marketability, to arrive at a final value of $17.39 per share.
- *May 2013 Grant* . We determined that the fair value of our ordinary shares as of May 2, 2013 was $27.00 per share. As part of this determination, along with market considerations, our management considered a third-party valuation analysis dated August 13, 2013.
  - For the purpose of the fully diluted scenario, we considered the preliminary valuation discussions that we had held with the underwriters in April 2013 assuming an IPO in the fourth quarter of 2013. This resulted in an estimated fair value per ordinary share of $37.35 after discounting to present value the preliminary estimated IPO valuation. We then used the guideline company method in order to test the reasonableness of this fair value. The resulting revenue multiples were above the range of historical market participant guideline revenue multiples, but within the range of market participant guideline multiples based upon projected performance. Our multiples of projected EBITDA were above the market participant range in 2016, and within the market participant range in 2017. These results were considered reasonable reflecting the fact that we are at an earlier stage of our development, but growing more rapidly than market participant guideline companies.
  - For the purpose of the liquidity scenario, we used a discount rate of 17% for the DCF method. We then used the guideline company method in order to test the reasonableness of the resulting fair value. Our revenue multiples were within the ranges of market participant guideline revenue multiples for 2012 and 2013, and slightly below for 2014 and 2015. Our EBITDA multiples for 2016 and 2017 were within the market participant ranges. These results were considered

reasonable based on the considerations described above. The resulting enterprise value was allocated among the elements of our capital structure using the OPM assuming a liquidity event in 1.67 years, which was approximately one year later than the projected IPO should the latter not occur. This resulted in a value per ordinary share of $19.29.

Using the PWERM, we then estimated that the probability of the fully diluted scenario was 65% as we were already in the process of preparing for an IPO. The probability of a liquidity scenario was thus estimated at 35%. Applying these weightings, we arrived at a value of $31.03 per ordinary share, which we discounted by 13% due to lack of marketability, to arrive at a fair value of $27.00 per share.

- *July 2013 Grant* . We determined that the fair value of our ordinary shares as of July 11, 2013 was $30.35 per share. As part of this determination, and along with market considerations, our management considered a third-party valuation analysis dated August 13, 2013.
  - For the purpose of the fully diluted scenario, we considered the further preliminary valuation discussions that we had held with the underwriters in April 2013 assuming an IPO in the fourth quarter of 2013. This resulted in an estimated fair value per ordinary share of $40.79 after discounting to present value the preliminary estimated IPO valuation. We then used the guideline company method in order to test the reasonableness of this fair value. In connection with the DCF method. Our resulting revenue multiples were above the range of historical market participant guideline revenue multiples, but within the range of market participant guideline multiples based upon projected performance. Our EBITDA multiples for 2016 were above the market participant ranges and within the market participant range for 2017. These results were considered reasonable reflecting the fact that we are at an earlier stage of our development, but growing more rapidly than the market participant guideline companies.
  - For the purpose of the liquidity scenario, we used a discount rate of 16% in connection with the DCF method, which was substantially identical to the discount rate used in May 2013. We then used the guideline company method in order to test the reasonableness of the resulting fair value. Our revenue multiples were within the ranges of the market participants for all periods tested (2012, 2013, 2014 and 2015). Our EBITDA multiples for 2016 and 2017 were within or near the market participant ranges. These results were considered reasonable based on the considerations described above. The resulting enterprise value was allocated among the elements of our capital structure using the OPM assuming a liquidity event in 1.47 years. This resulted in a value per ordinary share of $23.36.

  Using the PWERM, we then estimated that the probability of an IPO under each of the fully diluted scenario was 65%, the same as in May 2013. The probability of a liquidity scenario was thus estimated at 35%. Applying these weightings, we arrived at a value of $34.69 per ordinary share, which we discounted by 12.5% due to lack of marketability, to arrive at a final value of $30.35 per share. We compared this value against the value paid for a recent third party, arms-length sale of a small number of our ordinary shares and found them to be substantially identical.
- *August 2013 Grant* . In reviewing the grant made in August 2013, our management considered the valuation analysis as of July 11, 2013, and concluded that, as no significant developments had occurred in our business from July 11, 2013 to August 13, 2013, it was appropriate to continue to use a fair value of $30.35 per ordinary share for all grants made.

Derivatives and Hedging

We account for derivatives and hedging based on ASC 815 “Derivatives and Hedging”, which requires us to recognize all derivatives on the balance sheet at their fair value. We do not meet the definitions of the pronouncement regarding designated and effective hedging and as result gains and losses related to such derivative instruments are recorded in financial income (expenses), net.

Income Taxes

As part of the process of preparing our consolidated financial statements we are required to estimate our taxes in each of the jurisdictions in which we operate. We estimate actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as accruals and allowances not currently deductible for tax purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. We must assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not likely, we must establish a valuation allowance.

Management must exercise significant judgment to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We base the valuation allowance on our estimates of taxable income in each jurisdiction in which we operate and the period over which our deferred tax assets are more likely than not to be recoverable. As of December 31, 2012, we had a net operating loss carryforward of approximately $36.7 million and had recorded a valuation allowance against most of our net deferred tax assets, based on the available evidence, we believed at that time it was more likely than not that we would not be able to utilize all of these deferred tax assets in the future.

U.S. GAAP requires that the impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. If we ultimately determine that the payment of these liabilities will be unnecessary, we reverse the liability and recognize a tax benefit during that period. Conversely, we should then record additional tax charges in a period in which we determine that a recorded tax liability is less than we expect the ultimate assessment to be. We did not recognize any significant unrecognized tax benefits during the periods presented in this prospectus.

Off-Balance Sheet Arrangements

We do not currently engage in off-balance sheet financing arrangements. In addition, we do not have any interest in entities referred to as variable interest entities, which includes special purposes entities and other structured finance entities.

Quantitative and Qualitative Disclosure about Market Risk

Foreign Currency Risk

Our results of operations and cash flows are affected by fluctuations due to changes in foreign currency exchange rates. In 2012, 89% of our revenues were denominated in U.S. dollars and 11% in other currencies, primarily in euros. In 2012, 58% of our cost of revenues and operating expenses were denominated in U.S. dollars and 42% in NIS. Our NIS-denominated expenses consist primarily of personnel and overhead costs. Since significant portions of our expenses are incurred in NIS, any appreciation of the NIS relative to the U.S. dollar would adversely impact our net loss or net income (if any).

Our primary processing provider converts payments collected from by our premium users in British pound- and Euro-denominated payments to us into U.S. dollars in consideration for the payment of an additional fee; however, since the original payment are not received in dollars this does not overall reduce our exposure to exchange rate fluctuations between these currencies and the U.S. dollar.

The following table presents information about the changes in the exchange rates of the NIS against the U.S. dollar:

Period	Change in Average Exchange Rate of the NIS against the U.S. Dollar (%)
2010	(4.9)
2011	(4.1)
2012	7.8
2013 (through June 30, 2013)	(5.0)

The figures above represent the change in the average exchange rate in the given period compared to the average exchange rate in the immediately preceding period. Negative figures represent depreciation of the U.S. dollar compared to the NIS.

A 10% increase (decrease) in the value of the NIS against the U.S. dollar would have decreased (increased) our net loss by approximately $2.5 million in 2012.

To protect against the increase in value of forecasted foreign currency cash flow resulting from expenses paid in NIS during the year, we have instituted a foreign currency cash flow hedging program. We hedge limited portions of the anticipated payroll of our Israeli employees, Israeli suppliers and anticipated rent expenses of our Israeli premises denominated in NIS for a period of one to twelve months with forward contracts and other derivative instruments.

Our results of operations may also be impacted by currency translation gains and losses on monetary assets and liabilities, primarily cash and cash equivalents and restricted deposits denominated in currencies other than the U.S. dollar. Any such gains or losses only impact the dollar value of our non-dollar denominated cash and cash equivalents and restricted deposits and result from changes in reported values due to exchange rate fluctuations between the beginning and the end of reporting periods. As of June 30, 2013, we had $2.4 million and $1.7 million in cash and cash equivalents and restricted deposits denominated in NIS and the Brazilian real, respectively, while we had $6.0 million denominated in U.S. dollars.

Other Market Risks

We do not believe that we have material exposure to interest rate risk due to the fact that we have no long-term borrowings.

We do not believe that we have any material exposure to inflationary risks.

New and Revised Financial Accounting Standards

The JOBS Act permits emerging growth companies such as us to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Recently Issued and Adopted Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board, or “FASB,” issued ASU No. 2011-11, “Balance Sheet (210): Disclosures about Offsetting Assets and Liabilities,” which requires additional disclosures about the nature of an entity’s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. In January 2013, the FASB issued Accounting Standard Update No. 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.” We believe that the adoption of both the standard and the update will not have a material impact on our consolidated financial statements.

BUSINESS

Vision

We believe that the Internet should be accessible to everyone, not just to access information but also to develop, create and contribute.

We see many similarities in our vision with the desktop revolution, when computer hardware and software evolved to provide everyone with the capability to develop, create and print professional-quality documents from their desktop. Access expanded to everyone, document creation became a core human skill, and the asset-heavy approach was abandoned. This same revolution has not yet happened online. Today, professional skill and capital is needed to turn ideas into high-quality web content. We believe that by providing an easy-to-use and affordable solution with professional-quality results, we are leading the "Webtop Revolution".

Company Overview

We are a leading global web development platform with one of the largest number of registered users in the world. We empower more than 37 million registered users in 190 countries to create and manage a fully integrated and dynamic digital presence. We are pioneering a new approach to web development and management that provides an easy-to-use yet powerful cloud-based platform that eliminates the need for complex coding and supplants expensive design services. Our solutions enable millions of businesses, organizations, professionals and individuals to take their businesses, brands and workflow online. We offer our solutions through a freemium and subscription model and as of August 31, 2013, we had 679,536 premium subscriptions.

Our core product is a drag-and-drop visual development and editing environment complete with high quality templates, graphics, image galleries and fonts. With our platform, Wix users can create and manage a professional quality digital presence tailored to their brands' specific look and feel, accessible across all major browsers and the most widely used desktop, tablet and mobile devices.

Our cloud-based platform is accessed through a hosted environment, allowing our users to update their site and manage their business or organization at any time. We provide our users with flexibility and scalability, allowing them to expand their digital presence as their business, organizational, professional or individual needs change and grow.

Through our highly curated App Market, which was launched in the last quarter of 2012, we offer users the ability to easily install and uninstall more than 140 different apps that were carefully identified and selected for inclusion in the App Market by us based on user needs and demand, such as social plug-ins, online marketing and customer relationship management tools, contact forms and payment processing capabilities. These apps add additional functionality and are easily integrated into users' websites with one click and without any coding.

We believe the substantial majority of our users are small business owners, organizations and entrepreneurs. Our scale and reach makes us an attractive partner for companies interested in distributing their own solutions to this audience. As we expand our platform through partnerships we are able to increase our value proposition for existing users and more easily attract new users.

By developing business intelligence using the data we have generated over several years of operation, we are able to create efficiencies in our marketing budget. We have therefore been able to leverage online channels effectively for the majority of our marketing efforts without the need for a direct sales force. In addition, many of our users refer us within their personal and professional networks. As a result, we generate a large volume of traffic through word-of-mouth, with organic and direct traffic, meaning visitor traffic that reached our website, Wix.com, via unpaid search results or by typing the URL of our website in their browser, accounting for approximately 59% of the premium subscriptions generated by users that registered in August 2013.

We are removing not only technological, but also geographic and linguistic barriers to web development, in order to empower everyone to create and manage a digital presence in their own language. We currently offer our platform in several languages — English, French, Spanish, Portuguese, and Italian — with others, such Polish, German, Russian and Japanese in recently-launched test formats, and we plan to add more languages in the future.

Our users grew from 6.5 million at December 31, 2010 to 28.2 million at December 31, 2012, representing a 108% compounded annual growth rate. Our premium subscriptions have grown from 149,084 to 469,589 over the same period, representing a 78% compounded annual growth rate. Through June 30, 2013, we had achieved 14 consecutive quarters of sequential growth in the accumulated number of premium subscriptions. We have also achieved 14 consecutive quarters of growth in revenues and collections. We had revenues of $9.9 million, $24.6 million and $43.7 million and collections of $13.8 million, $29.6 million and $52.5 million in 2010, 2011 and 2012, respectively. We had a net loss of $11.5 million, $22.7 million and $15.0 million in 2010, 2011 and 2012, respectively. We had revenues of $34.1 million, collections of $41.9 million and a net loss of $10.1 million during the six months ended June 30, 2013.

Industry Overview and Market Opportunity

Increasing need for a dynamic digital presence

According to a June 2013 Netcraft survey, there are more than 673 million websites across all domains, nearly four times the number that existed five years ago. 79 million of these websites were added in 2012 alone. The way that consumers interact with websites, however, continues to expand with the evolution of technology. Consumers have come to expect a high level of personalization, engagement and functionality; a static website is no longer satisfactory and can even negatively affect overall brand perception for businesses, organizations and professionals.

In the current market, businesses, organizations and professionals need a dynamic digital presence with tools to manage interactions with customers, suppliers, partners and employees online and in real time. These interactions include back-end activities like invoicing, customer relationship management and payment processing, as well as front-end activities such as communications, online marketing, reservations and scheduling, and social media integration.

Use of dynamic web content and services for high level customer engagement is becoming increasingly prolific. For example:

- more than 113 million diners were seated through reservations made through OpenTable, a leading online restaurant reservation website, in 2012;
- more than 108 million unique visitors visited Yelp, a leading local business information and review website, to find ratings and reviews of local businesses in the second quarter of 2013; and
- more than 7.6 million payments are processed through PayPal, a leading payments and eCommerce business, every day.

Businesses, organizations and professionals that have access to the latest technology and large budgets are able to create this fully functional, integrated and engaging digital presence and widen the competitive gap between themselves and those that lack access.

Creating a dynamic digital presence is challenging

Building this presence is becoming more challenging for businesses, organizations, professionals and individuals for the following reasons:

- *Developing a dynamic digital presence with professional quality is expensive.* As an extension of the brand, a business' website needs to be professional-quality and provide the owner with creative tools to customize to its unique specifications. Developing and maintaining a professional-quality digital presence today often requires hiring professional designers and developers, which is not an option for many small businesses with limited budgets.
- *Learning to code is difficult, time consuming and out of reach for most.* While basic website building solutions are available to those with limited needs, creating a professional-quality digital presence typically requires time and effort to learn coding languages. As these languages continue to evolve over

time to allow for additional features and functionality, such as the recent launch of HTML5, the complexity and level of skill required to develop a digital presence increases dramatically. As a result, these professional-quality improvements are generally out of reach for those that have no experience with computer programming.

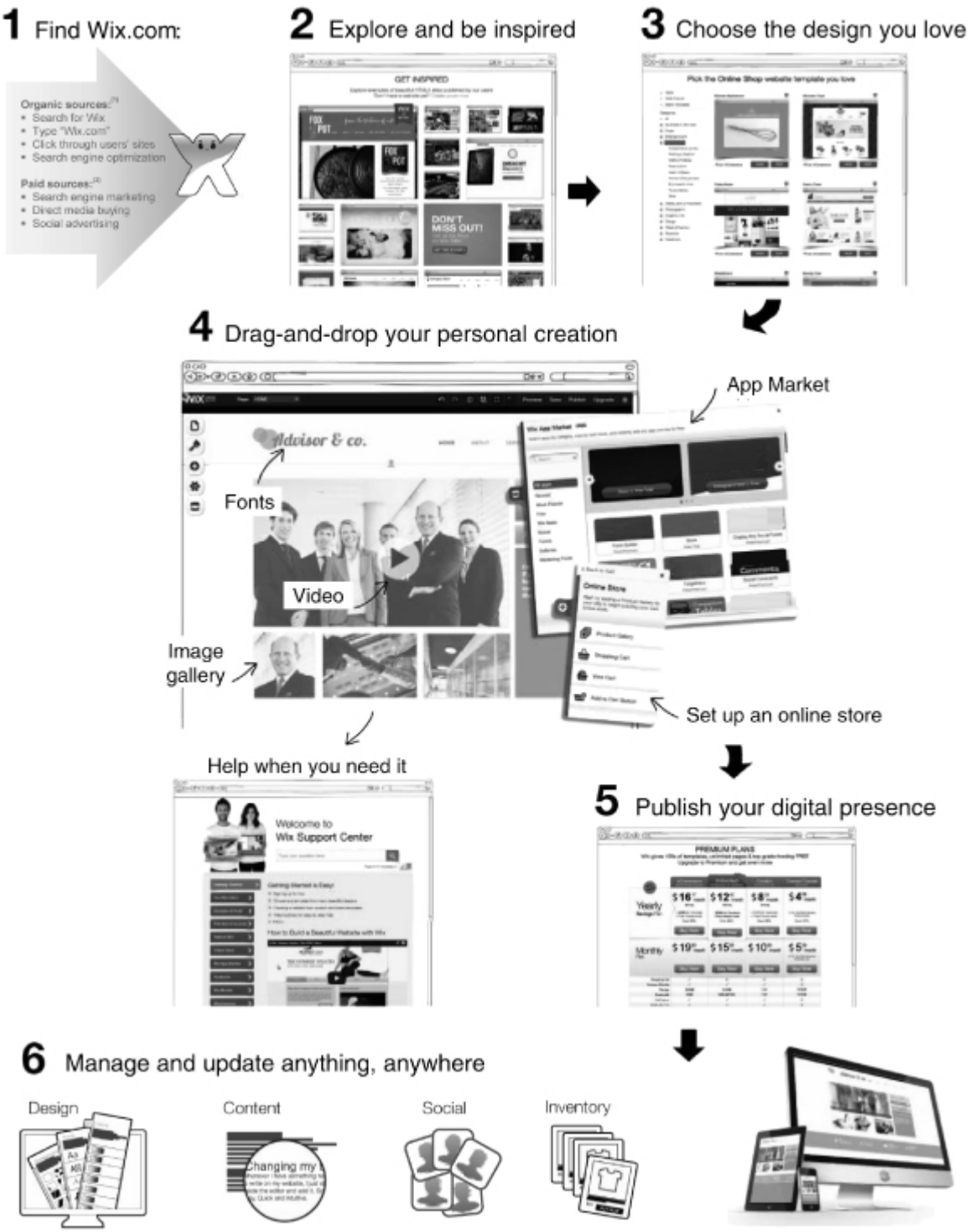
- *The ability to manage and modify in real time is limited and time consuming.* Managing a web presence often requires regular updates, editing and real time changes. Adding newly-created workflow tools to a site requires changes to the site's content and layout. Making these modifications typically requires the ability to edit code, which requires most businesses, organizations, professionals and individuals to hire a professional. Hiring a third-party to dynamically update a site is costly, impractical and often means even small changes take a significant amount of time. Most website template solutions provide options, but have very limited flexibility, in terms of what can be changed once a website is published.
- *Integrating functionality requires advanced skills and access to multiple vendors.* Proficiently managing and integrating multiple applications and tools such as payment processing, eCommerce capabilities and online marketing is complex. There are a wide variety of point solutions available from many different vendors which can further complicate the process. Discovering which solutions are available and then finding the best-fit solutions is time consuming and can be confusing. Once solutions are found, integrating them in a way that maintains structural, permission, and access controls—both within a website and between applications—typically requires the hiring of costly developers.
- *There are many platforms, browsers and devices which each have different compatibility requirements.* There are a large and growing number of platforms, browsers, and devices that are used to access the Internet. Each of these has different design and compatibility requirements, ranging from screen size to coding language to security features. In order to develop a digital presence that is widely accessible, there is often a need to recreate an entire site multiple times with different specifications. This is costly and time consuming for even the largest companies.

We believe there is a significant opportunity to provide an elegant solution that caters to the accelerating demands of businesses, organizations, professionals and individuals who need to create and manage a dynamic, professional digital presence at a reasonable cost.

Our Solution

How Wix Works

From registration on Wix.com to publishing and maintaining a digital presence, we offer a simple and code-free web development platform supported by our customer service experts at every step in the process:



(1) Organic sources of traffic means traffic to our website in respect of which there is no direct cost to us associated with such source of traffic, which includes but are not limited to: (i) clicks on unpaid links which navigate directly to our homepage, (ii) clicks on a non-paid Wix advertisement banner on a Wix free site, and (iii) Search Engine Optimization, which refers to the way in which we develop our site to improve our ranking on search engines when a relevant search engine query that does not contain the term "Wix" is entered.

(2) Paid sources of traffic means traffic to our website in respect of which there is a direct cost to us associated with such source of traffic, which includes but are not limited to: (i) Search Engine Marketing, which refers to pay-per-click links to our website generated in search engine results for which we pay a fee to the search engine, (ii) banner ads that we pay for on various websites, and (iii) advertisements we pay for on social networking sites.

Benefits to Our Users

We believe that our solution provides the following key benefits to our users:

- *Professional quality at an affordable price.* We provide customizable and professionally designed content so anyone can develop a high quality digital presence, without the need for design or coding skills. We are committed to providing high quality design elements and features so users can create a digital presence that encapsulates their vision, serves their brand and establishes their credibility. As of June 30, 2013, we had a dedicated team of over 40 design professionals, whose deep understanding of web design trends is reflected in hundreds of website templates catering to a wide variety of business verticals. Users may access our professional content and features at a material discount to the cost of hiring a professional or in many cases at no cost at all.
- *Easy-to-use technology.* Our platform provides our users with a powerful and easy-to-use cloud-based solution that takes the technological complexity out of web development and management, allowing anyone to have a dynamic digital presence. Our drag-and-drop editing environment enables users with basic computer skills to create a fully functional digital presence without the need to develop an advanced new skill set.
- *User-driven website management.* Our cloud-based platform makes ongoing management simple, enabling users to maintain their dynamic digital presence at any time. For example, retailers can post seasonal or one time promotions, artists can update portfolios and individuals can post new photos, all without the need to pay for expensive design professionals and wait for them to make small changes. We also have an in-house team of 130 support and call center professionals available for our users.
- *Access to third-party apps.* We offer a selection of over 140 free and paid apps providing online workflow and management tools that users can add through the Wix Editor, from maps and contact forms to email and newsletters. We help users find and discover apps that are relevant and useful to them. Users can simply select apps and drag-and-drop them into their websites, enabling them to manage their digital presence in one place. Our proprietary software manages any coding required without any effort needed by the user, making integration with our users' sites seamless. This means that permissions and controls with the site are managed automatically, as are integrations between apps. In addition, we allow users to connect to a variety of tools and services across the web, such as Facebook, Twitter, Yelp, and OpenTable.
- *Multi-platform.* Our technology addresses the challenges posed by the wide range of browsers and devices used to access the web. With our HTML5 builder, Wix users can create websites that are adaptable and of same quality regardless of the device or browser with which they are accessed. In addition, we handle all the code customizations required to maintain and be responsive to a dynamic market with rapidly changing technologies. As technologies, browsers and specifications change, we update our editing environment so our users are not impacted. Our multi-platform approach removes additional costs associated with the need to develop sites compatible with new device and browser platforms.

Benefits to Our Partners

We believe that our solution offers the following key benefits to our partners:

- *Distribution to a large user base* . Our large user base of more than 37 million users consists of small businesses, organizations, professionals and individuals that provide us with valuable insight into their behavior. We attract interest from multiple companies seeking to market their solutions effectively to this large and highly engaged audience through free and paid apps available in our App Market, as well as other offers, features and services. We also offer data to our partners on the engagement and use of their solutions that are offered through our platform, providing our partners with valuable feedback.
- *Seamless integration of offered solutions.* We help developers get their products discovered and provide easy installation and integration. We require that all solutions or apps offered by our partners are compatible with our platform, which enables easy integration for our users. This integration ensures our partners' solutions will not require additional coding or advanced skills in order to work on our platform. We collect payments from our users for paid apps, further reducing friction for both our users and our partners.

Our Strengths

We believe the following key strengths provide us with competitive advantages:

- *Proprietary technology platform.* Our core strength is our technology that reduces the challenges and complexities of web development and management for our users. Our environment enables simple drag-and-drop capabilities that are used to build sophisticated websites. Our technology uses HTML5, the most advanced markup language available, which gives our users the ability to easily incorporate video, audio, fonts, graphics and animations into their site. Our users also benefit from enhanced workflow functionalities through the seamless integration of third-party apps, which can be purchased in our App Market. In addition, we have a culture of innovation, meaning our developers are constantly working on finding and developing new solutions to improve the quality of our product and the breadth of our platform.
- *Large user base and growing global ecosystem.* As of August 31, 2013, we had more than 37 million users across 190 countries. We currently offer our platform in several languages in order to empower our users to create and manage a digital presence in their own language. Our users often become Wix advocates, recommending us to their communities, building sites for their friends, or using the platform to launch their own web development business. As the Wix user base and community grows, we become increasingly valuable as a distribution channel for partners and developers, who in turn expand our offering to our users with additional features and services through the development of additional apps.
- *Superior design and content* . One of our core focuses is developing high quality design elements for our users. As a result, more than 10% of our workforce is comprised of designers. We believe that our investment in design, which allows our users to create a visually engaging and professional-quality digital presence, sets us apart. Because we provide our users with a superior web design starting point, including easily editable layouts with dynamic galleries, graphics, color-palettes, and fonts, we believe we attract users that have a higher likelihood of subscribing to our services and renewing at regular intervals.
- *Efficient marketing and customer acquisition* . Our marketing activities are based on a constant analysis of behavior response data generated on our platform. This enables us to operate different marketing campaigns efficiently across a variety of advertising channels. Based on this deep comprehension of acquisition and retention channels, we have been able to grow our user base without a direct sales force.
- *Embedded solution for our users* . Because our solution provides the base platform for businesses to operate, Wix becomes a core aspect of our users' business, enabling them to run their business online. Our solutions are designed to cater to the varying needs of most business categories while supporting users throughout the evolution of their business lifecycle, greatly increasing the likelihood that they

remain users. We offer our users the ability to customize our offerings to fit the specific need of their business, and we curate apps specifically designed for each type of user. We also offer vertically-focused packages and applications specifically designed for various types of businesses, including, but not limited to, restaurants, health and beauty businesses and eCommerce sites.

Our Strategy

Key elements of our strategy include:

- *Growing our user base.* The value of our platform continues to increase as our user base expands. Growth of our user base is generally a leading driver and indicator of the growth of the number of our premium subscriptions. We intend to continue to build our user base in the following ways:
  - *Leveraging our data to increase and optimize our paid marketing.* Since Wix was launched, we have generated large quantities of marketing data, which we analyze to develop business intelligence. We will continue to leverage this intelligence to optimize our marketing spending.
  - *Growing our brand.* We plan to invest in brand marketing initiatives that will further the association of Wix as the go-to platform for web development and management. We believe this investment will further increase our long-term ability to acquire users.
  - *Expanding to underserved geographic markets.* We plan to make our product, support and communication channels available in more languages to facilitate growth in underserved geographic markets. We also plan to expand our billing infrastructure in order to transact with multiple local currencies and payment methods across the globe.
- *Developing new solutions* . We believe we have built unique technology that simplifies the process of building and managing a digital presence. We intend to create additional value for our users, and increase our platform's monetization in the following ways:
  - *Investing in product development to offer additional services.* We plan to leverage our experience and knowledge in web development and workflow management to build new solutions that businesses, organizations, professionals and individuals need to operate and succeed online. These additional paid services will improve our ability to grow and monetize our existing user base. We have a number of product offerings already in development such as a variety of apps, data management and mobile solutions. For example, we recently launched an updated offering for mobile devices in September 2013. This new offering allows our users to design their site so it fits numerous screen-size-factors (e.g., desktop, tablet and smartphone) yet will share design elements and all site data between the different variants. We believe this solution will enable our users to develop sites that provide consumers easy access to business information and a way to interact with the site's owner, while adapting the design of the site for numerous screen sizes. We plan to further update our mobile offering to include the ability to customize and modify sites from different devices.
  - *Expanding our partner ecosystem.* As our Wix platform serves tens of millions of businesses, organizations, professionals and individuals, we attract interest from third parties seeking to efficiently market their services to these audiences. Although revenues derived from our App Market were negligible in 2012 and in the six months ended June 30, 2013, we are seeking to increase our opportunities and thereby our revenues from the App Market by attracting more partners that will provide free and paid apps through our App Market as well as other features and services. While these partnerships are in the early stages of development, they already contribute to the Wix ecosystem by enriching our solutions and creating additional monetization opportunities.

Our Offerings

We offer our web development, design and management solutions and apps through an attractive online platform that enables our large user base of businesses, organizations, professionals and individuals to create a sophisticated and professional digital presence. Our web development technology is built based on HTML5 and offers HTML5 compatible capabilities, web design and layout tools, domain hosting, and other marketing and

work flow management applications and services. By registering with our website, our users receive access to the Wix Editor, an online editor that enables the user to design and manage an unlimited number of websites in order to establish or enhance their digital presence. No installation of software is necessary to use the Wix Editor, as our advanced editing and design platform is accessible through the cloud directly from our website.

The table below summarizes the different standard packages and levels of functionality that we offer as of the date of this prospectus:

		Premium Subscriptions				
	Free Product	Connect Domain	Combo	Unlimited	eCommerce	VIP
Current Monthly Equivalent List Price for Annual Subscriptions (in U.S. Dollars)	—	$4.08	$8.25	$12.42	$16.17	$24.90
Current List Price for Monthly Subscriptions (in U.S. Dollars)	—	$6.90	$10.95	$15.95	$19.90	$29.90
Wix Editor	✓	✓	✓	✓	✓	✓
Wix Mobile	✓	✓	✓	✓	✓	✓
Wix SEO Tool	✓	✓	✓	✓	✓	✓
Web Hosting	✓	✓	✓	✓	✓	✓
Storage		500MB	3GB	10GB	20GB	20GB
Data Bandwidth		1GB	2GB	Unlimited	10GB	Unlimited
Connect Your Domain		✓	✓	✓	✓	✓
Google Analytics		✓	✓	✓	✓	✓
Premium Support		✓	✓	✓	✓	✓
Ads Free			✓	✓	✓	✓
Add Favicon			✓	✓	✓	✓
Shopping Cart					✓	✓
VIP Support						✓
Priority Call Back						✓
Instant Response						✓
Professional Site Review						✓

Free Products. Our users receive access to hundreds of free design templates for personal and business use, free web hosting through the Wix domain, free apps from our App Market, and blog and social network page support. The websites developed using our free product contain Wix advertisements in the footer of the website, and tags, or metadata, which contain our name. Our domain name is also contained in the link to the user's website.

Our free product and service offering includes the following features and capabilities:

- *Wix Editor.* At the core of our platform is the Wix Editor, which currently supports five languages, and allows users to maximize their digital presence by designing an unlimited number of websites, which are customizable using images, layouts, colors, fonts and other content provided by Wix, or content uploaded by the user, including visual and audio media. All websites designed using our editor are fully customizable with HTML5 technology, and contain back-up and firewall protection, as well as protection from denial-of-service attacks.
- *Wix Mobile.* All of our products allow users to create mobile sites for their existing Wix websites. Our mobile site technology is based on HTML5 and allows users to customize their sites for different mobile devices, yet share design elements and all site data between the different variants. Currently, over 800,000 of our registered users have used our mobile solutions. We do not currently charge for our mobile solution.
- *Wix SEO Tool.* All of our products enable users to increase the visibility of their Wix website by using our Search Engine Optimization, or Wix SEO tool. Through this tool, users may attach to their

sites a description and key words that relate to the site, so that web viewers or customers may find our users' sites easily by searching for the descriptive or key words, using Internet search engines. Our customer support team, through online video tutorials or one-on-one support, guides our users on the most efficient key words and site descriptions, in order to help users maximize the benefits of SEO and attain a larger digital presence.

Premium Subscriptions. Our premium subscriptions are purchased primarily by businesses, organizations and professionals in a variety of fields, such as art, finance, entertainment, music, beauty, sports or news. Premium subscriptions are not concentrated in any particular field. Our premium subscriptions offer all of the features of our Wix Editor, but also include features tailored to business' needs, such as eCommerce and appointment applications, and marketing tools such as Google Analytics and mailing lists. Our premium subscriptions also offer storage and bandwidth for our users' data and premium technical support services. We also offer ad vouchers with certain of our premium subscriptions, which allow users to expand their digital presence by advertising their pages on third-party sites, such as Facebook and Google.

To date, most of our revenues have been from selling our Combo and Unlimited premium subscriptions. These solutions are primarily purchased by businesses, organizations and professionals, which make up the substantial majority of our total user base.

Our premium subscriptions offer the following additional features and capabilities:

- *Connect Your Domain.* All of our premium subscriptions allow users to connect their own domain name to their website, which means that the Wix domain name will not be present in the user's website address. The user's domain name can also be purchased and managed directly through the Wix platform. Users who do not purchase premium subscriptions can also choose to purchase a domain name as a stand-alone product, and continue using our free Wix Editor product to develop and maintain their website.
- *Google Analytics.* All of our premium subscriptions give users access to Google Analytics, a third-party application that has the ability to track the number of people that visit their website, the geographic location of their visitors, the length of time that visitors stay on their website, and the key words that were used to find the website. This feature allows our business users to collect and use data for marketing and other commercial purposes.
- *Ads Free.* Our Combo, Unlimited, and eCommerce premium subscriptions provide a website free of Wix advertisements that are placed on the free Wix websites.
- *Add Favicon.* Our Combo, Unlimited, and eCommerce premium subscriptions allow users to change the Favorite Icon, or Favicon, that appears next to the user's page address and bookmark in most internet browsers. Users can change the Favicon that appears on the website by either uploading their own Favicon, or choosing one from our Favicons Gallery. This feature enhances the professional design of users' digital presence.
- *Wix eCommerce Solutions.* Our eCommerce premium subscription allows our users to create a virtual store through which they may sell their products online and process payments using an integrated shopping cart app, which is already included in the subscription. eCommerce users can tailor the style of the online store to their business, and with the shopping cart application, the users may accept payment for products or services through PayPal. In the future, we plan to develop an upgrade to the shopping cart application, which will allow eCommerce users to accept credit card payments. Other eCommerce apps, such as shipping and tax-calculation apps, may be separately purchased as add-ons through the Wix App Market.
- *VIP Services.* We offer our VIP subscribers four additional features. Our VIP Support feature enables these subscribers to contact a dedicated team of support specialists. If a support specialist is not available immediately, we will call the VIP subscriber back within a matter of minutes via our Priority Call Back service. In addition, VIP subscribers have the option of receiving our Instant Response service during business hours via Wix Answers, our online automated ask-and-answer database.

Finally, we will review the completed sites of our VIP subscribers and provide feedback regarding how the sites' structure and SEO can be improved via our Professional Site Review service.

Applications and Value-Added Services

- *Wix App Market.* The Wix App Market is an online platform that offers our users a range of software apps which can be seamlessly integrated as add-ons into our users' websites. The App Market includes over 140 free and purchasable marketing, social and media apps, as well as audio and visual content. Since the launch of the App Market in October 2012 through August 31, 2013, users had installed 5,526,602 apps, 19,060 of which were purchased. Users gain access to apps in the App Market, and through our easy-to-use drag-and-drop technology they can install or remove as many apps as they would like within moments. The App Market consists of apps that are developed by us or by third-party developers. Our research and development team creates our Wix Apps, and also tests and evaluates apps created by third-party developers. We have sales agreements with third-party developers and we customarily share in 30% of revenues from the sale of every third-party app purchased through our App Market. We are responsible for the development, operation and maintenance of apps that we create, and the third-party developers are responsible for the apps that they create. However, we may remove a third-party app at any time if it does not meet our standards or for other reasons.
- *Wix Databases.* Our application development and data technology, Wix Databases is a platform that allows our users and developers to create their own apps and work management tools, such contact forms and FAQ lists. This platform uses our drag-and-drop, style engine and smart layout technology, so that the user or developer may create professional-looking applications and tools with customized styles, colors, and layouts. The apps and tools created through Wix Databases may be fully integrated into our users' websites through publishing on the Wix Editor platform.
- *Wix Email.* We offer users the ability to purchase Google email services with addresses linked to their Wix website domain. Wix Email features advanced filtering and search capabilities, as well as automatic mail forwarding and responding. This product is integrated into our premium subscriptions, but is also available for purchase on a standalone basis.
- *Professional Services Marketplace.* Through the Wix Arena Marketplace, found on our website, we provide a community for independent designers to offer their audio or visual media content and personal web design services, using our platform. As of August 31, 2013, the Wix Arena Marketplace had 319 independent designers who offer web design and development content or services each month. These independent designers are hired directly by our users and are responsible for negotiating the terms of service and price with such users. We provide a market for these services and are not a party to, and do not generate any revenue from these agreements. We do not assume responsibility for the quality or cost of the services.

Customer Support

We offer our users the following support and services:

- *Wix Support and Call Center.* Our customer solutions experts operate the Wix Support and Call Center. Our customer solutions team is responsible for providing users with direct and indirect support, including monitoring and updating forums for user questions and knowledge databases, such as our online automated ask-and-answer database, Wix Answers. Because our support team is able to address many of our users' questions through these online and automated channels, direct customer support is often not needed to address user questions or technical issues. However, our support staff provides web-based technical support through chat, email and remote support through the use of LogMeIn, a remote access program. The Wix Call Center also provides telephonic support during U.S. business hours and email support during extended hours. We do not currently offer telephonic support outside of U.S. business hours. Our Support and Call Center employees offer telephonic and email support in the non-English languages in which we offer our platform – French, Spanish, Portuguese and Italian. For

example, our customer support staff and technical staff with Italian and Portuguese-language capabilities provide Italian and Portuguese-language support by updating forums in response to customer questions and updating knowledge databases, such as Wix Answers, and translating the how-to videos in the Wix Support Center. We plan to hire additional employees with other fluencies as we add more languages and have already engaged a small number of employees to provide telephone and email support in Japanese or Korean. As of June 30, 2013, we had 130 Support and Call Center employees, located in both the United States and Israel, 32 of whom offer direct customer service in languages other than English and Spanish.

- *Wix Premium Support.* All of our premium subscriptions contain access to Wix Premium Support. Those users with premium subscriptions receive access to all the benefits of the Wix Support Center and Call Center, but they also receive priority access to our team of customer solutions experts, who prioritize premium subscription questions and requests over other user questions.

Selling and Marketing

Our selling and marketing expenses focus primarily on online advertising and we do not employ a direct sales force. Our main online acquisition channels include Google, Facebook and direct media buying.

We market our solutions and apps to businesses, organizations, professionals and individuals, including entrepreneurs and freelancers. We are able to attract a high volume of users and premium subscriptions by offering free solutions and services and upgrades and improvements to our premium subscriptions. We also offer 14-day money-back versions of our premium subscriptions. As of August 31, 2013, we had more than 37 million users and 679,536 premium subscriptions across 190 countries. Our App Market averaged 19,762 installations per day during the month of August 2013.

We also provide a free co-working and event space in our two Wix Lounges, located in New York City and San Francisco. These lounges provide designers who use our solutions, as well as freelancers, artists and entrepreneurs, with a workspace and an opportunity to network with others. We also host events at our lounges that allow our users the ability to showcase their work, free of charge. We have found that our lounges enhance our brand and strengthen our network of users.

User Acquisition

We engage in online advertising with a focus on acquiring new users to our platform. We acquire the majority of our users through free traffic to our website, primarily through search engine optimization or direct traffic, meaning visitor traffic that reached our website, Wix.com, via unpaid search results or by typing the URL of our website in their browser, to our website, which includes customer referrals. We also acquire a small amount of free traffic through our participation on social networking sites and the banner advertisements we place on our non-paying users' websites. In order to increase our exposure and optimize organic, or free, search engine results, we constantly test our search engine optimization strategy to ensure that our website is relevant to those potential customers seeking web development and design products. Further, we continually evaluate our marketing spending and its effectiveness and invest in those activities that are most likely to maximize our return by generating premium subscriptions. In 2013, we are continuing to focus our marketing spending on channels that bring new users to visit, register and begin using our products and services.

We believe our user acquisition strategy further benefits from the brand we have built as a leading web development and design platform for businesses, organizations, professionals and individuals. We believe that our branding efforts have accounted for a significant portion of users who come directly to our website, through typing our URL directly into their browsers, or through searching for "Wix" or a term related to establishing a digital presence. We believe that these users are also attracted due to referrals from other users, and via word-of-mouth regarding our products and services. Our acquisition strategy also benefits from our use of A/B testing on our website, a marketing approach that aims to identify changes to our website which will increase or maximize user interest and acquisition. Our Design Studio team, consisting of 40 designers as of June 30, 2013, changes the

layout of our website from time to time, and engages in A/B testing in order to determine which layouts and graphics are the most successful in maximizing user acquisition.

Our marketing expenditures directed to advertising were $6.4 million in 2010, $15.9 million in 2011, $21.5 million in 2012 and $17.2 million in the six months ended June 30, 2013. Our marketing expenditures are directed toward the following channels:

- *Cost-Per-Click Advertising.* We pay leading search engines to provide search results that provide our solutions and services with the maximum exposure when users search for key terms related to establishing a digital presence. We do this both by elevating the placement of our website address in search results and by placing targeted display or banner advertisements on the search results. We pay search engines on a cost-per-click, or CPC, basis each time a person clicks on such a paid search result or advertisement.
- *Online Presence and Branding.* We have established an active online presence in social networking sites such as Facebook, Twitter, and Instagram, and we also market our solutions by purchasing generic and targeted advertisements on these websites and others. We also consult public and media relation firms to help brand and advertise our solutions and services.
- *Other expenditures.* A small portion of our marketing expenses are directed towards more traditional advertising, such as radio and television commercials in the United States and Israel. We also maintain the Wix Affiliate Program, a program where our affiliates receive a commission for directing visitors to our website, by placing Wix ads on their personal websites. From time to time we also hold webinars, promotional contests, user meet-ups and public relations events at our Tel Aviv, New York and San Francisco offices.

User Retention

Once we attract visitors to our website, our preliminary goal is to register them as users. We distribute marketing and promotional emails and support tools to our registered users to help them build their site. These materials are created by our Wix Design Studio team, which complements our marketing efforts by focusing on the consistency of our branding message online, in our offline merchandise and at our community events. Users who convert to a premium subscription gain access to additional features such as extra bandwidth and storage, Wix ad removal, access to Google Analytics, domain connectivity and eCommerce solutions. We offer a 14-day premium subscription trial to introduce users to these additional products and solutions. Users can choose either an annual or monthly premium subscription and as of August 31, 2013, 64% of our premium subscriptions were annual and 36% were monthly. We seek to increase the number of premium annual subscriptions by offering seasonal promotions and discounts on annual subscriptions. We also send our subscribing users emails reminding them to renew their subscriptions before expiration, as well as coupons and other discounts on products and services. We seek to retain premium subscriptions by offering upgrades for our premium products and free and premium apps in our App Market.

We further retain premium subscriptions by developing relationships with subscribing users through the Wix Support and Call Center, a forum where we address our users' technological needs and concerns. Through the Support and Call Center, we also help non-paying users transition to premium subscriptions, by providing guidance on integration of premium subscription features into existing websites created with our Wix Editor. We seek to maintain goodwill with all of our users, and retain them as registered users, even if they do not choose to subscribe to or renew their premium subscriptions.

Our Technology and Infrastructure

Our cloud-based platform provides our users with a suite of web design, development and workflow management products and apps, as well as hosting for our users' sites. All of these tools are accessible directly through our platform. In order to enhance our suite of products, we also conduct product and quality assurance testing on all new and existing technology integrated into our platform.

Wix Cloud

We use a flexible hybrid cloud, comprised of both cloud-based storage and data centers, to host our products and apps, and the websites that our users create. We lease our data centers from third parties. Our primary data centers are in two geographically separate locations in the United States with a back-up data center in Europe. We lease our primary data centers in the United States from Hostway Services, Inc. pursuant to purchase orders issued under an agreement that automatically renews on an annual basis unless terminated by us by notice at least 60 days before the annual renewal date or by either party at any time with 180 days advance notice. To date, we have not experienced any material outages or service interruptions. This highly-scalable multi-tenant technology enables us to serve all of our users simultaneously and consistently, and scales based on overall traffic and capacity. As a result, our platform is not affected or slowed down by growth in the number of users in our cloud. Our cloud technology is also capable of full resource sharing, meaning that our users can access information via their individual website database easily over the Internet without the need for manual download, with content delivery provided by proven international cloud delivery network vendors, such as Akamai and Level 3. To further ensure that all of our data and our users' data are stored safely, we also use Amazon and Google cloud services to backup our users' data. In order to ensure that our cloud is protected from potential attacks or vulnerabilities, we engage in penetration testing to expose and address any vulnerability in our technology.

HTML5-Based Design Capabilities

HTML5 is the latest and most advanced markup language available for structuring and presenting dynamic content on the Internet. Unlike websites built using older HTML versions, websites using HTML5 can seamlessly incorporate video, audio, fonts, graphics and animations. Moreover, rich and interactive web design and app integration can be achieved without the use of Flash. Because of HTML5's advanced capabilities, we use it as the basis for our products and have eliminated the need to combine Flash and HTML coding. We developed our HTML5–based technology by leveraging our many years of experience in developing web development and design tools.

Style Engine and Smart Layout Technology

Our style engine technology provides users with advanced customization capabilities, making all aspects of a user's website customizable. Our technology, which uses dropdown lists and customized color palettes, allows the user to quickly brand or re-brand their website with just a few clicks in our editor. In one click, users can customize backgrounds, banners, buttons, fonts and font sizes using a dropdown list. Users can customize colors using a color palette. One click also allows users to simultaneously apply all color and style changes to all elements on the user's website. This type of customization is generally time-consuming and requires knowledge of advance HTML5 & CSS3 coding skills. However, with our style engine technology, our users can change their websites' style and branding in moments.

Our Wix Editor's Smart Layout technology offers both functionality and customization. Our technology provides for dynamic layout and content, meaning that no one component box on a user's website is static or incapable of being moved to other areas of the user's page. Component boxes added to our users' websites identify the user's site structure and automatically adapt to the size and style of other component boxes within the site. These capabilities allow the user full control over the layout of their website, allowing the user to create a design-rich, professional website.

Web Service Creation Environment

We use a powerful software development kit, or SDK, with an application programming interface, or API, which allows apps and widgets to be seamlessly embedded into the websites designed by our users. This technology allows the user to embed third-party apps or widgets, such as contact forms, FAQ lists and blogs, into the user's website by linking the app or widget's URL to the user's website link. All integration is done with one click, using the Wix App Market, where the user can choose which apps they would like to add to their website. The added app or widget may then be opened as a pop-up on the user's website, which further adds to our

editor's dynamic layout capabilities. Further, SEO used in connection with the user's website will also attach to the embedded widget or app data, increasing the overall visibility of the user's digital presence.

Infrastructure

We realize efficiencies in our operations, including marketing and delivery, since they are completely online-based. Our hybrid cloud and content delivery network enables our users to purchase and use our products and services through our website. As a result of these efficiencies, we have built a large user base while limiting the number of physical offices required for conducting our business. We also have no need for a physical sales force, as our marketing and customer support operations are supported by online marketing tools such as CPC advertising, SEO and email distributions, and by customer support tools such as online forums and Wix Answers, an advanced user self service support system using online ticketing and a database of questions and answers.

We currently process the majority of payments using a third-party billing system that interfaces seamlessly with our website and provides a portal for users to submit credit or debit card information for processing. We are in the process of transitioning to a new billing system that we have developed internally. This system interfaces with a number of different payment gateway providers who then link to a number of different payment card processors based on the user's jurisdiction. With this internal system, we do not expect to be dependent on any single gateway provider or payment card processor. As we transition fully to the internal billing system, our current third-party billing system will continue to be used in order to process and remit to us recurring payments from existing premium subscriptions.

Our infrastructure includes servers and bandwidth capacity leased from third parties located in the United States and the Netherlands. We use our own servers to run our research and development activities and to operate our office applications. Our use of over 200 servers in different locations protects against accidental data loss and ensures minimal disruption to our operations from server outages or physical damage to a server. We have maintained robust server operations since our inception, which has provided our growing user base with reliable access to our products and consistent service provisions.

Research and Development

As of June 30, 2013, we had 201 employees and contractors focused on research and development. Our research and development team is comprised of individuals with extensive experience in web development, design, data management and data analysis. Substantially all these employees and consultants are located in our Tel Aviv headquarters. We also engage a small number of software developers in the Ukraine through a third-party service organization in order to benefit from the significant pool of talent that is more readily available in that market. Our research and development personnel focus primarily on developing new apps and product and service offerings as well as quality assurance. Our research and development personnel also includes our design team.

Our research and development spending was $7.3 million in 2010, $14.7 million in 2011, $16.8 million in 2012 and $11.5 million in the six months ended June 30, 2013. We invest in research and development in order to enhance and expand our product and service offerings, tailor our marketing efforts, and expand our user base. Our development strategy is focused on identifying updates and features for our existing offerings, and developing new offerings that are tailored to our users' needs and often arise out of their suggestions. For this, we rely heavily on sophisticated, internally-developed tools, such as automated process systems. These automated processes enable us to quickly react to our users' requests. For example, through the use of our automated request system on our website, users are able to request new product features and upgrades. We also engage in A/B testing in order to measure the effectiveness of our upgrades and new product features.

We recruit talented individuals for our research and development team in Tel Aviv through a variety of techniques, including cooperation with local universities and recruiting events. We are a member of key industry organizations and regularly attend and participate in industry events, where our employees frequently speak. We also engage potential talents by hosting technology meet-ups in our Tel Aviv, New York and San Francisco offices.

Intellectual Property

Our success depends upon our ability to protect our core technology and intellectual property. We rely on a combination of confidentiality clauses, trade secrets, copyrights and trademarks to protect our intellectual property and know-how. In addition, we have filed a number of applications for patents in the United States, Israel and Germany in order to protect our inventions. We cannot be certain that our applications will issue as patents. We actively monitor innovation within our company so as to properly consider whether to file additional patent applications. We enter into confidentiality and proprietary rights agreements with our employees, consultants and business partners, and we control access to and distribution of our proprietary information.

The Wix brand is central to our business strategy, and we believe that maintaining, protecting and enhancing the Wix brand is important to expanding our business. We have obtained trademark registrations in certain jurisdictions that we consider material to the marketing of our products, including the marks WIX ® and the Wix logo. We have trademark applications for additional marks that we use to identify certain product collections used for certain of our products. While we expect to submit additional trademark applications and for our pending applications to mature into registrations, we cannot be certain that we will obtain such registrations.

Our in-house know-how is an important element of our intellectual property. The development of our web development and design software and management of our data analysis and marketing programs requires sophisticated coordination among many specialized employees. We believe that duplication of this coordination by competitors or individuals seeking to copy our software offering would be difficult. This risk is further mitigated by the fact that our product and service offerings are cloud-based such that most of the core technology operating on our systems is never exposed to a user or to our competitors.

To protect our technology, we implement multiple layers of security. Access to our platform requires system usernames and passwords. We also add additional layers of security such as IP address filtering and IP address lockout.

Competition

We enable our users to create a customizable, fully-integrated and professional digital presence through an attractive platform with various marketing and workflow management capabilities. We believe that we do not currently compete with any provider that offers the same design capabilities or range of products and services that we offer. Nevertheless, we do compete with aspects of the services provided by web-based website design platforms and software programs, as well as some of the service offerings of a number of smaller template-based web builder companies and designers who target our market of users as well as those who offer domain registration services, especially those companies who use a freemium business model similar to ours. The market for providing web-based website design platforms and software programs is highly fragmented.

In the future it is possible that other providers may decide that offering a comprehensive web development platform to enhance digital presence through easy-to-use design tools and applications represents an attractive business opportunity. In particular, if a more established company were to target our market, we may face significant competition from a company that enjoys potential competitive advantages, such as greater name recognition, longer operating histories, substantially greater market share, larger existing user bases and substantially greater financial, technical and other resources. These companies may use these advantages to offer products and service similar to ours at a lower price, develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards or client requirements. However, we believe that we do not directly compete with traditional web development firms, as we focus on not only website development but also design and business work flow processes. Nevertheless, we may compete with some of the service offerings of a number of smaller template-based web builder companies and designers who target our market of users as well as those who offer domain registration services, especially those companies who use a freemium business model similar to ours.

While we offer a broader range of solutions, we believe that the key competitive factors for the web development and design industry include price, the quality of the designs, user-friendly design tools, and brand recognition and reputation. We believe that we compete favorably on these factors because of our efficiencies in

operations, brand recognition and marketing expertise, professional suite of design and digital presence products, advanced technology and product integration, longstanding customer, designer and developer relationships, large user base, and track record of successfully attracting new users to our website and products.

Government Legislation and Regulation

Actions of our Users

In many jurisdictions, including the United States and countries in Europe, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on defamation, breach of data protection and privacy rights and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content uploaded by users. Any court ruling or other governmental action that imposes liability on providers of online services for the activities of their users and other third parties could harm our business. In addition, rising concern about the use of the Internet for illegal conduct, such as the unauthorized dissemination of national security information, money laundering or supporting terrorist activities may in the future produce legislation or other governmental action that could require changes to our products or services, restrict or impose additional costs upon the conduct of our business or cause users to abandon material aspects of our service.

Data Protection

We hold certain personal data of our users, primarily, username and email address, and may hold certain personal data of the visitors to our users' websites. We comply with the data protection and storage laws of the State of Israel, as well as with certain industry standards (including voluntary third-party certification bodies such as TRUSTe). We operate in accordance with the terms of our privacy policy and terms of service, which describe our practices concerning the use, transmission and disclosure of user data.

While it is generally the laws of the jurisdiction in which a business is located that apply, there is a risk that data protection regulators of other countries may seek jurisdiction over our activities in locations in which we process data or have users but do not have an operating entity. Where the local data protection and privacy laws of a jurisdiction apply, we may be required to register our operations in that jurisdiction or make changes to our business so that user data is only collected and processed in accordance with applicable local law. In addition, because our services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with their privacy and data protection laws, including in jurisdictions where we have no local entity, employees, or infrastructure. In such cases, we may require additional legal review and resources to ensure compliance with any applicable privacy or data protections laws and regulations.

United States

A number of legislative proposals pending before the U.S. Congress, various state legislative bodies, and foreign governments concerning data protection could affect us. For example, in an effort to enhance data protection, the FTC has updated regulations relating to children's online privacy that were issued under the Children's Online Privacy Protection Act. Additionally, some states have passed proactive, rather than reactive, information security legislation. These state laws require that certain minimum protections and security measures be taken to protect personal information. The costs of compliance with these laws may increase in the future as a result of changes in interpretation.

Europe

Although we do not have an operating entity in the Netherlands, the control that we exert over our servers in the Netherlands may result in our activities in Europe being deemed to be subject to Dutch law. European data privacy laws, which apply in the Netherlands, distinguish between a data controller and a data processor. We may be defined as a "Data Controller" with respect to the personal data of our users that we collect and are therefore subject to a number of key legal obligations under the Dutch implementation of the European Data Protection Directive (Directive 95/46/EC). For example, among other things, we would be required to provide users with a "fair processing notice" if we process their data, ensure that inaccurate data is corrected, only retain

data for so long as is necessary and do not transfer data outside the European Economic Area to jurisdictions which do not ensure an adequate level of protection of personal data without taking certain legitimizing steps. The European e-Privacy Directive (Directive 2002/58/EC as amended by Directive 2009/136/EC) obliges the EU member states to introduce certain national laws regulating privacy in the electronic communications sector. Pursuant to the requirements of the e-Privacy Directive, companies must, among other things, obtain consent to store information or access information already stored, on a user's terminal equipment (e.g., computer or mobile device). These requirements predominantly regulate the use by companies of cookies and similar technologies. Prior to providing such consent, users must receive clear and comprehensive information in accordance with the Data Protection Directive about the access and storage of information. Certain exemptions to these requirements on which we rely are available for technical storage or access for the sole purpose of carrying out the transmission of a communication over an electronic communications network or as strictly necessary to provide a service explicitly requested by the user.

Our users may also collect data through the websites that we host for them; however, because we only provide services that enable users to carry out their own purposes which may or may not include processing personal data, we are most likely a data processor with respect to such data. As a "Data Controller," we would be obligated to implement adequate technical and organizational security measures; however, we are not obligated to directly comply with the majority of the requirements under the Dutch implementation of the European Data Protection Directive. Therefore we do not monitor our users' collection or processing of personal data and only act in regards to such personal data when so instructed by our users or a competent authority.

The European Commission issued a proposal for a new General Data Protection Regulation at the beginning of 2012 which will replace the European Data Protection Directive and is likely to include more stringent obligations for online businesses, such as to conduct a data protection impact assessment for risky processing operations, to introduce a more frequent need for the user's consent, to impose an obligation to act on data breaches, to restrict the collection and use of "sensitive" personal data and to expand the legislative requirements for data processors, as well as to introduce a stricter regime of enforcement. Additionally, the proposed regulation is stated to have extra-territorial effect and seeks to regulate the European activities of businesses regardless of their location or the locations of their servers. While it is currently expected that the proposed regulation will not take effect until 2015 or later, the more stringent requirements on privacy user notifications and data handling might present implementation and compliance challenges to our business in the future should we become subject to these and other laws and regulations.

Employees

As of June 30, 2013, we had 406 employees, 346 of whom were based in Israel and 59 of whom were based in the United States. Of our employees, 362 work full-time and 44 work part-time. As of June 30, 2013, we also engaged the services of 19 contractors in the Ukraine either directly or through a third-party service organization. The following table shows the breakdown of our global workforce of employees and contractors by category of activity as of the dates indicated:

	As of December 31,			As of June 30, 2013
Department	2010	2011	2012	2013
General and administration	12	18	19	27
Marketing	36	44	56	66
Research and development	80	126	176	202
Support and call center	42	73	114	130
Total	170	261	366	425

In regards to our Israeli employees, Israeli labor laws govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws and other conditions of employment. Subject to certain exceptions, Israeli law generally requires severance pay upon the retirement, death or dismissal of an employee, and requires us and our employees to make payments to the

National Insurance Institute, which is similar to the U.S. Social Security Administration. Our employees have pension plans that comply with the applicable Israeli legal requirements and we make monthly contributions to severance pay funds for all employees, which cover potential severance pay obligations.

None of our employees work under any collective bargaining agreements. Extension orders issued by the Israeli Ministry of Industry, Trade and Labor apply to us and affect matters such as cost of living adjustments to salaries, length of working hours and week, recuperation pay, travel expenses, and pension rights.

We have never experienced labor-related work stoppages or strikes and believe that our relations with our employees are satisfactory.

Facilities

Our principal facilities are located in Tel Aviv, Israel and consist of approximately 3,252 square meters (approximately 35,004 square feet) of leased office space. These facilities currently accommodate our principal executive, research and development, marketing, design, business development, human resources, finance, information technology, customer support and administrative activities. The lease for these facilities expires on January 31, 2016. We maintain an office adjacent to our principal facilities that consists of approximately 441 square meters (approximately 4,746 square feet). The lease for this facility expires on August 31, 2015. We also maintain two additional office spaces in Tel Aviv. The first is approximately 598 square meters (approximately 6,437 square feet), with a lease that expires on December 31, 2015, and the second is approximately 519 square meters (approximately 5,586 square feet), with a lease that expires on December 31, 2014. In the United States, we maintain offices in New York City and San Francisco.

Legal Proceedings and Regulatory Matters

CreateAds LLC

We are subject to a patent infringement litigation that was filed against us on December 7, 2012 by CreateAds LLC, an entity that we believe is a non-practicing entity or "NPE." An NPE is a party that obtains or purchases patents for the purpose of making infringement claims and extracting settlements by forcing businesses to license the patents-in-suit. As an NPE, CreateAds LLC does not compete with our business. The complaint was filed in the United States District Court for the District of Delaware and alleges infringement of U.S. Patent No. 5,535,320 for a "Method of Generating a Visual Design." CreateAds LLC has filed similar complaints alleging infringement against at least forty other defendants. We filed a motion to dismiss the complaint in its entirety on February 1, 2013, on the grounds that the patent-in-suit claims only abstract ideas. As abstract ideas do not constitute patentable subject matter under United States patent law, we have asked the court to declare the patent invalid and dismiss the litigation. On February 25, 2013, the plaintiff opposed our motion and, on March 14, 2013, we filed a reply in support of our motion. We intend to continue pursuing the dismissal of the case and have requested that the court set a date for oral argument on the motion to dismiss. No schedule has been set by the court and it is expected that any trial in the matter would likely not occur until sometime in 2014 or after. The patent-in-suit expires in 2014, although if the plaintiff prevails, it could seek damages, including damages up to three times the amount found or assessed, with respect to our sales since inception and require us to license the technology subject to the patent through the date of its expiration. We intend to vigorously defend ourselves against this action. An adverse outcome with respect to this matter could have a material adverse effect on our operating results and financial condition. Due to the early stage of the proceedings, we currently do not have the ability to assess the probability of a particular outcome or the potential exposure from this lawsuit.

U.S. Voluntary Regulatory Disclosure

In May 2013, we made voluntary self-disclosures to the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, and U.S. Commerce Department's Bureau of Industry and Security, or BIS. The disclosures related to our determination made during the course of an internal review in early 2013 that we had 16 premium subscriptions, out of a total of approximately 583,000 premium subscriptions, with geographic internet protocols, or GEOIP, addresses in Cuba, Iran, North Korea, North Sudan or Syria ("U.S. Sanctioned Countries") or that had otherwise provided personal information indicating that they may be located in U.S. Sanctioned Countries. As part of a subsequent internal review, we also determined that we had 32,600 users, or

less than 0.1% of our total user base of approximately 33 million as measured as of April 30, 2013, with GEOIP addresses in U.S. Sanctioned Countries. See "Risk Factors—We are subject to trade and economic and export sanctions laws that may govern or restrict our business and we, and our directors and officers, may be subject to fines or other penalties for non-compliance with those laws."

We noted in our voluntary self-disclosure that we intend to seek an interpretation regarding whether the provision of our services falls within a general license issued by OFAC that authorizes the export to certain U.S. Sanctioned Countries of software and services incident to the exchange of personal communications over the Internet, such as instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging, provided that such services are publicly available at no cost to the user. OFAC subsequently issued a new general license that expanded the range of free and fee-based services that could be provided to persons in Iran, however, the interpretation continued to prohibit webhosting for "commercial endeavors." In light of our inability to know whether our users' websites are for personal or commercial purposes, we have decided at this time not to seek any further interpretation from OFAC. We have terminated the registered users and the premium subscriptions that may have been from a U.S. Sanctioned Country and have blocked the ability of new users – with or without a premium subscription – that have a GEOIP address in a U.S. Sanctioned Country to access our cloud-based software or services.

We cannot predict when OFAC and BIS will complete their respective reviews and determinations as to whether any violation of relevant U.S. sanctions or export laws occurred or is ongoing. In case of an apparent violation, OFAC and/or BIS could decide not to impose penalties but issue only a warning or cautionary letter. However, if OFAC or BIS determines that we have violated applicable regulations, we may face civil and/or criminal penalties and may also suffer reputational harm, any of which could have a material adverse effect on our business and financial results.

Israeli Voluntary Regulatory Disclosure

In September 2013, we voluntarily approached the Israeli Ministry of Finance and asked for its formal position regarding the applicability of The Israeli Trading with the Enemy Ordinance - 1939 (the "Ordinance") to the type of services that we provide. The Ordinance prohibits any Israeli person from trading goods with enemy countries or with the residents of enemy countries. The Israeli Ministry of Finance, which is responsible for implementing the Ordinance, has currently determined enemy countries to be Iran, Lebanon and Syria ("Israeli Sanctioned Countries"). The Ordinance was enacted in 1939 and does not expressly address online services. We therefore cannot state with certainty how the provisions of the Ordinance apply to the type of services that we provide.

We do not know the extent to which the Ministry of Finance will want to have further discussions with us, the timing of those discussions or the ultimate outcome of their deliberations. Although the Ordinance allows Israeli persons to apply for a permit to trade with Israeli Sanctioned Countries or their residents, we are not aware of a permit being granted or denied in the past to a person providing the type of services that we provide.

Lebanon is the only Israeli Sanctioned Country that is not also a U.S. Sanctioned Country. We have ceased providing services to users with a GEOIP address in a U.S. Sanctioned Country. The number of users and premium subscribers that we have in Lebanon is not material to our business, however, if we stop providing services in Lebanon, it may decrease the number of our current and future subscribers from other countries, particularly in the Middle East, who may cease using our services in protest to us blocking accounts in Israeli Sanctioned Countries.

In addition, if it is determined by a competent court that sanctions under the Ordinance cover the type of services that we provide, we, our officers and employees may be subject to criminal and/or civil actions. We believe that our initiation of voluntary discussions with the Israeli Ministry of Finance may reduce such exposure, but any liability to which we are subject to could adversely affect our personnel, brand and reputation.

Other matters

From time to time, we may be party to litigation or subject to claims incident to the ordinary course of business. Other than as described herein, we are not subject to any litigation the outcome of which might have a material adverse effect on our business, operating results or financial condition.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus:

Name	Age	Position
Executive Officers		
Avishai Abrahami	42	Co-founder, Chief Executive Officer and Director
Giora Kaplan	43	Co-founder, Chief Technology Officer and Director
Lior Shemesh	43	Chief Financial Officer
Nir Zohar	36	Chief Operating Officer
Omer Shai	36	Vice President of Marketing
Yaniv Even-Haim	38	Vice President of Research and Development
Directors		
Adam Fisher(4)	37	Chairman of the Board
Yuval Cohen(1)(2)(4)(5)	50	Director
Michael Eisenberg(4)	42	Director
Ron Gutler(1)(2)(3)(4)(5)	55	Director
Jeff Horing(4)	49	Director
Roy Saar(4)	43	Director
Mark Tluszcz(4)	47	Director

(1) Member of our audit committee.
(2) Member of our compensation committee.
(3) Member of our nominating and governance committee.
(4) Independent director under the rules of the NYSE.
(5) Proposed to serve as an external director under the Israeli Companies Law subject to approval by the Company's shareholders to be sought within three months after the date of this offering.

Executive Officers

Avishai Abrahami is our Co-Founder, and has served as our Chief Executive Officer since September 2010 and as our Co-Chief Executive Officer and a director since October 2006. From 2004 to 2006, Mr. Abrahami was the Vice President of Strategic Alliances at Arel Communications & Software Ltd., a private Israeli company specializing in communication technology. In 1998 he co-founded Sphera Corporation, a private company which develops software for managing data centers, and he served as its Chief Technology Officer from 1998 until 2000 and its Vice President of Product Marketing from 2000 until 2003. In 1993, he co-founded AIT Ltd., a private Israeli software company, and served as its Chief Technology Officer until the company's sale in 1997. Mr. Abrahami served in the Israeli Defense Forces' elite computer intelligence unit from 1990 until 1992.

Giora Kaplan is our Co-Founder, and has served as our Chief Technology Officer since March 2008, was our Co-Chief Executive Officer from 2006 to March 2008, and has served as one of our directors since 2006. From 2004 to 2006, he served as a technology and product management consultant to several start-up companies. Mr. Kaplan was the founder and Chief Executive Officer of Promotix Technologies Ltd., an Internet advertising and publishing company, from 1999 to 2001. He also co-founded and served as Chief Technology Officer or Optimedia Ltd., an electronic and online publishing company, from 1992 to 1999. Mr. Kaplan served in the Israeli Defense Forces' elite computer intelligence unit from 1988 until 1991.

Lior Shemesh has served as our Chief Financial Officer since March 2013. From December 2010, to January 2013, he served as Chief Financial Officer at Alvarion Ltd., a provider of optimized wireless broadband solutions. From October 2008 to December 2010 he served as Alvarion's Vice President of Finance. From

May 2003 to October 2008, Mr. Shemesh served as Vice President of Finance at Veraz Networks Inc., a provider of softswitch, media gateway and digital compression solutions. Prior to this, Mr. Shemesh served as Controller, and later as Associate Vice President of Finance of the Broadband division, for ECI Telecom Ltd., a network infrastructure provider. Mr. Shemesh holds a B.A. in Accounting and Economics, and an M.B.A. from Bar-Ilan University.

Nir Zohar has served as our Chief Operating Officer since June 2008 and joined our company in May 2007. Prior to joining us, from August 2005 to April 2007, Mr. Zohar was the Budget and Production Manager of M.B. Contact Ltd., a private Israeli event production company. From 2001 until 2005, Mr. Zohar worked for The Jewish Agency and the Israeli Scouts. From 1995 until 2001, Mr. Zohar served as a Lieutenant Commander and Chief Engineer in the Israeli Navy.

Omer Shai has served as our Vice President of Marketing since May 2010. Mr. Shai is the co-founder of Hyperactive, a digital design company, which he led from June 2005 to February 2008. Prior to that, he worked as an online marketing consultant for several brands. From October 2000 to May 2003, Mr. Shai was the Marketing Director at Hackersoftware, a software company. Prior to that, he worked as an online marketing consultant for several brands. Mr. Shai holds a B.Sc. in Economics from The Academic College of Tel-Aviv, Yaffo.

Yaniv Even-Haim has served as our Vice President of Research and Development since September 2010. From August 2009 to September 2010, Mr. Haim was the Vice President of Product at Pudding Media Inc., a mobile advertising solutions company. From September 2001 to August 2009, he was the Head of Research and Development at Comverse, Inc., a provider of communications software. From August 1998 to September 2001, Mr. Haim was the Director of Research and Development at EverAd, Inc., a music and advertising company. Mr. Haim holds a B.Sc. in Computers and an M.B.A. from Technion – Israel's Institute of Technology.

Directors

Adam Fisher has served as a member of our board of directors and chairman of the board since November 2007. He also serves as a member of our compensation committee. Since March 2007, Mr. Fisher has served as a partner at Bessemer Venture Partners, a venture capital firm, and is the founder of the firm's investment practice in Herzliya, Israel. From 1998 to 2007, Mr. Fisher was a partner at Jerusalem Venture Partners, a venture capital firm based in Israel. Mr. Fisher is currently a member of the board of directors of several private Bessemer Venture Partners portfolio companies. Mr. Fisher holds a B.S. (with honors) in Foreign Service from Georgetown University.

Yuval Cohen has served as a member of our board of directors since August 2013. Mr. Cohen is the founding and managing partner of Fortissimo Capital, a private equity fund established in January 2003, managing in excess of $400 million that invests in Israeli-related technology and industrial companies. From 1997 through 2002, Mr. Cohen was a General Partner at Jerusalem Venture Partners, an Israeli-based venture capital fund. Mr. Cohen currently serves as a director of several privately held portfolio companies of Fortissimo Capital and the chairman of the board of SodaStream International Ltd. Mr. Cohen holds a B.Sc. in Industrial Engineering from Tel Aviv University and an M.B.A. from Harvard Business School.

Michael Eisenberg has served as a member of our board of directors since March 2010. Since 2005, Mr. Eisenberg has been a general partner at Benchmark Capital Partners, a technology-focused venture capital firm. From 1997 to 2005, Mr. Eisenberg was as a general partner at Israel Seed Partners, a technology-focused venture capital firm. Prior to that, Mr. Eisenberg co-founded Jerusalem Global Investment Banking, a merchant bank focusing on high-tech investments. Prior to that, he was a consultant at Marttila and Kiley, Inc., a political consulting firm. Mr. Eisenberg is currently a member of the board of directors of several private companies. Mr. Eisenberg received his B.A. in Political Science from Yeshiva University.

Ron Gutler has served as a member of our board of directors since August 2013. Between 2000 and 2011, Mr. Gutler served as the Chairman of G.J.E. 121 Promoting Investment Ltd., a real estate company. Between 2000 and 2002, Mr. Gutler managed the Blue Border Horizon Fund, a global macro fund. Mr. Gutler is a former

Managing Director and a Partner of Bankers Trust Company, which is currently part of Deutsche Bank. He also established and headed the Israeli office of Bankers Trust. Mr. Gutler is currently a director of Psagot Investment House, PsagotSecurities, Poalim Securities USA Inc., and a member of the Advisory Board of Poalim Real Estate, which is part of Poalim Capital Market Group. Mr. Gutler holds a B.A. in Economics and International Relations and an M.B.A., both from the Hebrew University in Jerusalem.

Jeff Horing has served as a member of our board of directors since March 2011. In 1995, Mr. Horing co-founded and became Managing Director of Insight Venture Partners, a private equity and venture capital firm. Mr. Horing is currently a member of the board of directors of several private companies. Previously, Mr. Horing held various positions at Warburg Pincus LLC, and at Goldman Sachs & Co. Mr. Horing holds a B.S. and B.A. from the University of Pennsylvania's Moore School of Engineering and the Wharton School, respectively. He also holds an M.B.A. from the M.I.T. Sloan School of Management.

Roy Saar has served as a member of our board of directors since January 2007. Since 2011 Mr. Saar has been a consultant to Mangrove III Investment Fund, a European venture capital firm. In 1998, he co-founded Sphera Corporation, a virtual servers technology vendor for SaaS providers. In 2002, Mr. Saar co-founded RFcell Technologies Ltd., a wireless product and service provider in Israel. Mr. Saar is currently a member of the board of directors of several private companies. Mr. Saar holds a B.A. in Business Administration and Economy from Tel Aviv University.

Mark Tluszcz has served as a member of the Company's board of directors since June 2010. Mr. Tluszcz is a Managing Partner and Co-Founder of Mangrove Capital Partners, a venture capital firm, since 2000. Since that date, he has served as a director on its board of directors. Mr. Tluszcz is currently a member of the board of directors of several private Mangrove Capital Partners portfolio companies. Previously, Mr. Tluszcz was a partner for Arthur Anderson LLP in their business consulting practice, and he also led their European venture capital fund.

Corporate Governance Practices

Under the Israeli Companies Law (the "Companies Law"), companies incorporated under the laws of the State of Israel whose shares are publicly traded, including companies with shares listed on the NYSE, are considered public companies under the Companies Law (but not under the Israeli Securities Law) and are required to comply with various corporate governance requirements under the Companies Law relating to such matters as the election of external directors, the composition of our audit committee and compensation committee, and an internal auditor. The Companies Law also requires us to disclose information regarding the compensation of our directors and executive officers. See "—Compensation Committee—Compensation Policy under the Companies Law." These corporate governance requirements apply to us even though our shares are not listed on the Tel Aviv Stock Exchange (the "TASE") and we do not have public reporting obligations in Israel or to Israeli shareholders specifically which are applicable to companies listed on the TASE. In addition, as a foreign private issuer, we are permitted to comply with Israeli corporate governance practices instead of NYSE corporate governance rules, provided that we disclose which requirements we are not following and the equivalent Israeli requirement.

We intend to comply with the rules generally applicable to U.S. domestic companies listed on the NYSE. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the NYSE corporate governance rules.

Our board of directors has adopted corporate governance guidelines to become effective following the listing of our ordinary shares on the NYSE and that will serve as a flexible framework within which our board of directors and its committees operate subject to the requirements of applicable law and regulations. Under these guidelines, it will be our policy that the positions of Chairman of the Board of Directors and Chief Executive Officer may be held by the same person (subject to approval by our shareholders pursuant to the Israeli Companies Law). Under that circumstance, these guidelines also provide that the board shall designate an

independent director to serve as lead independent director who shall, among other things, discuss the agenda for board meetings with the Chairman and approve such agenda, and chair executive sessions of the independent directors. The lead director following this offering will be Mark Tluszcz.

Board of Directors

Under the Companies Law and our amended and restated articles of association to be effective upon the closing of this offering, our business and affairs are managed under the direction of board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our Chief Executive Officer (referred to as a "general manager" under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the terms of a consulting agreement that we have entered into with him and his wholly-owned Israeli consulting company. All other executive officers are appointed by the Chief Executive Officer and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

We comply with the rules of the NYSE requiring that a majority of our directors are independent. Our board of directors has determined that all of our directors, other than Avishai Abrahami, is independent under such rules. In addition, pursuant to the requirements of Israeli law, Yuval Cohen and Ron Gutler, will also serve as external directors, subject to approval by the Company's shareholders to be sought within three months after the date of this offering. The definition of independent director under NYSE rules and external director under the Companies Law overlap to a significant degree such that we would generally expect the two directors serving as external directors to satisfy the requirements to be independent under NYSE rules. The definition of external director is a rule-based determination while the definition of independent director also requires the board to consider any factor which would impair the ability of a director to exercise independent judgment. In addition, both external directors and independent directors serve for a period of three years; external directors pursuant to the requirements of Israeli law and independent directors pursuant to the staggered board provisions of our amended and restated articles of association. However, external directors must be elected by a special majority of shareholders while an independent director is elected by an ordinary majority. See "—External Directors" for a description of the requirements under the Companies Law for a director to serve as an external director.

Each director, other than external directors, will be appointed by a simple majority vote of holders of our voting shares, participating and voting at an annual meeting of our shareholders.

Under our amended and restated articles of association to be effective upon the closing of this offering, our directors (other than the external directors, whose appointment is required under the Companies Law; see "—External Directors") will be divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors (other than the external directors). At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors, will be for a term of office that expires on the third annual general meeting following such election or re-election, such that from 2014 and after, each year the term of office of only one class of directors will expire. Our directors will be divided among the three classes as follows:

- the Class I directors will be and , and their terms will expire at the annual general meeting of shareholders to be held in 2014;
- the Class II directors, will be and , and their terms will expire at our annual meeting of shareholders to be held in 2015; and
- the Class III director will be , and his term will expire at our annual meeting of shareholders to be held in 2016.

The directors shall be elected by a vote of the holders of a majority of the voting power present and voting at that meeting (excluding abstentions). Each director will hold office until the annual general meeting of our shareholders for the year in which his or her term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless he or she is removed from office as described below.

Under our amended and restated articles of association to be effective upon the closing of this offering, the approval of the holders of at least 75% of the voting rights entitled to vote at a general meeting (excluding abstentions) is generally required to remove any of our directors from office. In addition, vacancies on our board of directors, other than vacancies created by an external director, may only be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the class in respect of which the vacancy was created.

External directors are elected for an initial term of three years and may be elected for additional three-year terms under the circumstances described below. External directors may be removed from office only under limited circumstances set forth in the Companies Law. See "— External Directors."

Other than our Co-founder and Chief Executive Officer, Avishai Abrahami, and our Co-founder and Vice President of Client Development, Nadav Abrahami, who are brothers, there are no family relationships among any of our directors or executive officers.

Pre-IPO Appointment Rights

Pursuant to our articles of association in effect prior to this offering, certain of our shareholders had rights to appoint members of our board of directors as follows:

- The holders of a majority of the ordinary shares are entitled to appoint two directors. Pursuant to this right of appointment, Yuval Cohen and Giora Kaplan were appointed as directors.
- The largest holder of the Series A preferred shares is entitled to appoint one director. Pursuant to this right of appointment, Roy Saar was appointed as a director by the largest holder of Series A preferred shares at the time, an entity controlled by Ran Tushia.
- The two shareholders holding the largest number of Series B and Series B-1 preferred shares, currently Bessemer Venture Partners and Mangrove Capital Partners, are entitled to appoint two directors. Pursuant to this right of appointment, Adam Fisher was appointed as a director by Bessemer Venture Partners, and Mark Tluszcz was appointed by Mangrove Capital Partners as a director.
- Each of Insight Venture Partners and Benchmark Capital Partners are entitled to appoint one director. Pursuant to this right of appointment, Jeff Horing was appointed as a director by Insight Venture Partners, and Michael Eisenberg was appointed as a director by Benchmark Capital Partners.
- The majority of the directors in office, including two of the four directors in the two immediately preceding paragraphs, are entitled to appoint one director, as an independent industry expert. Pursuant to this right of appointment, Ron Gutler was appointed as a director.
- Our Chief Executive Officer, Avishai Abrahami, was appointed as a director due to his position as our Chief Executive Officer.

The foregoing appointment rights will terminate immediately prior to the closing of this offering.

Chairman of the Board

Our amended and restated articles of association to be effective upon the closing of this offering provide that the chairman of the board is appointed by the members of the board of directors and serves as chairman of the board throughout his term as a director, unless resolved otherwise by the board of directors. Under the Companies Law, the Chief Executive Officer (referred to as a "general manager" under the Companies Law) or a relative of the Chief Executive may not serve as the chairman of the board of directors, and the chairman or a relative of the chairman may not be vested with authorities of the Chief Executive Officer without shareholder approval consisting of a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least 2/3 of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such appointment, present and voting at such meeting; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment voting against such appointment does not exceed two percent of the aggregate voting rights in the company.

The required approval by our shareholders of the appointment of the Chief Executive Officer as chairman of the board must be obtained no later than three months following the closing of this offering. Further, if the Chief Executive Officer serves as chairman of the board of directors, his or her dual office term shall be limited to three years, which can be extended for additional three-year terms, subject to shareholder approval.

In addition, a person subordinated, directly or indirectly, to the Chief Executive Officer may not serve as the chairman of the board of directors; the chairman of the board may not be vested with authorities that are granted to those subordinated to the Chief Executive Officer; and the chairman of the board may not serve in any other position in the company or a controlled company, but he may serve as a director or chairman of a subsidiary.

Within three months following the closing of this offering, we intend to hold a shareholders meeting to seek approval for the appointment of Avishai Abrahami as our Chief Executive Officer and chairman of our board of directors.

External Directors

Under the Companies Law, we are required to appoint at least two external directors who meet the qualification requirements in the Companies Law. Appointment of external directors must be made by a general meeting of our shareholders no later than three months following the completion of this offering, and therefore we intend to hold a shareholders meeting within three months of the completion of this offering to seek approval for the appointment of two external directors. We intend to nominate Yuval Cohen and Ron Gutler as external directors.

The Companies Law provides for special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such election (other than a personal interest which is not derived from a relationship with a controlling shareholder), present and voting at such meeting; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such election (other than a personal interest which is not derived from a relationship with a controlling shareholder) voting against the election of an external director does not exceed 2% of the aggregate voting rights in the company.

After an initial term of three years, external directors may be reelected to serve in that capacity for up to two additional terms of three years each under one of two alternatives. Under the first alternative, the external director may be nominated by the board of directors, and such external director’s reelection is approved by the same majority of shareholders who was required to elect such external director in such director’s initial election. Under the second alternative, the external director may be nominated by a shareholder(s) holding 1% or more of the voting power and at the general meeting of shareholders such reelection is approved by a majority of those shares present and voting that are held by shareholders who are non-controlling shareholders and do not have a personal interest in the reelection, provided that such shares represent at least 2% of the total voting power in the company.

The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the NYSE, may be extended indefinitely in increments of additional three-year terms, provided that, prior to each nomination for reelection, the audit committee and the board of directors of the company confirm that, in light of the external director’s expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period is beneficial to the company (and provided that the reasons for such confirmation are presented to the shareholders at the general meeting at which such reelection is being sought) and the external director is reelected in accordance with the appropriate approval method described above.

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a shareholders' meeting as soon as practicable to appoint a replacement external director.

Each committee of the board of directors that exercises powers of the board of directors must include at least one external director, except that the audit and compensation committees must include all external directors then serving on the board of directors. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to the provisions and limitations set forth in regulations promulgated under the Companies Law, which compensation is determined prior to their appointment and may not be changed throughout the term of their service as external directors (except for certain exceptions set forth in the regulations).

The Companies Law provides that a person is not qualified to serve as an external director if, as of the appointment date or at any time during the two years preceding his or her appointment, that person or a relative, partner or employer of that person, any person to whom that person is subordinate (whether directly or indirectly), or any entity under that person's control, had any affiliation or business relationship with the company, any controlling shareholder or relative of a controlling shareholder or an entity that, as of the appointment date is, or at any time during the two years preceding that date was, controlled by the company or by any entity controlling the company.

The term affiliation for this purpose includes (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship maintained on a regular basis;
- control; and
- service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an external director following the public offering.

The Companies Law defines the term "office holder" of a company to include a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, a director and any other manager directly subordinate to the general manager.

The following additional qualifications apply to an external director:

- a person may not be elected as an external director if he or she is a relative of a controlling shareholder;
- if a company does not have a controlling shareholder or a holder of 25% or more of the voting power, then a person may not be elected as an external director if he or she (or his or her relative, partner, employer or any entity under his or her control) has, as of the date of the person's election to serve as an external director, any affiliation with the then chairman of the board of directors, Chief Executive Officer, a holder of 5% or more of the issued share capital or voting power, or the most senior financial officer of the company;
- a person may not serve as an external director if he or she (or his or her relative, partner, employer, a person to whom he or she is subordinated or any entity under his or her control) has business or professional relations with anyone with whom affiliation is prohibited as described above, and even if these relations are not on a regular basis (other than immaterial relations); and

- a person may not continue to serve as an external director if he or she accepts, during his or her tenure as an external director, direct or indirect compensation from the company for his or her role as a director, other than the amounts prescribed under the regulations promulgated under the Companies Law, indemnification, the company's undertaking to indemnify such person and insurance coverage.

Furthermore, no person may serve as an external director if that person's professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if such person is an employee of the Israel Securities Authority or of an Israeli stock exchange. Following the termination of an external director's membership on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control, including serving as an executive officer or director of the company or a company controlled by its controlling shareholder and cannot be employed by or provide professional services to the company for pay, either directly or indirectly, including through a corporation controlled by that former external director, for a period of two years (the prohibition also applies to relatives of the former external director who are not his or her spouse or children, but only for a period of one year).

If at the time an external director is appointed all members of the board of directors who are not controlling shareholders or their relatives are of the same gender, the external director must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

Pursuant to the regulations promulgated under the Companies Law, a person may be appointed as an external director only if he or she either has professional qualifications or has accounting and financial expertise as defined in those regulations. In addition, at least one of the external directors must be determined by our board of directors to have accounting and financial expertise and the board is required to determine the minimum number of board members who are required to possess accounting and financial expertise. In determining the number of directors required to have such expertise, the members of our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that at least one of our directors must possess accounting and financial expertise. In this regard, our board of directors has determined that two of our directors, Yuval Cohen and, Ron Gutler each possesses "accounting and financial" expertise as such term is defined under the Companies Law.

Audit Committee

Companies Law Requirements

Under the Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, and a majority of its members must be unaffiliated directors. An unaffiliated director is an external director or a director who is appointed or classified as such, and who meets the qualifications of an external director (other than the professional qualifications/accounting and financial expertise requirement), whom the audit committee has confirmed to meet the external director qualifications, and who has not served as a director of the company for more than nine consecutive years (with any period of up to two years during which such person does not serve as a director not being viewed as interrupting a nine-year period). For Israeli companies traded on certain foreign stock exchanges, including the NYSE, a director who qualifies as an independent director for the purposes of such director's membership in the audit committee in accordance with the rules of such stock exchange is also deemed to be an unaffiliated director under the Companies Law. Such person must meet the non-affiliation requirements as to relationships with the controlling shareholder (and any entity controlled by the controlling shareholder, other than the company and other entities controlled by the company) and must meet the nine-year requirement described above. Following the nine-year period, a director of an Israeli company traded on such foreign stock exchange may continue to be considered an unaffiliated director for unlimited additional periods of three years each, provided the audit committee and the board of directors of the company confirm that, in light of the director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period is beneficial to the company.

The audit committee may not include the chairman of the board, any director employed by the company or who regularly provides services to the company (other than as a board member), a controlling shareholder or any relative of the controlling shareholder, as each term is defined in the Companies Law. In addition, the audit committee may not include any director employed by the company's controlling shareholder or by a company controlled by such controlling shareholder, or who provides services to the company's controlling shareholder or a company controlled by such controlling shareholder, on a regular basis, or a director whose main livelihood is from the controlling shareholder. The chairman of the audit committee is required to be an external director.

Listing Requirements

Under the NYSE corporate governance rules, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Following the listing of our ordinary shares on the NYSE, our audit committee will consist of Ron Gutler, Yuval Cohen and . Ron Gutler will serve as the Chairman of the audit committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the Securities and Exchange Commission and the NYSE corporate governance rules. Our board of directors has determined that is an audit committee financial expert as defined by the Securities and Exchange Commission rules and has the requisite financial experience as defined by the NYSE corporate governance rules.

Each of the members of the audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which is different from the general test for independence of board and committee members.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee consistent with the rules of the Securities and Exchange Commission and the NYSE corporate governance rules, which include:

- retaining and terminating our independent auditors, subject to board of directors and shareholder ratification;
- pre-approval of audit and non-audit services to be provided by the independent auditors;
- reviewing with management and our independent director our annual financial reports prior to their submission to the Securities and Exchange Commission; and
- approval of certain transactions with office holders and controlling shareholders, as described below, and other related-party transactions.

Additionally, under the Companies Law, an audit committee is required, among other things, to identify deficiencies in the administration of the company (including by consulting with the internal auditor), and recommend remedial actions with respect to such deficiencies, is responsible for reviewing and approving certain related party transactions, including determining whether or not such transactions are extraordinary transactions, and is required to adopt procedures with respect to processing employee complaints in connection with deficiencies in the administration of the company, and the appropriate means of protection afforded to such employees. In addition, the audit committee is responsible to oversee the internal control procedures of the company. Under the Companies Law, the approval of the audit committee is required for specified actions and transactions with office holders and controlling shareholders. See "—Approval of Related Party Transactions under Israeli Law." However, the audit committee may not approve an action or a transaction with a controlling shareholder or with an office holder unless at the time of approval the majority of the members of the audit committee are present, of whom a majority must be unaffiliated directors and at least one of whom must be an external director.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee, which must be comprised of at least three directors, including all of the external directors. The additional members of the compensation committee must be directors that receive compensation subject to the provisions and limitations set forth in the regulations promulgated under the Companies Law. An external director shall serve as the chairman of the compensation committee.

Under the Companies Law, the external directors shall constitute a majority of the compensation committee. However, subject to certain exceptions, Israeli companies that are traded on stock exchanges such as , and who do not have a shareholder holding 25% or more of the company's share capital, do not have to meet this requirement; provided, however, that the compensation committee meets other Companies Law composition requirements, as well as the requirements of the jurisdiction where the company is traded.

The compensation committee's duties include recommending compensation policies to the board of directors, overseeing compensation policy implementation, and ratifying the compensation of executive officers.

Compensation Policy under the Companies Law

Under the Companies Law and within nine months following the company's listing on the NYSE, our compensation committee must adopt a policy for director and executive officer, which we refer to in this section as "office holders", compensation. In adopting this compensation policy, the compensation committee shall take into account factors such as the office holder's education, experience, past compensation arrangements with the company, and the proportional difference between the person's compensation and the average compensation of the company's employees.

The compensation policy must be approved at least once every three years at the company's general meeting of shareholders, and is subject to the approval of a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such election (other than a personal interest which is not derived from a relationship with a controlling shareholder), present and voting at such meeting; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such election (other than a personal interest which is not derived from a relationship with a controlling shareholder) voting against the approval of the compensation policy does not exceed 2% of the aggregate voting rights in the company.

Our board of directors may approve the compensation policy even if the such policy was not approved by our shareholders, provided that the compensation committee and the board resolved, based on detailed consideration and after reconsidering the compensation policy, that approval of the policy, is in the best interest of the company, despite the fact that it was not approved by the shareholders' meeting.

The compensation policy shall serve as the basis for decisions concerning the financial terms of employment or engagement of executive officers and directors, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, the company's business and its long-term strategy, and creation of appropriate incentives for executives. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant director or executive;
- the director's or executive's roles and responsibilities and prior compensation agreements with him or her;

- the relationship between the terms offered to the relevant director or executive and the average compensation of the other employees of the company, including those employed through manpower companies;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable compensation; and
- as to severance compensation, the period of service of the director or executive, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which a director or executive would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's financial statements;
- the minimum holding or vesting period for variable, equity-based compensation while referring to appropriate a long-term perspective based incentives; and
- maximum limits for severance compensation.

The compensation committee is responsible for (a) recommending the compensation policy to the company's board of directors for its approval (and subsequent approval by our shareholders) and (b) duties related to the compensation policy and to the approval of the terms of engagement of office holders, including:

- recommending whether a compensation policy should continue in effect, if the then-current policy has a term of greater than three (3) years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years);
- recommending to the board of directors periodic updates to the compensation policy;
- assessing implementation of the compensation policy; and

determining whether the compensation terms of a proposed new Chief Executive Officer of the company need not be brought to approval of the shareholders.

Compensation Committee Role

Following the listing of our ordinary shares on the NYSE, our compensation committee will consist of Yuval Cohen, Ron Gutler and . Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee consistent with NYSE rules which include:

- reviewing and recommending overall compensation policies with respect to our Chief Executive Officer and other executive officers;
- reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers including evaluating their performance in light of such goals and objectives;
- reviewing and approving the granting of options and other incentive awards; and
- reviewing, evaluating and making recommendations regarding the compensation and benefits for our non-employee directors.

Nominating and Governance Committee

Following the listing of our ordinary shares on the NYSE, our nominating and governance committee will consist of Ron Gutler, and . Our board of directors has adopted a nominating and governance committee charter setting forth the responsibilities which include:

- overseeing and assisting our board in reviewing and recommending nominees for election as directors;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our company.

Compensation of Directors

Under the Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply, as described below under "Disclosure of Personal Interests of a Controlling Shareholder and Approval of Certain Transactions."

The directors are also entitled to be paid reasonable travel, hotel and other expenses expended by them in attending board meetings and performing their functions as directors of the company, all of which is to be determined by the board of directors.

External directors are entitled to remuneration subject to the provisions and limitations set forth in the regulations promulgated under the Companies Law.

For additional information, see "—Compensation of Officers and Directors."

Internal Auditor

Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor recommended by the audit committee and appointed by the board of directors. An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an office holder or director of the company; or
- a member of the company's independent accounting firm, or anyone on its behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. We intend to appoint an internal auditor following the closing of this offering.

Our internal auditor will also fulfill the internal audit function required by NYSE corporate governance rules and provide management and the audit committee with ongoing assessments of our risk management processes and system of internal control.

Approval of Related Party Transactions Under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. An office holder is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, a director and any other manager directly subordinate to the general manager. Each person listed in the table under "Management—Executive Officers and Directors" is an office holder under the Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the appropriateness of a given action submitted for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to these actions.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties in the company and his or her personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company in order to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may have and all related material information known to him or her concerning any existing or proposed transaction with the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one's ownership of shares in the company.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Any transaction that is adverse to the company's interests may not be approved by the board of directors.

Our amended and restated articles of association to be effective upon the closing of this offering provide that for non-extraordinary interested party transactions, the board of directors may delegate its approval, or may provide a general approval to certain types of non-extraordinary interested party transactions.

Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction, meaning any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors has a personal interest in the approval of such a transaction then all of the directors may participate in deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Pursuant to the Companies Law, compensation arrangements such as insurance, indemnification or exculpation arrangements with office holders who are not the Chief Executive Officer or a director require compensation committee approval and subsequent approval by the board of directors. Compensation arrangements shall be in accordance with the compensation policy of the company. In special circumstances, the compensation committee and the board of directors may approve compensation arrangements that do not match the compensation policy of the company, subject to the approval of a majority vote of the shares present and voting at a shareholders meeting, provided that either: (a) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement; or (b) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed two percent of the company's aggregate voting rights ("Special Majority Vote for Compensation"). In the event that the Special Majority Vote for Compensation is not obtained, the compensation committee and the board of directors may reconsider the compensation arrangement and approve it, after a detailed review.

Pursuant to the Companies Law, compensation arrangements with the Chief Executive Officer require compensation committee approval, approval by the board of directors and Special Majority for Compensation approval at the shareholders' meeting. Compensation arrangements with the Chief Executive Officer shall be in accordance with the compensation policy of the company. In the event that Special Majority Vote for Compensation is not obtained, then the compensation committee and the board of directors may reconsider the compensation arrangement and approve it after a detailed review. Notwithstanding the above, the compensation committee is authorized to refrain from submitting a proposed compensation arrangement with a Chief Executive Officer candidate for shareholder approval, if (a) doing so would jeopardize the company's engagement of the candidate; and if (b) the proposed arrangement complies with the company's compensation policy.

With respect to amending an existing compensation arrangement, only the approval of the compensation committee is required, provided the committee determines that the amendment is not material in relation to the existing compensation arrangement. With respect to amending an existing related-party transaction, only the approval of the audit committee is required, provided the committee determines that the amendment is not material in relation to the existing arrangement.

Compensation arrangements with directors who are not controlling shareholders, including compensation arrangements with directors in their capacities as executive officers, (unless exempted under the applicable regulations), require the approval of the compensation committee, the board of directors and the company's shareholders, in that order.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Pursuant to the Companies Law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. A controlling shareholder is a shareholder who has the ability to direct the activities of a company, including a shareholder who holds 25% or more of the voting rights if no other shareholder holds more than 50% of the voting rights. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

An extraordinary transaction between a public company and a controlling shareholder, or in which a controlling shareholder has a personal interest, and the terms of any compensation arrangement of a controlling

shareholder who is an office holder or his relative, require the approval of a company's audit committee (or compensation committee with respect to compensation arrangements), board of directors and shareholders, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- at least a majority of the voting rights in the company held by shareholders who have no personal interest in the transaction and who are present and voting at the general meeting, must be voted in favor of approving the transaction (for this purpose, abstentions are disregarded); or
- the voting rights held by shareholders who have no personal interest in the transaction and who are present and voting at the general meeting, and who vote against the transaction, do not exceed 2% of the voting rights in the company.

To the extent that any such transaction with a controlling shareholder or his relative is for a period extending beyond three years, shareholder approval is required once every three years, unless, in respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable under the circumstances.

Pursuant to regulations adopted under the Companies Law, a transaction with a controlling shareholder that would otherwise require approval of the shareholders is exempt from shareholders' approval if the audit committee and the board of directors determine that the transaction is on market terms and in the ordinary course of business and does not otherwise harm the company. Under these regulations, a shareholder holding at least 1% of the issued share capital of the company may require, within 14 days of the publication of such determination, that despite such determination by the audit committee and the board of directors, such transaction will require shareholder approval under the same majority requirements that otherwise apply to such transactions.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Exculpation, Insurance and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent.

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third-party;
- a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors and, with respect to directors and Chief Executive Officer, also by shareholders.

Our amended and restated articles of association allow us to indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers' liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to 25% of our shareholder's equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the Securities and Exchange Commission, indemnification of directors and office holders for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, however, is against public policy and therefore unenforceable.

Compensation of Officers and Directors

The aggregate compensation paid by us and our subsidiaries to our directors and executive officers, including share based compensation, for the year ended December 31, 2012, was approximately $1.28 million. This amount includes approximately $0.08 million set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in Israel. The share-based compensation granted to our directors and executive officers for the year ended December 31, 2012 related to options to purchase 837,004 shares with exercise prices ranging from $0.47 to $7.01. The expiration date of such options is ten years after their date of grant.

Employment and Consulting Agreements with Executive Officers

We have entered into written employment or consulting agreements with all of our executive officers. Each of these agreements contains provisions regarding non-competition, confidentiality of information and assignment of inventions. The non-competition provision applies for a period that is generally 12 months following termination of employment. The enforceability of covenants not to compete in Israel and the United States is subject to limitations. In addition, we are required to provide one to three months' notice prior to terminating the employment of our executive officers, other than in the case of a termination for cause.

Directors' Service Contracts

Other than with respect to our directors that are also executive officers, there are no arrangements or understandings between us, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their service as directors of our company.

Wixpress Ltd. 2007 Share Option Plan

The Wixpress Ltd. 2007 Share Option Plan was adopted by our board of directors on April 1, 2007, approved by our shareholders on March 18, 2008, amended on June 20, 2010 and October 27, 2011 (the "Option Plan"). The Option Plan generally permits the grant of share options to our affiliates, employees, directors or consultants. As of August 31, 2013, options to purchase 3,058,030 ordinary shares were outstanding under the Option Plan and 582,350 ordinary shares were available for future option grants under the Option Plan. Unless terminated earlier by the compensation committee appointed and maintained by our board of directors, the Option Plan will terminate on April 1, 2017.

Our board of directors or the compensation committee administers the Option Plan, including (i) designating participants in the Option Plan; (ii) determining the terms and provisions of respective option agreements, including the number of shares to be covered by each option, exercisability, transferability, and other terms and conditions of the option; (iii) accelerating the right of an optionholder to exercise any previously granted option; (iv) determining the fair market value of the shares; and (v) interpreting the provisions and supervising the administration of the Option Plan. The compensation committee may amend or discontinue the Option Plan at any time, except that generally no amendment may impair the rights of an optionholder without his or her written consent, unless such amendment (i) is required to satisfy an existing law, regulation or accounting standard or (ii) would not significantly diminish the benefits provided under the Option Plan. In all other cases, the approval of our shareholders is generally required for any amendment that would (i) increase the maximum number of shares that may be sold or awarded under the Option Plan, (ii) decrease the minimum option exercise price requirements under the Option Plan, (iii) change the class of persons eligible to receive options under the Option Plan, or (iv) extend the duration of the Option Plan or the period during which incentive share options may be exercised.

Options granted under the Option Plan generally vest and become exercisable over a period of four years with 25% of the shares subject to the option vesting on the first anniversary of the grant and the rest vesting monthly over the next three years, subject to continued employment or service by the optionholder. Options generally expire ten years from the grant date.

Unless otherwise determined by our board of directors or the compensation committee, the exercise price of options granted under the Option Plan may not be less than the fair market value per share on the date of grant.

Upon termination of employment or service for any reason, other than for cause or death or disability, the optionholder may exercise his or her vested options within 90 days of the date of termination. If we terminate an optionholder's employment or service for cause, all of the employee's options, whether vested or unvested, expire on the termination date. Upon termination of employment or service due to death or disability, the optionholder or his or her estate may exercise his or her vested options within twelve months from the date of death or disability. An option may not, however, be exercised after the option's expiration date. Subject to applicable law, if the optionholder's employment or services is terminated for fraud, breach of loyalty, theft or other malicious behavior against us, then he or she will be deemed to have offered to our other shareholders the right to purchase all of the shares issued pursuant to his or her option at the exercise price paid by him or her for such shares pro rata to their respective holdings of our issued and outstanding shares.

Options are non-transferable except in the event of an optionholder's death.

If we are party to a merger or consolidation, outstanding options and shares acquired under the Option Plan will be subject to the agreement of merger or consolidation, which will provide for one or more of the following: (i) the continuation of such options by us, (ii) the assumption of such options by the surviving corporation or its parent, (iii) the substitution by the surviving corporation or its parent of new options, (iv) the cancellation of the such options in exchange for payment equaling the market value of the shares subject to the option less the exercise price, or (v) full exercisability of the option and full vesting of the shares subject to the option.

In the event of any variation in our share capital, including a share dividend, share split, combination or exchange of shares, recapitalization, or any other like event, the number, class and kind of shares subject to the Option Plan and outstanding options, and the exercise prices of the options, will be appropriately and equitably adjusted so as to maintain the proportionate number of shares without changing the aggregate exercise price of the options.

Share options granted to Israeli employees under the Option Plan may be granted pursuant to the provisions of Section 102 of the Israeli Income Tax Ordinance. Any options granted pursuant to such provision will be issued to a trustee and be held by the trustee for at least two years from the date of grant of the options.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of the date of this prospectus and after this offering by:

- each person or entity known by us to own beneficially more than 5% of our outstanding shares;
- each of our directors and executive officers individually;
- all of our executive officers and directors as a group; and
- the selling shareholders, which consist of the entities and individuals shown as having shares listed in the column "Number of Shares Offered."

The beneficial ownership of ordinary shares is determined in accordance with the rules of the Securities and Exchange Commission and generally includes any ordinary shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem shares subject to options or warrants that are currently exercisable or exercisable within 60 days of July 31, 2013, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of shares beneficially owned prior to the offering is based on 10,114,387 ordinary shares outstanding as of August 31, 2013. We have also set forth below information known to us regarding any significant change in the percentage ownership of our ordinary shares by any major shareholders during the past three years.

As of August 31, 2013, we had 13 holders of record of our ordinary shares in the United States. These shareholders held in the aggregate 25.6% of our outstanding ordinary shares.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their ordinary shares. See "Description of Share Capital—Amended and Restated Articles of Association—Voting." Following the closing of this offering, neither our principal shareholders nor our directors and executive officers will have different or special voting rights with respect to their ordinary shares. Unless otherwise noted below, each shareholder's address is Wix.com Ltd., 40 Namal Tel Aviv St., Tel Aviv 6701101 Israel.

A description of any material relationship that our principal shareholders have had with us or any of our predecessors or affiliates within the past three years is included under "Certain Relationships and Related Party Transactions."

Name of Beneficial Owner	Shares Beneficially Owned Prior to Offering		Number of Shares Offered	Shares Beneficially Owned After Offering		Number of Shares Offered Pursuant to Underwriters' Option
	Number	%		Number	%	
Directors and Executive Officers						
Avishai Abrahami (1)	471,471	4.6%				
Giora Kaplan (2)	456,642	4.5%				
Lior Shemesh	—	—				
Nir Zohar (3)	145,550	1.4%				
Omer Shai (4)	101,825	1.0%				
Yaniv Even Haim (5)	53,083	*				
Yuval Cohen (6)	1,022	*				
Michael Eisenberg	—	—				
Adam Fisher	—	—				
Ron Gutler (6)	1,022	*				
Jeff Horing (7)	1,234,058	12.2%				
Roy Saar (8)	147,071	1.4%				
Mark Tluszcz (9)	2,730,324	27.0%				
All executive officers and directors as a group (13 persons)	5,342,068	49.8%				
Principal and Selling Shareholders						
Entities affiliated with Mangrove Capital Partners (10)	2,730,324	27.0%				
Entities affiliated with Bessemer Venture Partners (11)	2,633,921	26.0%				
Entities affiliated with Insight Venture Partners (12)	1,234,058	12.2%				
Benchmark Capital Partners (13)	1,337,443	13.2%				

* Less than 1%.

(1) Consists of 349,562 shares and options to purchase 121,909 shares. Does not include unvested options to purchase additional ordinary shares that will accelerate and become fully exercisable upon the closing of this offering.

(2) Consists of 355,053 shares and options to purchase 101,589 shares. Does not include unvested options to purchase additional ordinary shares that will accelerate and become fully exercisable upon the closing of this offering.

(3) Consists of options to purchase 145,550 shares.

(4) Consists of options to purchase 101,825 shares.

(5) Consists of options to purchase 53,083 shares.

(6) Consists of options to purchase 1,022 shares.

(7) Consists of 1,234,058 shares beneficially owned by Insight VII Funds and over which Mr. Horing may be deemed to share voting and dispositive power. See footnote (14).

(8) Consists of 63,125 shares and options to purchase 83,946 shares.

(9) Consists of 2,751,786 shares beneficially owned by Mangrove II Investments Sarl and over which Mr. Tluszcz may be deemed to share voting and dispositive power.

(10) Consists of 2,703,563 shares held by Mangrove II Investments Sarl and 26,761 shares held by Mangrove Partners SCSp. Mangrove II Investments Sarl is a limited liability company incorporated and organized under the laws of Luxembourg. Mangrove II S.C.A. SICAR is the owner of 100% of the share capital of Mangrove II Investments Sarl. Mangrove II S.C.A. SICAR is a fund incorporated and organized under the laws of Luxembourg in the form of a partnership limited by shares and regulated by the Luxembourg CSSF (Commission de Surveillance du Secteur Financier). Mangrove II S.C.A. SICAR is managed by Mangrove II Management S.A., a limited liability company incorporated and organized under the laws of Luxembourg. The members of the board of directors of Mangrove II Management S.A. are Mark Tluszcz, Gerard Lopez and Hans-Jürgen Schmitz. Mangrove Capital Partners' address is 31 Boulevard Joseph II, L-1840, Luxembourg.

(11) Consists of 2,265,173 shares held by Bessemer Venture Partners VII L.P. and 368,748 shares held by Bessemer Venture Partners VII Institutional L.P. Deer VII & Co. L.P. is the general partner of these two entities and Deer VII & Co. Ltd. is the general partner of Deer VII & Co. L.P. J. Edmund Colloton, David J. Cowan, Byron B. Deeter, Robert P. Goodman, Jeremy S. Levine and Robert M. Stavis are the directors of Deer VII & Co. Ltd. and share voting and dispositive power over the shares held by the Bessemer Venture Partner Entities. Bessemer Venture Partners' address is 1865 Palmer Avenue, Suite 104, Larchmont, New York 10538.

(12) Consists of 808,357 shares held by Insight Venture Partners VII L.P., 355,858 shares held by Insight Venture Partners (Cayman) VII L.P., 51,132 shares held by Insight Venture Partners VII (Delaware) L.P. and 18,711 shares held by Insight Venture Partners VII (Co-Investors) L.P (collectively, the "Insight VII Funds"). Insight Venture Associates VII, L.L.C. is the general partner of each of the

Insight VII Funds. Insight Holdings Group, LLC is the manager of Insight Venture Associates VII, L.L.C. Jeff Horing, Deven Parekh and Peter Sobiloff are the members of the board of managers of Insight Holdings Group, LLC and share voting and dispositive control of the shares held by the Insight VII Funds. The foregoing is not an admission by Insight Ventures Associates VII, L.L.C. or Insight Holdings Group, LLC that it is the beneficial owner of the shares held by the Insight V Funds. The address of the Insight VII Funds is c/o Insight Venture Partners, 680 Fifth Avenue, 8th Floor, New York, NY 10019

(13) Consists of 1,337,443 shares held by Benchmark Capital Partners VI, L.P. ("BCP VI"). Benchmark Capital Management Co. VI, L.L.C. ("BCMC VI") is the general partner of BCP VI. BCMC VI's managing members are Alexandre Balkanski, Matthew R. Cohler, Bruce W. Dunlevie, Peter H. Fenton, J. William Gurley, Kevin R. Harvey, Robert C. Kagle, Mitchell H. Lasky and Steven M. Spurlock. These individuals may be deemed to have shared voting and investment power over the shares held by BCP VI. Our director, Michael Eisenberg, does not hold voting or dispositive power with respect to, and is therefore not a beneficial owner of, the shares held by BCP VI. The address for Benchmark Capital Partners BCP VI and BCMC VI is 2480 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our policy is to enter into transactions with related parties on terms that, on the whole, are no more favorable, or no less favorable, than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred.

Financing Transactions

Original Rounds of Financing. Since our founding, we have raised capital through multiple rounds of financing. Between 2007 and 2009, we raised capital through sales of our ordinary shares, Series A, B, B-1 and C preferred shares, and convertible notes. We do not have any convertible notes outstanding today.

Series D Financing. In 2010, we sold Series D preferred shares convertible into 1,272,940 ordinary shares at a price per underlying ordinary share of approximately $7.99 for an aggregate purchase price of approximately $10.2 million. Each Series D preferred share will convert into one ordinary share upon the closing of this offering. The following table sets forth the number of ordinary shares resulting from conversion upon the closing of this offering of the Series D preferred shares purchased by entities which, as of the date of this prospectus, beneficially own more than 5% of our ordinary shares assuming the conversion of all of outstanding preferred shares:

	Aggregate Purchase Price (thousands)	Number of Ordinary Shares Resulting from the Conversion of Series D Preferred Shares
Benchmark Capital Partners	$ 7,009	877,281
Entities affiliated with Bessemer Venture Partners.	$ 1,580	197,829
Entities affiliated with Mangrove Capital Partners	$ 1,580	197,830

In connection with the Series D Financing, our founders, Avishai Abrahami, Giora Kaplan and Nadav Abrahami sold to existing shareholders 375,665 ordinary shares for an aggregate price of $3.0 million representing a price per share of approximately $7.99. Our board of directors approved this transfer pursuant to the requirements of the shareholders' agreement in effect at the time.

Series E Financing. In 2011, we sold Series E preferred shares convertible into 1,025,227 ordinary shares at a purchase price per underlying ordinary share of approximately $20.48 in consideration for an aggregate purchase price of $21.0 million. Each Series E preferred share will convert into one ordinary share upon the closing of this offering. The following table sets forth the number of ordinary shares resulting from conversion at the closing of this offering of the Series E preferred shares purchased by entities which, as of the date of this prospectus, beneficially own more than 5% of our outstanding ordinary shares assuming the conversion of all of outstanding preferred shares:

	Aggregate Purchase Price (in thousands)	Number of Ordinary Shares Resulting from the Conversion of Series E Preferred Shares
Entities affiliated with Insight Venture Partners	$ 15,000	732,305
Entities affiliated with Bessemer Venture Partners.	$ 1,894	92,479
Entities affiliated with Mangrove Capital Partners	$ 1,101	53,767
Benchmark Capital Partners	$ 1,004	49,035

In connection with this financing, our founders, Avishai Abrahami, Giora Kaplan and Nadav Abrahami sold to existing shareholders 292,923 ordinary shares for an aggregate price of $6.0 million representing a price per share of $20.48. Our board of directors and shareholders approved this transfer pursuant to the requirements of the shareholders' agreement in effect at the time.

Rights of Appointment

Our current board of directors consists of nine directors. Pursuant to our articles of association in effect prior to this offering, certain of our shareholders had rights to appoint members of our board of directors. See "Management—Board of Directors."

All rights to appoint directors and observers will terminate upon the closing of this offering, although currently-serving directors that were appointed prior to this offering will continue to serve pursuant to their appointment until the annual meeting of shareholders at which the term of their class of director expires.

We are not a party to, and are not aware of, any voting agreements among our shareholders.

Registration Rights

Our shareholders' agreement entitles our shareholders to certain registration rights following the closing of this offering. In accordance with this agreement, and subject to conditions listed below, the following entities which as of the date of this prospectus beneficially own more than 5% of our ordinary shares, assuming the conversion of all of outstanding preferred shares, are entitled to registration rights: entities affiliated with each of Bessemer Venture Partners, Insight Venture Partners, Mangrove Capital Partners, and Benchmark Capital Partner.

Form F-1 Demand Rights. Upon the request of the holders of more than 50% of the shares held by our former preferred shareholders given more than 180 days after the effective date of the registration statement related to this offering, we are required to file a registration statement on Form F-1 in respect of the ordinary shares held by our former preferred shareholders. Following a request to effect such a registration, we are required to give notice of the request to the other holders of registrable securities and offer them an opportunity to include their shares in the registration statement. We are not required to effect more than two registrations on Form F-1 and we are only required to do so if the aggregate proceeds from any such registration are estimated in good faith to be in excess of $2.0 million.

Form F-3 Demand Rights. After we become eligible under applicable securities laws to file a registration statement on Form F-3, which will not be until at least 12 months after the date of this prospectus, upon the request of the holders of more than 50% of the shares held by our former preferred shareholders, we are required to file a registration statement on Form F-3 in respect of the ordinary shares held by our former preferred shareholders. Following a request to effect such a registration, we are required to give notice of the request to the other holders of registrable securities and offer them an opportunity to include their shares in the registration statement. We are not required to effect a registration on Form F-3 more than twice in any 12-month period and are only required to do so if the aggregate proceeds from any such registration are estimated in good faith to be in excess of $1.0 million.

Piggyback registration rights . Following this offering, shareholders holding registrable securities will also have the right to request that we include their registrable securities in any registration statement filed by us in the future for the purposes of a public offering for cash, subject to specified exceptions.

Cutback. In the event that the managing underwriter advises the registering shareholders that marketing factors require a limitation on the number of shares that can be included in a registered offering, the shares will be included in the registration statement in an agreed order of preference among the holders of registration rights. The same preference also applies in the case of a piggyback registration, but we have first preference and the number of shares of shareholders that are included may not be less than 25% of the total number of shares included in the offering.

Termination. All registration rights granted to holders of registrable securities terminate on the fifth anniversary of the closing of this offering and, with respect to any of our holders of registrable securities that holds less than 1% of our outstanding shares, when the shares held by such shareholder can be sold within a 90-day period under Rule 144.

Expenses. We will pay all expenses in carrying out the foregoing registrations other than selling shareholders' underwriting discounts and transfer taxes.

Agreements with Directors and Officers

Employment Agreements. We have entered into employment agreements with each of our officers who work for us as employees. We enter into consulting agreements where the executive officer requests that we engage him or her through a wholly-owned personal service corporation. We have entered into such a consulting agreement with Avishai Abrahami, our Chief Executive Officer, which provides that he must devote all of his work time to our company. These agreements each contain provisions regarding noncompetition, confidentiality of information and assignment of inventions. The enforceability of covenants not to compete is subject to limitations.

The provisions of certain of our executive officers' employment agreements contain termination or change of control provisions. With respect to certain executive officers, either we or the executive officer may terminate his or her employment by giving 90 calendar days' advance written notice to the other party. We may also terminate an executive officer's employment agreement for good reason (as defined the employment agreement), or in the event of a merger or acquisition transaction.

Options. Since our inception we have granted options to purchase our ordinary shares to our officers and certain of our directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our option plans under "Management—Wixpress Ltd. 2007 Share Option Plan." If an executive officer is involuntarily terminated without cause or the executive officer voluntarily terminates his employment for good reason (as defined in the employment agreement), all options will immediately vest. Upon the consummation of a merger or acquisition transaction, an executive officer's remaining unvested options will vest either on a monthly basis, with the first installment vesting one month after the closing of the transaction, or over the remaining vesting period, whichever is shorter. If an executive officer is terminated within a certain period following a merger or acquisition transaction, his or her unvested options will vest immediately.

Exculpation, Indemnification and Insurance. Our articles of association permit us to exculpate, indemnify and insure certain of our office holders to the fullest extent permitted by the Companies Law. We have entered into agreements with certain office holders, exculpating them from a breach of their duty of care to us to the fullest extent permitted by law and undertaking to indemnify them to the fullest extent permitted by law, subject to certain exceptions, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance. See "Management—Exculpation, Insurance and Indemnification of Directors and Officers."

Family Relationships

There are familial relationships between certain of our directors and executive officers, and other employees of our company. Our Chief Executive Officer and director, Avishai Abrahami, is the brother of Nadav Abrahami, our executive officer, acting as Vice President of Client Development. Yoav Abrahami, the brother of Avishai Abrahami and Nadav Abrahami, is employed by us as Chief Architect of Research and Development. Further, Nir Zohar, our Chief Operating Officer, is married to our employee, Hagit Zohar, manager of our Design Studio team in our Tel Aviv office. Aside from these relations, we are not aware of any other familial relationships between our directors, officers, and employees.

DESCRIPTION OF SHARE CAPITAL

Share Capital

Our authorized share capital consists of 500 million ordinary shares, par value NIS 0.01 per share, of which shares will be issued and outstanding following the closing of this offering.

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights. All of our ordinary shares have equal rights and are fully paid.

Our board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine. Our board of directors may not make calls or assessments on our ordinary shares. Our board of directors is not authorized to issue preferred shares absent an amendment to our articles of association in order to authorize such shares. Such an amendment, as any other amendment of our articles of association, would require the affirmative vote of 75% of our outstanding shares unless 75% of our directors approved lowering such threshold to require the affirmative vote of a majority of our outstanding shares.

The following descriptions of share capital and provisions of our amended and restated articles of association are summaries and are qualified by reference to the amended and restated articles of association to be effective upon the closing of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The description of the ordinary shares reflects changes to our capital structure that will occur upon the closing of this offering.

Amended and Restated Articles of Association

Objects and Purposes. Our registration number with the Israeli Registrar of Companies is 513881177. Our purpose as set forth in our amended and restated articles of association is to engage in any legal business.

Voting. Holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders at a shareholder meeting. Shareholders may vote at shareholder meetings either in person, by proxy or by written ballot. Israeli law does not allow public companies to adopt shareholder resolutions by means of written consent in lieu of a shareholder meeting. Except as otherwise disclosed herein, an amendment to our amended and restated articles of association requires the affirmative vote of at least 75.0% of the shares voting in person or by proxy, unless a lower percentage has been established by our board of directors by a majority of three-quarters of those directors voting at a meeting of the Board which shall have taken place prior to that general meeting.

Share Ownership Restrictions. The ownership or voting of ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except that citizens of countries which are in a state of war with Israel may not be recognized as owners of ordinary shares.

Transfer of Shares. Fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association unless the transfer is restricted or prohibited by another instrument, Israeli law or the rules of a stock exchange on which the shares are traded.

Election and Removal of Directors. Our board of directors will be divided into three classes with staggered three year terms. Only one class of directors will be elected at each annual meeting of our shareholders, with the other classes continuing for the remainder of their respective three-year terms. Our ordinary shares do not have

cumulative voting rights for the election of directors. Rather, under our amended and restated articles of association our directors are elected, upon expiration of the term of office of any director, by the holders of a simple majority of our ordinary shares at a general shareholder meeting (excluding abstentions). As a result, the holders of our ordinary shares that represent more than 50% of the voting power represented at a shareholder meeting and voting thereon (excluding abstentions) have the power to elect any or all of our directors whose positions are being filled at that meeting, subject to the special approval requirements for external directors described under "Board Practices—Board of Directors—External Directors." Shareholders may only remove a director upon the affirmative vote of at least 75% of the shares entitled to vote at a general meeting of shareholders. Vacancies on our board of directors, resulting from a resignation or other termination of service by a then serving director, may only be filled by the vote of a simple majority of the directors then in office as described under "Board Practices—Board of Directors—Directors and Officers." For additional information regarding the election of and voting by directors, see "Board Practices—Board of Directors."

Dividend and Liquidation Rights. Under Israeli law, we may declare and pay a dividend only if, upon the reasonable determination of our board of directors, the distribution will not prevent us from being able to meet the terms of our existing and contingent obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of distribution. In the event that we do not have retained earnings and earnings legally available for distribution, as defined in the Companies Law, we may seek the approval of the court in order to distribute a dividend. The court may approve our request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of ordinary shares on a pro-rata basis. Dividend and liquidation rights may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future. See "Dividend Policy."

Shareholder Meetings. We are required to convene an annual general meeting of our shareholders once every calendar year, not more than 15 months following the preceding annual general meeting. Our board of directors may convene a special general meeting of our shareholders and is required to do so at the request of one or more holders of 5% or more of our share capital and 1% of our voting power, or at the request of one of more holders of 5% or more of our voting power. All shareholder meetings require prior notice of at least 14 days and, in certain cases, 35 days. Shareholders must comply with advance notice provisions to bring business before, or nominate directors for election at, a shareholder meeting. The chairperson of our board of directors or another one of our directors authorized by our board of directors presides over our general meetings. If either of such persons is not present within 15 minutes from the appointed time for the commencement of the meeting, the directors present at such meeting shall appoint one of our directors as the chairperson for such meeting and if they fail to do so, then the shareholders present shall appoint one of our directors or office holders to act as chairperson and if any such person refuses to so act or is not present, then one of the shareholders present at such meeting shall act as chairperson. Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting, depending on the type of meeting and whether written proxies are being used.

Quorum. The quorum required for a meeting of shareholders consists of at least two shareholders present in person, by proxy or by written ballot, who hold or represent between them at least 25% of our voting power. A meeting adjourned for lack of a quorum generally is adjourned to the same day in the following week at the same time and place (without requirement of additional notification to the shareholders), or to a later time, if indicated in the notice to the meeting or to such other time and place as determined by the board of directors in a notice to our shareholders. At the reconvened meeting, if a quorum is not present within half an hour from the appointed time for the commencement of the meeting, the meeting will take place with whatever number of participants are

present, unless the meeting was called pursuant to a request by our shareholders, in which case the quorum required is the number of shareholders required to call the meeting as described under "—Shareholder Meetings."

Resolutions. Under the Companies Law, unless otherwise provided in the articles of association or applicable law, all resolutions of the shareholders require a simple majority of the voting rights represented at the meeting, in person, by proxy or by written ballot, and voting on the resolution (excluding abstentions).

Access to Corporate Records. Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register, including with respect to material shareholders, our articles of association, our financial statements and any document we are required by law to file publicly with the Israeli Companies Registrar or the Israeli Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or patent or that the document's disclosure may otherwise impair our interests.

Acquisitions under Israeli Law

Full Tender Offer. A person wishing to acquire shares of a public Israeli company and who could as a result hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition the court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer.

Special Tender Offer . The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval, (ii) was from a shareholder holding 25% or more of the voting rights in the company and resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (iii) was from a holder of more than 45% of the voting rights in the company and resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose

holders objected to the offer (excluding controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger . The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a majority of each party's shareholders. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote, unless a court rules otherwise, if one of the merging companies (or any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of one of the merging companies) holds shares in the other merging company, the merger will not be deemed approved if a majority of the shares voted at the shareholders meeting by shareholders other than the other party to the merger, or by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders (as described above under "Approval of Related Party Transactions Under Israeli Law – Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions").

Under the Companies Law, each merging company must inform its secured creditors of the proposed merger plans. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Transactions with Interested Shareholders

Our amended and restated articles of association contain a provision that prohibits us from engaging in any business combination with any interested shareholder for a period of three years following the date that the shareholder became an interested shareholder, unless:

- prior to that date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder; or
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting share of the corporation outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, unissued shares of the company which may be issued pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

A "business combination" is defined to include the following:

- any merger or consolidation involving the corporation and the interested shareholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested shareholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any shares of the corporation to the interested shareholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the shares of any class or series of the corporation beneficially owned by the interested shareholder; or
- the receipt by the interested shareholder or the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

An "interested shareholder" is defined as an entity or person beneficially owning 15% or more of the outstanding voting shares of the company and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

This provision may have the effect of preventing, delaying or discouraging coercive takeover practices and inadequate takeover bids. This provision is also designed, in part, to encourage persons seeking to acquire control of our company to negotiate first with our board. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire our company.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company. Its address is 6201 15 th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Listing

We have applied to have our ordinary shares listed on the NYSE under the symbol "WIX."

SHARES ELIGIBLE FOR FUTURE SALE

Following this offering, we will have an aggregate of ordinary shares outstanding. Of these shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by "affiliates" as that term is defined under Rule 144 of the Securities Act, who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below. The remaining shares, representing of our outstanding shares will be held by our existing shareholders. These shares will be "restricted securities" as that phrase is defined in Rule 144. Subject to certain contractual restrictions, including the lock-up agreements described below, holders of restricted shares will be entitled to sell those shares in the public market pursuant to an effective registration statement under the Securities Act or if qualify for an exemption from registration under Rule 144. Sales of these shares in the public market after the restrictions under the lock-up agreements lapse, or the perception that those sales may occur, could cause the prevailing market price to decrease or to be lower than it might be in the absence of those sales or perceptions.

Lock up agreements

We, our executive officers and directors, and the holders of substantially all of our outstanding ordinary shares, have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any ordinary shares or any securities convertible into or exchangeable for ordinary shares except for the ordinary shares offered in this offering without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated for a period of 180 days after the date of this prospectus.

Eligibility of restricted shares for sale in the public market

The ordinary shares that are not being sold in this offering, but which will be outstanding at the time this offering is complete, will be eligible for sale into the public market, under the provisions of Rule 144 commencing after the expiration of the restrictions under the lock-up agreements, subject to volume restrictions discussed below under "—Rule 144."

Rule 144

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our ordinary shares or the average weekly trading volume of our ordinary shares on the during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. As affiliates of us, commencing after the expiration or waiver of the lock-up agreements described above, will each be able to sell shares that it holds pursuant to the exemption described in this paragraph.

Options

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register ordinary shares reserved for issuance under our share option plan. The registration statement on Form S-8 will become effective automatically upon filing.

Ordinary shares issued upon exercise of a share option and registered under the Form S-8 registration statement will, subject to vesting provisions, lock-up agreements with the underwriters and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the 180-day lock up agreements expire. See “Management—Wixpress Ltd. 2007 Share Option Plan.”

Registration rights

Following the completion of this offering, the holders of up to ordinary shares are entitled to request that we register their ordinary shares under the Securities Act, subject to cutback for marketing reasons and certain other conditions. These shareholders are also entitled to “piggyback” registration rights, which are also subject to cutback for marketing reasons and certain other conditions. Registration of such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of such registration. See “Certain relationships and related person transactions—Registration rights.” Any sales of securities by these shareholders could have a material adverse effect on the trading price of our ordinary shares.

TAXATION AND GOVERNMENT PROGRAMS

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares. 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 or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a brief summary of the material Israeli tax laws applicable to us, and certain Israeli Government programs that benefit us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax. In 2013 and 2012, the corporate tax rate is 25% of their taxable income. The corporate tax rate for 2011 was 24%. In August 2013, the Israeli Knesset approved an increase in the corporate tax rate to 26.5% for 2014 and thereafter. However, the effective tax rate payable by a company that derives income from an Approved Enterprise, a Preferred Enterprise or a Beneficiary Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for "Industrial Companies." We believe that we currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an "Industrial Company" as an Israeli resident-company, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an "Industrial Enterprise" owned by it. An "Industrial Enterprise" is defined as an enterprise whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- amortization of the cost of purchased a patent, rights to use a patent, and know-how, which are used for the development or advancement of the company, over an eight-year period, commencing on the year in which such rights were first exercised;
- under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
- expenses related to a public offering are deductible in equal amounts over three years.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.

There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- The expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- The research and development must be for the promotion of the company; and
- The research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the income Tax Ordinance, 1961. Expenditures not so approved are deductible in equal amounts over three years.

From time to time we may apply the Office of the Chief Scientist for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such application will be accepted.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

The Investment Law was significantly amended effective January 1, 2011 (the "2011 Amendment"). The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead to forego such benefits and have the benefits of the 2011 Amendment apply. Prior to 2011, we did not utilize any of the benefits for which we were eligible under the Investment Law.

Tax Benefits Prior to the 2005 Amendment

An investment program that is implemented in accordance with the provisions of the Investment Law prior to the 2005 Amendment, referred to as an "Approved Enterprise," is entitled to certain benefits. A company that wished to receive benefits as an Approved Enterprise must have received approval from the Investment Center of the Israeli Ministry of Industry, Trade and Labor, or the Investment Center. Each certificate of approval for an Approved Enterprise relates to a specific investment program in the Approved Enterprise, delineated both by the financial scope of the investment and by the physical characteristics of the facility or the asset.

In general, an Approved Enterprise is entitled to receive a grant from the Government of Israel or an alternative package of tax benefits, known as the alternative benefits track. The tax benefits from any certificate of approval relate only to taxable profits attributable to the specific Approved Enterprise. Income derived from activity that is not integral to the activity of the Approved Enterprise does not enjoy tax benefits.

In addition, a company that has an Approved Enterprise program is eligible for further tax benefits if it qualifies as a Foreign Investors' Company, or FIC, which is a company with a level of foreign investment, as defined in the Investment Law, of more than 25%. The level of foreign investment is measured as the percentage of rights in the company (in terms of shares, rights to profits, voting and appointment of directors), and of combined share and loan capital, that are owned, directly or indirectly, by persons who are not residents of Israel. The determination as to whether a company qualifies as an FIC is made on an annual basis.

We did not apply for tax benefits under the Investment Law prior to the 2005 amendment.

Tax Benefits Subsequent to the 2005 Amendment

The 2005 Amendment applies to new investment programs and investment programs commencing after 2004, but does not apply to investment programs approved prior to April 1, 2005. The 2005 Amendment provides that terms and benefits included in any certificate of approval that was granted before the 2005 Amendment became effective (April 1, 2005) will remain subject to the provisions of the Investment Law as in effect on the date of such approval. Pursuant to the 2005 Amendment, the Investment Center will continue to grant Approved Enterprise status to qualifying investments. The 2005 Amendment, however, limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as an Approved Enterprise, such as provisions generally requiring that at least 25% of the Approved Enterprise's income be derived from exports.

The 2005 Amendment provides that Approved Enterprise status will only be necessary for receiving cash grants. As a result, it was no longer necessary for a company to obtain Approved Enterprise status in order to receive the tax benefits previously available under the alternative benefits track. Rather, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set forth in the amendment. Companies are entitled to approach the Israeli Tax Authority for a pre-ruling regarding their eligibility for benefits under the Investment Law, as amended.

In order to receive the tax benefits, the 2005 Amendment states that a company must make an investment which meets all of the conditions, including exceeding a minimum investment amount specified in the Investment Law. Such investment allows a company to receive "Beneficiary Enterprise" status, and may be made over a period of no more than three years from the end of the year in which the company requested to have the tax benefits apply to its Beneficiary Enterprise. Where the company requests to apply the tax benefits to an expansion of existing facilities, only the expansion will be considered to be a Beneficiary Enterprise and the company's effective tax rate will be the weighted average of the applicable rates. In this case, the minimum investment required in order to qualify as a Beneficiary Enterprise is required to exceed a certain percentage of the value of the company's production assets before the expansion.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Beneficiary Enterprise depend on, among other things, the geographic location in Israel of the Beneficiary Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Beneficiary Enterprise in Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the level of foreign investment in the company in each year. A company qualifying for tax benefits under the 2005 Amendment which pays a dividend out of income derived by its Beneficiary Enterprise during the tax exemption period will be subject to corporate tax in respect of the gross amount of the dividend at the otherwise applicable rate of 25%, or a lower rate in the case of a qualified FIC which is at least 49% owned by non-Israeli residents. Dividends paid out of income attributed to a Beneficiary Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty.

The benefits available to a Beneficiary Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet these conditions, it may be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index, and interest, or other monetary penalties.

In September 2011, we received a tax ruling from the Israeli Tax Authorities, according to which, among other things, the Israeli Tax Authorities (i) approved our status as an "Industrial Enterprise"; and (ii) determined that the expansion of our enterprise is considered as a "Beneficiary Enterprise" with 2009 as a "Year of Election," all under the Investment Law as amended by 2005 Amendment. The benefits available to us under this tax ruling are subject to the fulfillment of conditions stipulated in the ruling. If we do not meet these conditions, the ruling may be abolished which would result in adverse tax consequences to us

The benefit period begins in the year in which taxable income is first earned, limited to 12 years from the "Year of Election." We chose 2009 as a "Year of Election."

Tax Benefits Under the 2011 Amendment

The 2011 Amendment canceled the availability of the benefits granted to Industrial Companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. Pursuant to the 2011 Amendment, a Preferred Company is entitled to a reduced corporate tax rate of 15% with respect to its income derived by its Preferred Enterprise in 2011 and 2012, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 10%. Under the 2011 Amendment, such corporate tax rate was reduced from 15% and 10%, respectively, to 12.5% and 7%, respectively, in 2013 and 2014 and to 12% and 6%, respectively, in 2015 and thereafter. Income derived by a Preferred Company from a "Special Preferred Enterprise" (as such term is defined in the Investment Law) would be entitled, during a benefits period of 10 years, to further reduced tax rates of 8%, or 5% if the Special Preferred Enterprise is located in a certain development zone.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld. Under the recent amendment, announced in August 2013, beginning in 2014, dividends paid out of income attributed to a Preferred Enterprise will be subject to a withholding tax rate of 20% (instead of 15%). In addition, tax rates under the Preferred Enterprise were also raised effective as of January 1, 2014 to 16% and 9%, respectively (instead of the 12% and 6%, respectively).

The 2011 Amendment also provided transitional provisions to address companies already enjoying existing tax benefits under the Investment Law. These transitional provisions provide, among other things, that: (i) unless a request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011, the terms and benefits included in any certificate of approval that was granted to a company owns an Approved Enterprise which chose to receive grants before the 2011 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval, and subject to certain conditions, the 25% tax rate applied to income derived by an Approved Enterprise during the benefits period will be replaced with the regular corporate income tax rate (24% in 2011 and 25% as of 2012 and 2013); and (ii) terms and benefits included in any certificate of approval that was granted to an Approved Enterprise which had participated in an alternative benefits track before the 2011 Amendment became effective will remain subject to the provisions of the Investment Law as in effect on the date of such approval, provided that certain conditions are met. However, a company that has such an Approved Enterprise can file a request with the Israeli Tax Authority, according to which its income derived as of January 1, 2011 will be subject to the provisions of the Investment Law, as amended in 2011; and (iii) a Beneficiary Enterprise can elect to continue to benefit from the benefits provided to it before the 2011 Amendment came into effect, provided that certain conditions are met, or file a request with the Israeli Tax Authority according to which its income derived as of January 1, 2011 will be subject to the provisions of the Investment Law as amended in 2011. A Beneficiary Company may elect to file a notice (written on a specific form) in order to apply the benefits of 2011 Amendments to it pursuant to Sections 131 and 132 of the Income Tax Ordinance (New Version) 5721-1961, referred to herein as the Tax Ordinance (i.e. until May 31 st of each year), and such benefits shall apply on the tax year subsequent to the year in which such notice was filed.

Currently, we have yet to decide whether to apply the benefits of the 2011 Amendment to us. There can be no assurance that we will comply with the conditions required to remain eligible for benefits under the Investment Law in the future or that we will be entitled to any additional benefits thereunder.

Taxation of our Shareholders

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders. A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was

listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of 25% or more in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the "United States-Israel Tax Treaty), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty (a "Treaty U.S. Resident") is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

Taxation of Non-Israeli Shareholders on Receipt of Dividends. Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, which tax will be withheld at source, unless relief is provided in a treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, a distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 15% if the dividend is distributed from income attributed to a Preferred Enterprise or Beneficiary Enterprise, unless a reduced tax rate is provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise or Beneficiary Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to an Approved Enterprise, Beneficiary Enterprise or Preferred Enterprise are not entitled to such reduction under the tax treaty but are subject to a withholding tax rate of 15% for a shareholder that is a U.S. corporation, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. If the dividend is attributable partly to income derived from an Approved Enterprise, Benefited Enterprise or Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

United States Federal Income Taxation

The following is a description of the material United States federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares. This description addresses only the United States federal income tax consequences to holders that are initial purchasers of our ordinary shares pursuant to the offering and that will hold such ordinary shares as capital assets. This description does not address tax considerations applicable to holders that may be subject to special tax rules, including, without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities or organizations, including an "individual retirement account" or "Roth IRA" as defined in Section 408 or 408A of the Code, respectively;
- certain former citizens or long-term residents of the United States;
- persons that received our shares as compensation for the performance of services;
- persons that will hold our shares as part of a "hedging," "integrated" or "conversion" transaction or as a position in a "straddle" for United States federal income tax purposes;
- partnerships (including entities classified as partnerships for United States federal income tax purposes) or other pass-through entities, or holders that will hold our shares through such an entity;
- S corporations;
- holders that acquire ordinary shares as a result of holding or owning our preferred shares;
- U.S. Holders (as defined below) whose "functional currency" is not the U.S. Dollar; or
- holders that own directly, indirectly or through attribution 10.0% or more of the voting power or value of our shares.

Moreover, this description does not address the United States federal estate, gift or alternative minimum tax consequences, or any state, local or foreign tax consequences, of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the Code, existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurances that the U.S. Internal Revenue Service will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or that such a position would not be sustained. Holders should consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of our ordinary shares in their particular circumstances.

For purposes of this description, a "U.S. Holder" is a beneficial owner of our ordinary shares that, for United States federal income tax purposes, is:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or

- a trust if such trust has validly elected to be treated as a United States person for United States federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust.

A "Non-U.S. Holder" is a beneficial owner of our ordinary shares that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for United States federal income tax purposes).

If a partnership (or any other entity treated as a partnership for United States federal income tax purposes) holds our ordinary shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to the particular United States federal income tax consequences of acquiring, owning and disposing of our ordinary shares in its particular circumstance.

Unless otherwise indicated, this discussion assumes that the Company is not, and will not become, a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes. See " *Taxation—Passive Foreign Investment Company Considerations* " below.

You should consult your tax advisor with respect to the United States federal, state, local and foreign tax consequences of acquiring, owning and disposing of our ordinary shares.

Distributions

If you are a U.S. Holder, the gross amount of any distribution made to you with respect to our ordinary shares before reduction for any Israeli taxes withheld therefrom, other than certain distributions, if any, of our ordinary shares distributed pro rata to all our shareholders, generally will be includible in your income as dividend income to the extent such distribution is paid out of our current or accumulated earnings and profits as determined under United States federal income tax principles. We do not expect to maintain calculations of our earnings and profits under United States federal income tax principles. Therefore, if you are a U.S. Holder you should expect that the entire amount of any distribution generally will be reported as dividend income to you. Non-corporate U.S. Holders may qualify for the lower rates of taxation with respect to dividends on ordinary shares applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year), provided that certain conditions are met, including certain holding period requirements and the absence of certain risk reduction transactions. However, such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. To the extent that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under United States federal income tax principles, it will be treated first as a tax-free return of your adjusted tax basis in our ordinary shares and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder has held our ordinary shares for more than one year as of the time such distribution is received.

If you are a U.S. Holder, dividends paid to you with respect to our ordinary shares will be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. Subject to certain conditions and limitations, Israeli tax withheld on dividends may be deducted from your taxable income or credited against your United States federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally should constitute "passive category income," or, in the case of certain U.S. Holders, "general category income." A foreign tax credit for foreign taxes imposed on distributions may be denied if you do not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisor to determine whether and to what extent you will be entitled to this credit.

If you are a U.S. Holder, dividends paid in NIS will be included in income in a U.S. dollar amount calculated by reference to the prevailing spot market exchange rate in effect on the day the dividends are received by you, regardless of whether the NIS are converted into U.S. dollars at that time. Any foreign currency gain or

loss a U.S. Holder realizes on a subsequent conversion of NIS into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in NIS are converted into U.S. dollars on the day they are received, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," if you are a Non-U.S. Holder, you generally will not be subject to United States federal income (or withholding) tax on dividends received by you on your ordinary shares, unless you conduct a trade or business in the United States and such income is effectively connected with that trade or business (or, if required by an applicable income tax treaty, the dividends are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

Sale, Exchange or Other Disposition of Ordinary Shares

If you are a U.S. Holder, you generally will recognize gain or loss on the sale, exchange or other disposition of our ordinary shares equal to the difference between the amount realized on such sale, exchange or other disposition and your adjusted tax basis in our ordinary shares, and such gain or loss will be capital gain or loss. The adjusted tax basis in an ordinary share generally will be equal to the cost of such ordinary share. Except as discussed below with respect to foreign currency gain or loss, if you are a non-corporate U.S. Holder, capital gain from the sale, exchange or other disposition of ordinary shares is generally eligible for a preferential rate of taxation applicable to capital gains, if your holding period for such ordinary shares exceeds one year (i.e., such gain is long-term capital gain). The deductibility of capital losses for United States federal income tax purposes is subject to limitations under the Code. Any such gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

For a cash basis taxpayer, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. In that case, no foreign currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of such a purchase or sale. An accrual basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with respect to purchases and sales of our ordinary shares that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. An accrual basis taxpayer who does not make such election may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. Holder realizes will be U.S. source ordinary income or loss.

The determination of whether our ordinary shares are traded on an established securities market is not entirely clear under current U.S. federal income tax law. Please consult your tax advisor regarding the proper treatment of foreign currency gains or losses with respect to a sale or other disposition of our ordinary shares.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of such ordinary shares unless:

- such gain is effectively connected with your conduct of a trade or business in the United States (or, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment or fixed base that such holder maintains in the United States); or
- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Passive Foreign Investment Company Considerations

If we were to be classified as a "passive foreign investment company," or PFIC, in any taxable year, a U.S. Holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation will be classified as a PFIC for federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of subsidiaries, either:

- at least 75% of its gross income is "passive income"; or
- at least 50% of the average quarterly value of its total gross assets (which, assuming we were not a CFC for the year being tested, would be measured by fair market value of the assets, and for which purpose the total value of our assets may be determined in part by the market value of our ordinary shares, which is subject to change) is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income. If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns our ordinary shares, regardless of whether we continue to meet the tests described above.

Based on our belief that we were not a CFC prior to this offering in the current taxable year and on certain estimates of our gross income and gross assets, our intended use of the proceeds of this offering, and the nature of our business, we do not expect that we will be classified as a PFIC for the taxable year ending December 31, 2013. However, because PFIC status is based on our income, assets and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the 2013 taxable year until after the close of the year. Moreover, we must determine our PFIC status annually based on tests which are factual in nature, and our status in future years will depend on our income, assets and activities in those years. In addition, our status as a PFIC may depend on how quickly we utilize the cash proceeds from this offering in our business. There can be no assurance that we will not be considered a PFIC for any taxable year. If we were a PFIC, and you are a U.S. Holder, then unless you make one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for our ordinary shares) and (b) any gain realized on the sale or other disposition of the ordinary shares. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over your holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest change discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions." Certain elections may be available that would result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares.

If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available

only if we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange." Our ordinary shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ordinary shares, are traded on a qualified exchange on at least 15 days during each calendar quarter. The is a qualified exchange for this purpose and, consequently, if the ordinary shares are regularly traded, the mark-to-market election will be available to a U.S. Holder.

We do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if we are classified as a PFIC. U.S. Holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. Holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. Holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. Holder owns ordinary shares during any year in which we are a PFIC and the U.S. Holder recognizes gain on a disposition of our ordinary shares or receives distributions with respect to our ordinary shares, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. Holder's federal income tax return for that year. Additionally, recently enacted legislation creates an additional annual filing requirement for U.S. persons who are shareholders of a PFIC. However, pursuant to recently issued guidance, this additional filing obligation is suspended until the IRS releases the relevant final form. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

U.S. Holders should consult their tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their dividend income and net gains from the disposition of ordinary shares. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares.

Backup Withholding Tax and Information Reporting Requirements

United States backup withholding tax and information reporting requirements may apply to certain payments to certain holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, our ordinary shares made within the United States, or by a United States payor or United States middleman, to a holder of our ordinary shares, other than an exempt recipient (including a payee that is not a United States person that provides an appropriate certification and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, ordinary shares within the United States, or by a United States payor or United States middleman, to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. Any amounts withheld under the backup withholding rules will be allowed as a credit against the beneficial owner's United States federal income tax liability, if any, and any excess amounts withheld under the backup withholding rules may be refunded, provided that the required information is timely furnished to the Internal Revenue Service.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by

financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your tax advisor concerning the tax consequences of your particular situation.

UNDERWRITING

We and the selling shareholders are offering the ordinary shares described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner and Smith Incorporated and RBC Capital Markets, LLC are acting as joint book-running managers of the offering, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated are acting as representatives of the underwriters. We and the selling shareholders expect to enter into an underwriting agreement with the representatives on behalf of the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling shareholders will agree to sell to the underwriters, and each underwriter will severally agree to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of ordinary shares listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
RBC Capital Markets, LLC	
Needham & Company, LLC	
Oppenheimer & Co. Inc.	
Total	

The underwriters will be committed to purchase all the ordinary shares offered by us and the selling shareholders if they purchase any shares. The underwriting agreement will also provide that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters propose to offer the ordinary shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the ordinary shares offered in this offering.

The underwriters will have an option to buy up to additional ordinary shares from us and the selling shareholders to cover sales of shares by the underwriters that exceed the number of shares specified in the table above. The underwriters will have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional ordinary shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting discounts and commissions are equal to the public offering price per ordinary share less the amount paid by the underwriters to us and the selling shareholders per ordinary share. The underwriting discounts and commissions are $ per share. The following table shows the per share and total underwriting discounts and commissions that we and the selling shareholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share		Total	
	Without Exercise of Option to Purchase Additional Shares	With Exercise of Option to Purchase Additional Shares	Without Exercise of Option to Purchase Additional Shares	With Exercise of Option to Purchase Additional Shares
Underwriting discounts and commissions paid by us	$	$	$	$
Underwriting discounts and commissions paid by the selling shareholders				

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $ million, which includes $ that we have agreed to reimburse the underwriters for certain FINRA-related expenses incurred by them in connection with this offering.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

For a period of 180 days after the date of this prospectus, we will agree that we will not, subject to certain limited exceptions, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of our ordinary shares or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated.

Our directors and executive officers and holders of our ordinary shares and securities convertible into or exchangeable for our ordinary shares have entered into or will enter into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which, subject to certain limited exceptions, each of these persons or entities, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, (1) offer to sell, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares (including without limitation, ordinary shares or such other securities which may be deemed to be beneficially owned by such person or entity in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of our ordinary shares or such other securities, in cash or

otherwise or (3) make any demand for or exercise any right with respect to the registration of any our ordinary shares or any security convertible into or exercisable or exchangeable for our ordinary shares. These lock-up restrictions are subject to limited exceptions that are specified in the lock-up agreements.

We and the selling shareholders will agree to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

We have applied to list our ordinary shares for trading on the NYSE under the symbol “WIX.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling our ordinary shares in the open market for the purpose of preventing or retarding a decline in the market price of our ordinary shares while this offering is in progress. These stabilizing transactions may include making short sales of the ordinary shares, which involves the sale by the underwriters of a greater number of shares of ordinary shares than they are required to purchase in this offering, and purchasing ordinary shares on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M promulgated under the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ordinary shares, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase ordinary shares in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the ordinary shares or preventing or retarding a decline in the market price of the ordinary shares, and, as a result, the price of the ordinary shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NYSE in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price will be determined by negotiations among us, the selling shareholders and the representatives of the underwriters. In determining the initial public offering price, we, the selling shareholders and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded ordinary shares of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our ordinary shares, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received or will receive customary fees and commissions. In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom; (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, which we refer to as the Order; or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (Relevant Member State), from and including the date on which the European Union Prospectus Directive (EU Prospectus Directive), is implemented in that Relevant Member State, which we refer to as the Relevant Implementation Date, an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the book-running managers for any such offer; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Switzerland

This document, as well as any other material relating to our ordinary shares, which are the subject of the offering contemplated by this prospectus, does not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the

documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by us from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Israeli, Ben-Zvi, Attorneys at Law, Tel Aviv, Israel. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by White & Case LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Meitar Liquornik Geva Leshem Tal, Ramat Gan, Israel, with respect to Israeli law, and by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Washington, D.C. with respect to U.S. law.

EXPERTS

The consolidated financial statements as of December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012, appearing in this prospectus and the registration statement of which this prospectus forms a part, have been so included in reliance on the reports of Kost, Forer, Gabbay and Kasierer, a member of Ernst & Young Global, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The offices of Kost, Forer, Gabbay and Kasierer are located at 3 Aminadav St., Tel-Aviv, 67067 Israel.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and any Israeli experts named in this registration statement, most of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because a majority of our assets and most of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or certain of our directors and officers may be difficult to collect within the United States.

We have been informed by our legal counsel in Israel, Israeli, Ben-Zvi, Attorneys at Law, that it may be difficult to assert U.S. securities laws claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact which can be a time-consuming and costly process. Matters of procedure will also be governed by Israeli law.

We have irrevocably appointed Wix.com, Inc., as our agent to receive service of process in any action against us in any United States federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. Subject to specified time limitations and legal procedures, Israeli courts may enforce a United States judgment in a civil matter which is non-appealable, including a judgment based upon the civil liability provisions of the Securities Act or the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that, among other things:

- the judgment is obtained after due process before a court of competent jurisdiction, according to the laws of the state in which the judgment is given and the rules of private international law prevailing in Israel;
- the prevailing law of the foreign state in which the judgment is rendered allows for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and to present his or her evidence;
- the judgment is not contrary to public policy of Israel, and the enforcement of the civil liabilities set forth in the judgment is not likely to impair the security or sovereignty of Israel;

- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties;
- an action between the same parties in the same matter was not pending in any Israeli court at the time at which the lawsuit was instituted in the foreign court; and
- the judgment is enforceable according to the laws of Israel and according to the law of the foreign state in which the relief was granted.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the Securities and Exchange Commission allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the Securities and Exchange Commission without charge at the Commission's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. The Securities and Exchange Commission also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the Commission. Our filings with the Securities and Exchange Commission are also available to the public through the Commission's website at http://www.sec.gov.

We are not currently subject to the informational requirements of the Exchange Act. Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements will file reports with the Securities and Exchange Commission. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the Securities and Exchange Commission as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the Securities and Exchange Commission, within four months after the end of each fiscal year, or such applicable time as required by the Commission, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the Commission, on Form 6-K, unaudited quarterly financial information for the first three quarters of each fiscal year within 60 days after the end of each such quarter, or such applicable time as required by the Commission.

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Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: 972 (3)6232525
Fax: 972 (3)5622555
www.ey.com

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
WIX.COM LTD. (FORMERLY: WIXPRESS LTD.)

We have audited the accompanying consolidated balance sheets of Wix.com Ltd. (formerly: Wixpress Ltd.) (the "Company") and its subsidiaries as of December 31, 2011 and 2012, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for each of the three years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2011 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Kost Forer Gabbay & Kasierer

Tel-Aviv, Israel
May 29, 2013

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

WIX.COM LTD.

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	December 31,		June 30,
	2011	2012	2013
			Unaudited
Assets			
Current Assets:			
Cash and cash equivalents	$10,374	$ 7,510	$ 7,821
Restricted deposit	4,164	2,536	2,302
Trade receivables	290	870	1,323
Prepaid expenses and other current assets	1,299	2,296	3,262
Total current assets	16,127	13,212	14,708
Long-Term Assets:			
Property and equipment, net	2,210	2,282	2,824
Severance pay fund	51	70	82
Prepaid expenses and other long-term assets	240	561	774
Deferred issuance cost	—	—	1,501
Total long-term assets	2,501	2,913	5,181
Total Assets	$18,628	$16,125	$ 19,889

The accompanying notes are an integral part of the consolidated financial statements.

WIX.COM LTD.

CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands (except share and per share data)

	December 31,		June 30,	Pro forma Shareholders' equity (deficiency) as of June 30,
	2011	2012	2013	2013
			Unaudited	
Liabilities and Shareholders' Equity (Deficiency)				
Current Liabilities:				
Trade payables	$ 978	$ 1,942	$ 3,426	
Employees and payroll accruals	1,894	2,464	3,368	
Deferred revenues	9,982	18,368	25,710	
Accrued expenses and other current liabilities	2,417	3,218	5,372	
Total current liabilities	15,271	25,992	37,876	
Long-Term Liabilities:				
Deferred revenues	199	616	1,062	
Accrued severance pay	72	88	99	
Total long term liabilities	271	704	1,161	
Total Liabilities	15,542	26,696	39,037	
Commitments and Contingencies				
Shareholders' Equity (Deficiency):				
Ordinary shares of NIS 0.01 par value – Authorized: 7,018,542 shares at December 31, 2011 and 2012 and June 30, 2013 (unaudited); issued and outstanding: 2,239,382, 2,308,801 and 2,356,227 shares at December 31, 2011, 2012 and June 30, 2013 (unaudited), respectively; 10,059,409 shares issued and outstanding pro forma (unaudited) at June 30, 2013	5	5	5	26
Preferred shares of NIS 0.01 par value – Authorized: 7,981,458 shares at December 31, 2011 and 2012 and June 30, 2013 (unaudited); issued and outstanding: 7,703,182 shares at December 31, 2011 and 2012 and June 30, 2013 (unaudited). Aggregate liquidation preference of $ 53,912 and $ 54,656 at December 31, 2012 and June 30, 2013 (unaudited), respectively; 0 shares issued and outstanding pro forma (unaudited)	21	21	21	—
Additional paid-in capital	47,880	49,195	50,778	50,778
Other comprehensive loss	—	—	(93)	(93)
Accumulated deficit	(44,820)	(59,792)	69,859	69,859
Total shareholders' equity (deficiency)	3,086	(10,571)	19,148	19,148
Total Liabilities and Shareholders' Equity (Deficiency)	$ 18,628	$ 16,125	$19,889	$ 19,889

The accompanying notes are an integral part of the consolidated financial statements.

WIX.COM LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
U.S. dollars in thousands (except per share data)

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Revenues	$ 9,850	$ 24,600	$ 43,676	$ 18,884	$ 34,116
Cost of revenues	2,223	5,290	9,233	3,879	6,390
Gross profit	7,627	19,310	34,443	15,005	27,726
Operating expenses:					
Research and development	7,315	14,746	16,782	7,935	11,499
Selling and marketing	9,848	21,586	29,057	12,964	22,615
General and administrative	1,819	5,421	3,662	1,679	3,086
Total operating expenses	18,982	41,753	49,501	22,578	37,200
Operating loss	(11,355)	(22,443)	(15,058)	(7,573)	(9,474)
Financial income (expenses), net	(19)	(41)	487	(108)	(36)
Other expenses	—	127	2	2	—
Loss before taxes on income	(11,374)	(22,611)	(14,573)	(7,683)	(9,510)
Taxes on income	115	129	399	89	557
Net loss	$(11,489)	$(22,740)	$(14,972)	$ (7,772)	$ (10,067)
Basic and diluted net loss per ordinary share	$ (12.90)	$ (24.94)	$ (8.13)	$ (4.23)	$ (5.08)
Basic and diluted pro forma loss per ordinary share (unaudited)			$ (1.50)		$ (1.00)
Other comprehensive loss (unaudited)					
Foreign currency translation differences (unaudited)	—	—	—	—	(93)
Other comprehensive loss for the period (unaudited)	—	—	—	—	(93)
Total comprehensive loss (unaudited)	$ 11,489	$ 22,740	$ 14,972	$ 7,772	$ 10,160

The accompanying notes are an integral part of the consolidated financial statements.

WIX.COM LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
U.S. dollars in thousands (except share data)

	Ordinary shares		Preferred shares		Additional paid-in capital	Other comprehensive loss	Accumulated deficit	Total Shareholders' equity (deficiency)
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2010	1,935,305	$ 4	5,405,015	$ 14	$ 10,832	$ —	$ (10,591)	$ 259
Issuance of Preferred D shares, net	—	—	1,272,940	4	10,073		—	10,077
Exercise of options	45,118	*) —	—	—	26	—	—	26
Share-based compensation expenses related to options granted to employees and non-employees consultants	—	—	—	—	349	—	—	349
Share-based compensation expenses related to shares purchased by related party	—	—	—	—	762	—	—	762
Net loss	—	—	—	—	—	—	(11,489)	(11,489)
Balance as of December 31, 2010	1,980,423	4	6,677,955	18	22,042	—	(22,080)	(16)
Issuance of Preferred E shares, net	—	—	1,025,227	3	20,852	—	—	20,855
Exercise of options	258,959	1	—	—	169	—	—	170
Tax benefit related to exercise of share options	—	—	—	—	84	—	—	84
Share-based compensation expenses related to options granted to employees and non-employees consultants	—	—	—	—	675	—	—	675
Share-based compensation expenses related to shares purchased by related party	—	—	—	—	4,058	—	—	4,058
Net loss	—	—	—	—	—	—	(22,740)	(22,740)
Balance as of December 31, 2011	2,239,382	5	7,703,182	21	47,880	—	(44,820)	3,086
Exercise of options	69,419	*) —	—	—	61	—	—	61
Tax benefit related to exercise of share options	—	—	—	—	234	—	—	234
Share-based compensation expenses related to options granted to employees and non-employees consultants	—	—	—	—	1,020	—	—	1,020
Net loss	—	—	—	—	—	—	(14,972)	(14,972)
Balance as of December 31, 2012	2,308,801	$ 5	7,703,182	$ 21	$ 49,195	—	$ (59,792)	$ (10,571)
Exercise of options (unaudited)	47,426	*) —	—	—	98	—	—	98
Tax benefit related to exercise of share options (unaudited)	—	—	—	—	111	—	—	111
Share-based compensation expenses related to options granted to employees and non-employees consultants (unaudited)					1,101	—	—	1,101
Compensation expenses related to warrants granted in connection with credit line (unaudited)					273	—	—	273
Other comprehensive loss (unaudited)	—	—	—	—	—	(93)	—	(93)
Net loss (unaudited)	—	—	—	—	—	—	(10,067)	(10,067)
Balance as of June 30, 2013 (unaudited)	2,356,227	$ 5	7,703,182	$ 21	$ 50,778	$ (93)	$ (69,858)	$ 19,148

*) Represents an amount lower than $ 1.

The accompanying notes are an integral part of the consolidated financial statements.

WIX.COM LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Cash flows from operating activities:					
Net loss	$(11,489)	$(22,740)	$(14,972)	$ (7,772)	$(10,067)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation	119	592	871	403	535
Share based compensation expenses	1,111	4,733	1,020	495	1,101
Tax benefit related to exercise of share options	—	84	234	—	111
Share-based compensation expenses related to warrants granted in connection with credit line	—	—	—	—	273
Deferred income taxes, net	26	(14)	(71)	—	—
Increase in trade receivables	(109)	(181)	(580)	(293)	(472)
Increase in prepaid expenses and other current and long-term assets	(342)	(995)	(1,266)	(335)	(1,652)
Increase in trade payables	60	811	964	763	1,484
Increase in employees and payroll accruals	692	599	570	91	905
Increase in short term and long term deferred revenues	3,903	5,048	8,803	3,369	7,931
Increase in accrued expenses and other current liabilities	735	1,320	820	502	1,133
Other, net	(16)	144	(1)	2	(1)
Net cash provided by (used in) operating activities	(5,310)	(10,599)	(3,608)	(2,775)	1,281
Cash flows from investing activities:					
Proceeds from restricted deposits	4	531	1,714	1,715	234
Investment in restricted deposits	(708)	(3,337)	(86)	(63)	—
Purchase of property and equipment	(1,064)	(1,754)	(947)	(406)	(1,077)
Proceeds from sale property and equipment	2	7	2	1	—
Net cash provided by (used in) investing activities	(1,766)	(4,553)	683	1,247	(843)
Cash flows from financing activities:					
Proceeds from issuance of Preferred shares, net	10,077	20,855	—	—	—
Proceeds from exercise of options	26	170	61	24	98
Net cash provided by financing activities	10,103	21,025	61	24	98
Effect of exchange rate on cash and cash equivalents	—	—	—	—	(225)
Increase (decrease) in cash and cash equivalents	3,027	5,873	(2,864)	(1,504)	311
Cash and cash equivalents at the beginning of the period	1,474	4,501	10,374	10,374	7,510
Cash and cash equivalents at the end of the period	$ 4,501	$ 10,374	$ 7,510	$ 8,870	$ 7,821
Supplemental disclosure of cash flow activities:					
Issuance cost	$ —	$ —	$ —	$ —	$ 1,028
Cash paid during the year for taxes	$ 56	$ 4	$ 105	$ 59	$ 252

The accompanying notes are an integral part of the consolidated financial statements.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)

NOTE 1: GENERAL

a. Wix.com Ltd. (formerly: Wixpress Ltd.) (the "Company") was incorporated on October 5, 2006, under the laws of the State of Israel, and commenced operations on the same date.

The Company develops and markets a solution that allows users to create web content.

b. On January 8, 2008, the Company established a wholly-owned subsidiary in the United States under the name of Wix.Com, Inc. (the "U.S. Subsidiary"), which is engaged primarily in customer support and marketing the Company's service. In November 2011, the Company also established a wholly-owned subsidiary in Brazil under the name Wixpress Brazil Serviços de Internet Ltda (the "Brazilian Subsidiary"). The Brazilian Subsidiary commenced operations in 2012.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

a. Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company evaluates on an ongoing basis its assumptions, including those related to contingencies, income taxes, deferred taxes and liabilities, share-based compensation cost, as well as in estimates used in applying the revenue recognition policy. The Company's management believes that the estimates, judgment and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

b. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions and balances, have been eliminated upon consolidation.

c. Unaudited Interim Financial Information:

The accompanying consolidated balance sheet as of June 30, 2013, the consolidated statements of operations and comprehensive loss and cash flows for the six months ended June 30, 2012 and 2013 and the shareholders' deficiency for the six months ended June 30, 2013 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual consolidated statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position and results of operations and cash flows for the six months ended June 30, 2012 and 2013. The financial data and the other information disclosed in these notes to the consolidated financial statements related to the six month periods are unaudited. The results of the six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2013 or for any other interim period or for any other future year.

d. Unaudited pro forma shareholders' equity:

The Company's board of directors has authorized the filing of a Registration Statement with the U.S. Securities and Exchange Commission to register the Company's Ordinary shares for sale to the public. Upon the closing of the Company's proposed initial public offering (the "IPO") as described in note 8.b.2, all of the authorized, issued, and outstanding Preferred shares will be automatically converted into Ordinary shares. Unaudited pro forma shareholders' equity as of June 30, 2013, as adjusted for the assumed conversion of such shares, is disclosed in the balance sheet.

e. Financial statements in U.S. dollars:

A majority of the Company's revenues are generated in U.S. dollars. In addition, the equity investments were in U.S. dollars and substantial portion of the Company costs are incurred in U.S dollars. The Company's management believes that the U.S. dollar is the currency of the primary economic environment in which the Company operates. Thus, the functional and reporting currency of the Company is the U.S dollar.

Accordingly, monetary accounts maintained in currencies other than the U.S. dollar are remeasured into U.S. dollars in accordance with Statement of the Accounting Standard Codification ("ACS") No. 830 "Foreign Currency Matters" ("ASC No. 830"). All transaction gains and losses of the remeasured monetary balance sheet items are reflected in the statement of comprehensive loss as financial income or expenses, as appropriate.

The functional currency of the U.S. Subsidiary is the U.S. dollar.

The functional currency of the Brazilian Subsidiary is the Brazilian Real (BRL). The Brazilian Subsidiary commenced its operation in 2012. All amounts on the Brazilian Subsidiary's balance sheets have been translated into the U.S. dollar using the exchange rates in effect on the relevant balance sheet dates. All amounts in the Brazilian Subsidiary's statements of operations have been translated into the U.S. dollar using the average exchange rate for the respective period on which those transactions are recorded. The resulting translation adjustments were not reported as a component in comprehensive income (loss) statement as of December 31, 2012, due to immateriality.

f. Cash and cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less, at the date acquired.

g. Restricted deposits:

Restricted deposits are deposits with maturities of more than one month and up to one year. As of December 31, 2011, 2012 and June 30, 2013 (unaudited) the Company's bank deposits were in U.S. dollars and New Israel Shekels (NIS) and bore interest at weighted average interest rates of 0.46%, 0.38% and 0.25% (unaudited), respectively. Restricted deposits are presented at their cost, including accrued interest. These deposits are used as security for the rental of premises, for the Company's credit cards, and as a security for the Company's hedging activities.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

h. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers, peripheral equipment and electronic equipment	15 - 33
Office furniture and equipment	6 - 14
Leasehold improvements	Over the shorter of the related lease period or the life of the asset

i. Long-lived assets:

The long-lived assets of the Company and its subsidiaries are reviewed for impairment in accordance with ASC No. 360, "Property, Plant and Equipment" ("ASC No. 360"), whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During 2010, 2011 and 2012 and the six months period ended June 30, 2013 (unaudited), no impairment losses have been identified.

j. Derivatives instruments:

ASC No. 815, "Derivative and Hedging", requires companies to recognize all of their derivative instruments as either assets or liabilities in the statement of financial position at fair value.

The Company enters into certain foreign exchange transactions to hedge a portion of its payments in NIS. Gains and losses related to such derivative instruments are recorded in financial income (expenses), net, since they do not qualify for hedge accounting treatment. As of December 31, 2011, 2012 and June 30, 2013 (unaudited), the aggregate notional amounts of these hedging contracts were $ 10,000 and $ 13,000 and $ 8,100 (unaudited), respectively. The foreign exchange transactions will expire through October 2013.

The fair value of derivative instruments as of December 31, 2012 and June 30, 2013 (unaudited) totaled $ 436 and $ 345 (unaudited), and are presented as part of prepaid expenses and other current assets. The fair value of derivative instruments balance as of December 31, 2011 totaled $ 240 and are presented as accrued expenses and other current liabilities.

In the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited), the Company recorded net financial income (expenses) from hedging transactions in the amount of $ 19, $ 239 and $ (485), $ (63) (unaudited) and $ 21 (unaudited) respectively.

k. Severance pay:

The Israeli Severance Pay Law, 1963 ("Severance Pay Law"), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one month salary for each year of employment, or a portion thereof.

The majority of the Company's liability for severance pay is covered by the provisions of Section 14 of the Severance Pay Law ("Section 14"). Under Section 14 employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, continued on their behalf to their insurance funds. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company's balance sheet.

For the Company's employees in Israel who are not subject to section 14, the Company calculated the liability for severance pay pursuant to the Severance Pay Law based on the most recent salary of these employees multiplied by the number of years of employment as of the balance sheet date. The Company's liability for these employees is fully provided for via monthly deposits with severance pay funds, insurance policies and an accrual. The value of these deposits is recorded as an asset on the Company's balance sheet.

Severance expense for the years ended December 31, 2010, 2011 and 2012 and the six months period ended June 30, 2012 (unaudited) and 2013 (unaudited), amounted to $ 479 $ 881 and $ 1,117, $ 530 (unaudited) and $ 741 (unaudited) respectively.

l. U.S. employees defined contribution plan:

The U.S. Subsidiary has a 401(K) defined contribution plan covering certain employees in the U.S. All eligible employees may elect to contribute up to 100%, but generally not greater than $ 17 per year (for certain employees over 50 years of age the maximum contribution is $ 22 per year), of their annual compensation to the plan through salary deferrals, subject to Internal Revenue Service limits.

The U.S. Subsidiary matches 4% of employee contributions up to the plan with no limitation. During the year ended December 31, 2012 the U.S. Subsidiary recorded expenses for matching contributions in amounts of $ 41. No expenses for matching contributions were recorded in 2010 and 2011.

m. Revenue recognition:

The Company provides an online platform that enables users to create websites using Flash and HTML5 technology and generates revenues primarily from services related to such websites. The Company also offers its users the ability to purchase and manage domain name and software apps that can be integrated as add-ons to their websites.

The Company recognizes revenues in accordance with ASC No. 605-10-S99, (SEC Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition"), when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered to the customer, (iii) the fee is fixed or determinable, and (iv) collectability is reasonably assured.

Revenues related to services for websites and, purchase and registration of domain names, are recognized ratably over the term of the service period. Revenues related to software applications developed by third party app developers are recognized when earned. The Company accounts for such sales on a net basis by recognizing the commission it retains from each sale. The portion of the gross amount billed to customers that is remitted by the Company to third-party app developers is not reflected in the Company's consolidated statements of operations and comprehensive loss.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

The Company offers a 14-day money back guaranty ("Guaranty Period"). The Company considers such amounts collected from new premium subscriptions as customer deposits until the end of the 14-day trial period. Revenues are recognized once the Guaranty Period has expired.

Although, in general, the Company does not grant rights of refund, there are certain instances where such refunds occur. Since the Company collects most of its revenues via online credit card billing, a small portion of its users elect to chargeback due to disputes over the credit card statements and/or claims of false transaction, and accordingly ask for refunds. The Company maintains a provision for chargebacks and refunds in accordance with ASC No. 605, "Revenue Recognition", which is estimated, based primarily on historical experience as well as management judgment, and is recorded through a reduction of revenue.

Deferred service revenues primarily include unearned amounts received from customers but not recognized as revenues.

Part of the Company's revenue transaction includes multiple elements within a single contract if it is determined that multiple units of accounting exist.

Commencing January 1, 2011, the Company adopted Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements, (amendments to ASC Topic 605, Revenue Recognition)" (ASU No. 2009-13) . ASU No. 2009-13 requires entities to allocate revenues in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenues to be allocated using the relative selling price method.

The primary types of transactions in which the Company engages for which ASU No. 2009-13 is applicable are agreements that include multiple elements which are delivered at different points in time. Such elements may include some or all of the following:

- Services for websites;
- Purchase and registration of domain name; and
- Third-party developed applications.

The Company considers the sale of each of the above stated elements in bundled agreement to be a separate unit of accounting for the arrangement and defers the relative selling price of the undelivered element to the period in which revenue is earned.

Pursuant to the guidance under ASU No. 2009-13, when a sales arrangement contains multiple elements, the Company allocates revenues to each element based on a selling price hierarchy. The selling price for a deliverable is based on its VSOE if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. VSOE of selling price is based on the price charged when the element is sold separately. In determining VSOE, it is required that a substantial majority of the selling prices fall within a reasonable range based on historical discounting trends for specific services. TPE of selling price is established by evaluating largely interchangeable competitor services in stand-alone sales to similarly situated customers.

Website service and domain name registrations are sold separately and therefore the selling price is based on VSOE.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

n. Research and development costs:

Research and development costs are charged to the statements of operations and comprehensive loss as incurred. ASC 985-20, "Software- Costs of Software to Be Sold, Leased, or Marketed", requires capitalization of certain software development costs subsequent to the establishment of technological feasibility.

Based on the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working models and the point at which the products are ready for general release, have been insignificant. Therefore, all research and development costs are expensed as incurred.

o. Advertising expenses:

Advertising expenses consist primarily of cost-per click expenses, social networking expenses, marketing campaigns and display advertisements. Advertising expenses are charged to the statement of operations and comprehensive loss, as incurred. Advertising expenses for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 (unaudited) and 2013 (unaudited), amounted to $ 6,398, $ 15,914 and $ 21,473, $ 9,748 (unaudited) and $ 17,239 (unaudited), respectively.

p. Share-based compensation:

The Company accounts for share-based compensation in accordance with ASC 718, "Compensation—Stock Compensation" ("ASC No. 718"). ASC No. 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations and comprehensive loss.

The Company recognizes compensation expenses for the value of its awards granted based on the straight line method over the requisite service period of each of the awards, net of estimated forfeitures. ASC No. 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company selected the Black-Scholes option-pricing model as the most appropriate fair value method for its option awards. The option-pricing model requires a number of assumptions, of which the most significant are the expected share price, volatility and the expected option term.

The fair value of ordinary share underlying the options has historically been determined by management and approved by the Company's board of directors. Because there has been no public market for the Company's ordinary shares, the management has determined fair value of an ordinary share at the time of grant of the option by considering a number of objective and subjective factors including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, amongst other factors. The fair value of the underlying ordinary shares will be determined by management until such time as the Company's ordinary shares are listed on an established stock exchange. The Company's management determined the fair value of ordinary shares based on valuations performed using the Option Pricing Method (OPM) for the years ended December 31, 2010, 2011 and 2012.

The Company applies ASC No. 718 and ASC No. 505-50 "Equity Based Payments to Non-Employees" ("ASC No. 505-50") with respect to options and warrants issued to non-employees consultants. ASC No. 718 requires the use of option valuation models to measure the fair value of the options and warrants at the date of grant.

q. Income taxes:

The Company accounts for income taxes in accordance with ASC No. 740, "Income Taxes". This codification prescribes the use of the asset and liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and for carry-forward tax losses. Deferred taxes are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Deferred tax liabilities and assets are classified as current or non-current based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences, if not related to an asset or liability for financial reporting.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740, "Income Taxes". Accounting guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements, under which a company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. Accordingly, the Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in tax expense. The Company did not record a provision due to immateriality.

r. Basic and diluted net loss per share:

The Company applies the two class method as required by ASC No. 260-10, "Earnings Per Share" ("ASC No. 260-10"). ASC 260-10 requires the income or loss per share for each class of shares (ordinary and preferred shares) to be calculated assuming 100% of the Company's earnings are distributed as dividends to each class of shares based on their contractual rights. No dividends were declared or paid during the reported periods.

According to the provisions of ASC No. 260-10, the Company's preferred shares are not participating securities in losses and, therefore, are not included in the computation of net loss per share.

Basic and diluted net loss per share is computed based on the weighted-average number of shares of ordinary shares outstanding during each year. Diluted loss per share is computed based on the weighted average number of ordinary shares outstanding during the period, plus dilutive potential shares considered outstanding during the period, in accordance with

ASC 260-10. Basic and diluted net loss per share of ordinary shares was the same for each period presented as the inclusion of all potential ordinary shares outstanding was anti-dilutive.

For the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited), all outstanding preferred shares and options have been excluded from the calculation of the diluted net loss per share since their effect was anti-dilutive and the total preferred shares and options that have been excluded from the calculations was 8,380,564, 9,721,734, 9,830,694, 9,823,786 (unaudited) and 9,991,133 (unaudited), respectively.

Basic and diluted pro forma net loss per share (unaudited), as presented in the statements of operations and comprehensive loss, has been calculated as described above and also gives effect to the automatic conversion of all series of preferred shares that will occur upon closing of the Initial Public Offering ("IPO").

s. Comprehensive income (loss):

The Company accounts for comprehensive income (loss) in accordance with Accounting Standards Codification No. 220, "Comprehensive Income" ("ASC No. 220"). This statement establishes standards for the reporting and display of comprehensive income (loss) and its components in a full set of general purpose financial statements. Comprehensive income (loss) generally represents all changes in shareholders' equity during the period except those resulting from investments by, or distributions to shareholders.

For the year ended December 31, 2012, the Company determined that its items of comprehensive income (loss) relate to functional currency translation, the resulting translation adjustments were not reported as a component of other comprehensive income in shareholders' equity, due to immateriality.

t. Concentration of credit risks:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and restricted deposits.

The majority of the Company's and its subsidiaries' cash and cash equivalents and restricted deposits are invested with major bank in Israel, Brazil and the United States. Such investments in the United States may be in excess of insured limits and are not insured in other jurisdictions. Generally, these investments may be redeemed upon demand and, therefore, bear minimal risk.

u. Fair value of financial instruments:

The estimated fair value of financial instruments has been determined by the Company using available market information and valuation methodologies. Considerable judgment is required in estimating fair values. Accordingly, the estimates may not be indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used by the Company in estimating the fair value of their financial instruments:

The carrying values of cash and cash equivalents, restricted deposits, trade receivables, prepaid expenses and other current assets, trade payables, employees and payroll accruals and accrued expenses and other current liabilities approximate fair values due to the short-term maturities of these instruments.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

The Company applies ASC No. 820, "Fair Value Measurements and Disclosures" ("ASC No. 820"), with respect to fair value measurements of all financial assets and liabilities.

The fair value of foreign currency contracts (used for hedging purposes) is estimated by obtaining current quotes from banks and third party valuations.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

In accordance with ASC 820, the Company measures its foreign currency derivative contracts, at fair value using the market approach valuation technique. Foreign currency derivative contracts as detailed in note 2.j are classified within Level 2 value hierarchy, as the valuation inputs are based on quoted prices and market observable data of similar instruments.

v. The impact of recently issued accounting standards still not effective for the Company as of December 31, 2012 is as follows:

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (210): Disclosures about Offsetting Assets and Liabilities," which requires additional disclosures about the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required. In January 2013, the FASB issued Accounting Standard Update No. 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." The Company believes that the adoption of both the standard and the update will not have a material impact on its consolidated financial statements.

NOTE 3: PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31,		June 30,
	2011	2012	2013
			Unaudited
Government authorities	$ 196	$ 207	$ 361
Hedging transaction assets	—	436	345
Prepaid expenses	967	1,502	2,260
Other current assets	136	151	296
	$1,299	$2,296	$ 3,262

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

NOTE 4: PROPERTY AND EQUIPMENT

The composition of property and equipment is as follows:

	December 31,		June 30,
	2011	2012	2013
			Unaudited
Cost:			
Leasehold improvements	$1,803	$2,219	$ 2,893
Computers, peripheral equipment and electronic equipment	977	1,424	1,766
Office furniture and equipment	198	264	325
	2,978	3,907	4,984
Less accumulated depreciation	768	1,625	2,160
Depreciated cost	$2,210	$2,282	$ 2,824

Depreciation expense amounted to $ 119, $ 592, $ 871, $ 403 (unaudited) and $ 535 (unaudited) for the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited), respectively.

During 2011, the Company moved to new offices. As a result the Company abandoned its former offices and recognized a capital loss of $ 127 due to the disposal of leasehold improvements.

NOTE 5: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,		June 30,
	2011	2012	2013
			Unaudited
Accrued expenses	$2,102	$3,162	$ 5,316
Hedging transaction liability	240	—	—
Deferred tax liability	75	56	56
	$2,417	$3,218	$ 5,372

NOTE 6: CREDIT LINE (UNAUDITED)

On June 24, 2013, the Company entered into a credit line agreement with Silicon Valley Bank (the “Lender”) pursuant to which the Lender agreed to make a $ 10,000 line of credit available to the Company until December 31, 2014 (“the Credit Line”). The utilized amount of the Credit Line should be paid back to the Lender at the earlier of December 31, 2014 or upon termination of the Credit Line agreement by each of the parties, as specified in the Credit Line agreement.

The credit bears U.S. dollar denominated interest at annual equals to the prime rate as quoted in the Wall Street Journal print edition (“Prime Rate”) plus 2.25% over the utilized amount of the Credit Line and 0.4% over the unutilized portion of the Credit Line. The Credit Line also includes certain affirmative and negative covenants as further described in the Credit Line agreement.

As part of the credit line Agreement, the Company issued to the Lender 9,766 warrants to purchase Series E Preferred shares of the Company at an exercise price of $ 20.48 per share. The warrants are can be exercised for a 7 year term.

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In connection with the issue of the warrants the Company recorded $ 273 Share-based compensation expenses, which were recorded as financial expenses in the Company's consolidated statements of operations and comprehensive loss.

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

a. Lease commitments:

The Company and its U.S. Subsidiary rent their facilities under various operating lease agreements, which expire through 2016. In addition the Company leases certain motor vehicles under certain car operating lease agreement which expire through 2016. The minimum rental payments under operating leases as of December 31, 2012, are as follows:

	Rental of premises	Lease of motor vehicles
2013	$ 1,482	$ 288
2014	1,311	152
2015	1,311	50
2016	109	1
	$ 4,213	$ 491

Total rent expenses for the years ended December 31, 2010, 2011 and 2012 were approximately $ 222, $ 869 and $ 1,376, respectively.

Total motor vehicle lease expenses for the years ended December 31, 2010, 2011 and 2012 were approximately $ 132, $ 185 and $ 272, respectively.

b. Pledges:

The Company obtained bank guarantee in the amount of $ 2,202, in connection with an office lease agreement, credit cards and hedging transactions.

c. Legal contingencies:

The Company is currently involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss. These accruals are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter.

The Company is subject to a patent infringement litigation that was filed against it (and many other entities) on December 7, 2012 by CreateAds LLC. The complaint was filed in the United States District Court for the District of Delaware and alleges infringement of a U.S. Patent. The Company filed a motion to dismiss the complaint in its entirety. The plaintiff opposed the motion. No schedule has been set by the court and it is expected that any trial in the matter would likely not occur until sometime in 2014 or after. The patent-in-suit expires in 2014, although if the plaintiff prevails, it could seek damages, including damages up to three times the amount found or assessed, with respect to our sales since inception and require us to license the

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technology subject to the patent through the date of its expiration. Due to the early stage of the proceedings, the Company currently does not have the ability to assess the probability and potential exposure from this law-suit.

NOTE 8: SHAREHOLDERS' EQUITY

a. Composition of shares capital of the Company:

	December 31, 2011		December 31, 2012		June 30, 2013	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares				Unaudited	
Ordinary shares of NIS 0.01 par value each	7,018,542	2,239,382	7,018,542	2,308,801	7,018,542	2,356,227
Preferred A shares	902,669	902,669	902,669	902,669	902,669	902,669
Preferred B shares	2,179,935	2,179,935	2,179,935	2,179,935	2,179,935	2,179,935
Preferred B1 shares	1,408,550	1,408,550	1,408,550	1,408,550	1,408,550	1,408,550
Preferred C shares	913,861	913,861	913,861	913,861	913,861	913,861
Preferred D shares	1,272,940	1,272,940	1,272,940	1,272,940	1,272,940	1,272,940
Preferred E shares	1,303,503	1,025,227	1,303,503	1,025,227	1,303,503	1,025,227
	15,000,000	9,942,564	15,000,000	10,011,983	15,000,000	10,059,409

b. 1. Ordinary Shares:

The ordinary shares of the Company confer on the holders thereof voting rights, rights to receive dividends and rights to participate in distribution of assets upon liquidation after all the preferred shares received their preference amount in full as detailed below.

2. Preferred Shares:

The Series A, Series B, Series B1, Series C, Series D and Series E preferred shares of the Company (collectively, the "Preferred Shares") confer all of the rights of ordinary shares, as well as the certain rights of conversion into ordinary shares and other preferences as described in the Company's Articles of Association.

Liquidation Preference — As of December 31, 2012, in the event of any liquidation, dissolution or winding up of the Company, the holders of the Preferred shares are entitled to receive out of the distributable amount, prior and in preference to any other securities of the Company, on a *pari passu* and pro-rata basis with the other holders of the Preferred Shares the following amounts: (i) for each Series A Preferred Share an amount of $ 1.50; (ii) for each Series B Preferred Share an amount of $ 2.19; (iii) for each Series B1 Preferred Share an amount of $ 2.23; (iv) for each Series C Preferred Share an amount of $ 3.25; (v) for each Series D Preferred Share an amount of $ 10.38; and (i) for each Series E Preferred Share an amount of $ 27.76. After full payment of the said liquidation preference amounts to the holders of the Preferred Shares, the remaining assets of the Company legally available for distribution shall be distributed equally among the holders of the ordinary shares of the Company.

Dividends — The holders of the Preferred Shares are entitled to receive on a cumulative basis out of any dividends declared by the Board of Directors, prior and in preference to any other securities of the Company, but on a *pari passu* and pro-rata basis with the other holders of the Preferred Shares the following amounts: (i) for each Series A Preferred

Share an amount of $ 1.81; (ii) for each Series B Preferred Share an amount of $ 2.56; (iii) for each Series B1 Preferred Share an amount of $ 2.58; (iv) for each Series C Preferred Share an amount of $ 3.64; (v) for each Series D Preferred Share an amount of $ 11.43; and (vi) for each Series E Preferred Share an amount of $ 29.63. After full payment of the said dividend preference amounts to the holders of the Preferred Shares, the remaining dividend amounts shall be distributed equally among the holders of the ordinary Shares of the Company. As of December 31, 2012 and the date of these financial statements, no dividends had been declared or paid by the Company.

Voting — Each of the Preferred Shares shall be voted together with the other shares of the Company, and not as a separate class, in all general meetings of the Company's shareholders with each Preferred Share having votes in such number as if then converted into ordinary shares of the Company.

Conversion — Each Preferred Share is convertible into ordinary shares at the election of its holder. In addition, all Series A, Series B, Series B1 and Series C Preferred Shares are mandatorily convertible at the election of the majority of the holders of such shares voting as a single class. All Series D and Series E Preferred Shares, respectively, are mandatorily convertible at the election of the majority of the holders of such class of shares. Furthermore, the Preferred Shares will automatically convert into ordinary shares upon the closing of a public offering yielding at least US $ 35,000 in net proceeds to the Company at a price per share of at least $ 40.966 (subject to possible adjustments). The conversion of the Preferred Shares shall be into ordinary shares which are fully paid and non-assessable under a conversion ratio detailed in the Company's Articles of Association. The initial conversion ratio is 1-to-1, subject to certain antidilution adjustments as set forth in the Company's Articles of Association, principally for certain additional issuances of shares. As of December 31, 2012 and the date of these consolidated financial statements, the conversion ratio for all series of Preferred Shares was a 1-to-1 ratio.

c. Issuance of Preferred shares:

1. In March 2010, the Company entered into a Series D Preferred Share purchase agreement, pursuant to which the Company issued an aggregate amount of 1,272,940 shares of Series D Preferred shares, for total consideration of $ 10,077, net of issuance expenses in the amount of $ 89.

2. In March 2011, the Company entered into a Series E Preferred Share purchase agreement, pursuant to which the Company issued an aggregate amount of 1,025,227 shares of Series E Preferred Shares, for total consideration of $ 20,855, net of issuance expenses in the amount of $ 145.

d. Share based payment:

In April 2007, the Company's Board of Directors adopted an Employee Shares Incentive Plan ("the Plan"). Under the Plan, options may be granted to employees, officers, non-employees consultants and directors of the Company and its Subsidiaries.

Under the Plan, as of December 31, 2012 and June 30, 2013 (unaudited), an aggregate of 170,554 and 95,455 (unaudited), respectively, shares were still available for future grant. Each option granted under the Plan expires no later than ten years from the date of grant. The vesting period of the options is generally four years, unless the Board of Directors or the Board's Compensation Committee determines otherwise. Any option which is forfeited or cancelled before expiration becomes available for future grants.

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The total share-based compensation expense related to all of the Company's equity-based awards, recognized for the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited), was comprised as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Cost of revenues	$ 14	$ 40	$ 105	$ 47	$ 68
Research and development	659	1,939	553	260	503
Sales and marketing	95	222	101	44	106
General and administrative	343	2,532	261	144	424
Total share-based compensation expense	$1,111	$4,733	$1,020	$495	$1,101

The total equity-based compensation expense related to all of the Company's employees and non-employees consultants recognized for the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited), was comprised as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Employees	$1,093	$4,692	$ 950	$444	$ 874
Non-employees consultants	18	41	70	50	70
Total share-based compensation expense	$1,111	$4,733	$1,020	$495	$1,101

Total unrecognized compensation cost amounted to $ 2,550 and $ 5,224 (unaudited) as of December 31, 2012 and June 30, 2013 (unaudited), respectively, and is expected to be recognized over a weighted average period of approximately 3.26 years and 3.32 years (unaudited), respectively.

In parallel to the Series D and E Preferred financing round of the Company and a small number of additional transactions, the investors purchased ordinary shares of the Company, at a price per share equal to the price per Preferred Share in the period, from existing shareholders of the Company who are also officers and/or employees of the Company. Following such transactions, the Company recorded share-based compensation expense in the amount of $ 762 and $ 4,058 for the years ended December 31, 2010 and 2011, respectively.

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e. Options granted to employees:

A summary of the activity in options granted to employees for the years ended December 31, 2010, 2011 and 2012 and June 30, 2013 (unaudited) is as follows:

	Amount of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Balance as of January 1, 2010	774,306	$ 0.60	9.05	$ 313
Granted	1,075,833	$ 0.99		
Exercised	(41,038)	$ 0.58		
Forfeited	(179,318)	$ 0.76		
Balance as of December 31, 2010	1,629,783	$ 0.84	9.13	$ 1,923
Granted	662,840	$ 2.30		
Exercised	(206,813)	$ 0.63		
Forfeited	(95,560)	$ 1.82		
Balance as of December 31, 2011	1,990,250	$ 1.30	8.61	$12,280
Granted	245,500	$ 5.99		
Exercised	(69,419)	$ 0.87		
Forfeited	(71,121)	$ 3.27		
Balance as of December 31, 2012	2,095,210	$ 1.80	7.82	$32,671
Granted	240,100	$ 7.01		
Exercised	(47,426)	$ 2.05		
Forfeited	(66,801)	$ 3.34		
Balance as of June 30, 2013 (unaudited)	2,222,183	$ 2.31	7.55	$62,286
Exercisable as of December 31, 2012	1,060,754	$ 1.26	7.36	$17,107
Vested and expected to vest as of December 31, 2012	1,991,764	$ 1.77	7.79	$31,114
Exercisable as of June 30, 2013 (unaudited)	1,209,220	$ 1.43	6.99	$34,973
Vested and expected to vest as of June 30, 2013 (unaudited)	2,119,897	$ 2.26	7.52	$59,555

The computation of unexpected volatility is based on actual historical share price volatility of comparable companies. The expected option term represents the period of time that options granted are expected to be outstanding. For stock-option awards which were at the money when granted (plain vanilla stock-options), it is determined based on the simplified method in accordance with SAB No. 110, as adequate historical experience is not available to provide a reasonable estimate. The simplified method will continue to apply until enough historical experience is available to provide a reasonable estimate of the expected term. For stock-option awards which were in the money when granted, a binomial model was used to determine the expected term as an input to the Black-Scholes-Merton option pricing model. The Company has historically not paid dividends and has no foreseeable plans to pay dividends and, therefore, uses an expected dividend yield of zero in the option pricing model. The risk-free interest rate is based on the yield of U.S. treasury bonds with equivalent terms.

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The following table set forth the parameters used in computation of the options compensation to employees for the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited):

	December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Expected volatility	65%	65%	70%	70%	58%-65%
Expected dividends	0%	0%	0%	0%	0%
Expected term (in years)	6.11-7.09	6.11	6.11	6.11	4-5.3
Risk free rate	1.5%-2.8%	1.7%-2.3%	1.0%-1.6%	1%-1.6%	0.5%-0.8%

A summary of options data for the years ended December 31, 2010, 2011 and 2012 and six months periods ended June 30, 2013 (unaudited), is as follows:

	Year ended December 31,			Six months ended June 30
	2010	2011	2012	2013
Weighted-average grant date fair value of options granted	$1.53	$ 2.12	$6.50	$ 15.41
Total intrinsic value of the options exercised	$ 59	$1,414	$ 723	$ 1,342
Total fair value of shares vested	$ 255	$ 517	$ 835	$ 338

The aggregate intrinsic value is calculated as the difference between the per-share exercise price and the deemed fair value of the Company's Ordinary share for each share subject to an option multiplied by the number of shares subject to options at the date of exercise. The Company's management deemed the fair value of the Company's Ordinary shares to be $ 17.39 and $ 30.35 (unaudited) per share as of December 31, 2012 and June 30, 2013 (unaudited), respectively.

The following tables summarize information about the Company's outstanding and exercisable options granted to employees as of December 31, 2012 and June 30, 2013 (unaudited):

Exercise price	Options outstanding as of December 31, 2012	Weighted average remaining contractual term (years)	Options exercisable as of December 31, 2012	Weighted average remaining contractual term (years)
$0.47	268,484	6.19	252,847	6.16
0.90	31,722	4.74	31,722	4.74
1.00	1,056,770	7.76	508,521	7.61
2.02	365,009	8.14	188,783	8.12
3.15	207,294	8.84	64,953	8.76
7.01	165,931	9.45	13,928	9.38
	2,095,210	7.82	1,060,754	7.36

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Exercise price	Options outstanding as of June 30, 2013 (unaudited)	Weighted average remaining contractual term (years)	Options exercisable as of June 30, 2013 (unaudited)	Weighted average remaining contractual term (years)
0.47	258,378	5.73	254,444	5.72
0.9	31,722	4.25	31,722	4.25
1	1,055,264	7.27	587,848	7.13
2.02	298,006	7.63	207,587	7.63
3.15	189,900	8.34	83,769	8.30
7.01	387,813	9.37	43,850	8.97
	2,221,083	7.55	1,209,220	6.99

f. Options granted to non-employees consultants:

The following table summarizes information about the Company's outstanding and exercisable options to purchase Ordinary shares granted to non-employees consultants as of December 31, 2012 and June 30, 2013 (unaudited):

Issuance date	Options outstanding as of December 31, 2012	Exercise price	Exercisable as of December 31, 2012	Exercisable Through
September 9, 2007	8,862	$ 0.90	8,862	September 9, 2017
November 21, 2008	1,190	$ 0.47	1,190	November 21, 2018
May 12, 2009	2,250	$ 0.47	2,077	May 12, 2019
March 11, 2010	5,000	$ 1.00	5,000	March 11, 2020
January 25, 2011	11,000	$ 2.02	6,085	January 25, 2021
August 13, 2012	4,000	$ 7.01	4,000	August 13, 2022
	32,302		27,214	

Issuance date	Options outstanding as of June 30, 2013	Exercise price	Exercisable as of June 30, 2013	Exercisable Through
September 9, 2007	8,862	$ 0.90	8,862	September 9, 2017
November 21, 2008	1,190	$ 0.47	1,190	November 21, 2018
May 12, 2009	2,250	$ 0.47	2,250	May 12, 2019
March 11, 2010	5,000	$ 1.00	5,000	March 11, 2020
January 25, 2011	11,000	$ 2.02	6,938	January 25, 2021
August 13, 2012	4,000	$ 7.01	4,000	August 13, 2022
January 9, 2013	1,800	$ 7.01	1,800	January 9, 2023
May 2, 2013	23,000	$ 7.01	3,333	May 2, 2023
	57,102		33,373	

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The following table set forth the parameters used in computation of the options compensation to non-employees consultants for the years ended December 31, 2010, 2011 and 2012 and the six months periods ended June 30, 2012 (unaudited) and 2013 (unaudited):

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Expected volatility	65%	65%	70%	70%	58%-65%
Expected dividends	0%	0%	0%	0%	0%
Expected term (in years)	8-10	7-10	7-10	7-10	5.86-10
Risk free rate	2%-2.3%	1.4%-2.8%	1.8%-2.9%	1.8%-2.9%	0.86%-1.3%

NOTE 9: INCOME TAXES

The Company's subsidiaries are separately taxed under the domestic tax laws of the jurisdiction of incorporation of each entity.

a. Corporate tax in Israel:

In July 2009, the Knesset passed the Law for Economic Efficiency (Amended Legislation for Implementing the Economic Plan for 2009 and 2010), 2009, which prescribed, among others, an additional gradual reduction in the rates of the Israeli corporate tax and real capital gains tax starting 2011. The tax rate in effect for 2010 and 2011 was 25% and 24%, respectively.

Recently, the Law for Change in the Tax Burden (Legislative Amendments) (Taxes), 5772-2011, (the "Tax Burden Law 2011"), was published by the Government of Israel. The Tax Burden Law 2011 cancelled the scheduled progressive reduction of the corporate tax rate that was approved in 2009 and instead set the corporate tax rate at 25% from 2012 and thereafter.

On July 30, 2013, the Israeli Parliament (the Knesset) approved the second and third readings of the Economic Plan for 2013-2014 ("Amended Budget Law") which consists, among others, of fiscal changes whose main aim is to enhance long-term collection of taxes.

These changes include, among others, raising the Israeli corporate tax rate from 25% to 26.5%, cancelling the lowering of the tax rates applicable to preferred enterprises (9% in development area A and 16% in other areas), taxing revaluation gains and increasing the tax rates on dividends within the scope of the Law for the Encouragement of Capital Investments to 20% effective from January 1, 2014.

The change in tax rates will not affect the deferred tax balances as of June 30, 2013.

b. Loss before taxes on income is comprised as follows:

	Year ended December 31,		
	2010	2011	2012
Domestic	$(11,486)	$(22,841)	$(15,749)
Foreign	112	230	1,176
Loss before taxes on income	$(11,374)	$(22,611)	$(14,573)

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c. Deferred income taxes:

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recorded for tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	Year ended December 31,	
	2011	2012
Deferred tax assets:		
Net operating loss carry-forwards	$7,121	$ 9,276
Capital losses carry-forwards	47	48
Research and development expenses	2,482	3,738
Tax credit carryforwards	63	115
Other	158	304
Deferred tax assets before valuation allowance	9,871	13,481
Valuation allowance	9,808	13,366
Deferred tax asset	$ 63	$ 115
Deferred tax liabilities:		
Fixed assets	$ 75	$ 56
Deferred tax liabilities	$ 75	$ 56

The Company has provided valuation allowances in respect of certain deferred tax assets resulting from tax loss carry-forwards and other reserves and allowances due to its history of losses and uncertainty concerning realization of these deferred tax assets. In addition, a deferred tax liability has been established to reflect the Company's tax depreciation of property and equipment, net which differs from depreciation recorded in the consolidated financial statements.

d. Income taxes are comprised as follows:

	Year ended December 31,		
	2010	2011	2012
Current	$ 89	$143	$470
Deferred	26	(14)	(71)
	$115	$129	$399

	Year ended December 31,		
	2010	2011	2012
Domestic	$ —	$ —	$ —
Foreign	115	129	399
	$115	$129	$399

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e. A reconciliation of the Company's theoretical income tax expense to actual income tax expense as follows:

	Year ended December 31,		
	2010	2011	2012
Loss before income taxes	$(11,374)	$(22,611)	$(14,573)
Statutory tax rate	25%	24%	25%
Theoretical income tax expense	(2,843)	(5,427)	(3,643)
Utilization of tax losses and deferred taxes for which valuation allowance was provided, net	2,594	4,721	3,558
Deferred taxes on losses for which valuation allowance was provided, net	—	(416)	(146)
Non-deductible option expenses	268	1,127	238
Non-deductible expenses	49	93	71
Tax adjustment in respect of different tax rate of foreign subsidiary	87	140	207
Taxes in respect of prior years	—	(74)	—
Other	(40)	(35)	114
Income tax expense	$ 115	$ 129	$ 399

f. Net operating loss carry-forwards

As of December 31, 2012, the Company had carry-forward operating and capital tax losses totaling approximately $ 36,750 and $ 190, respectively, out of which approximately $ 36,200 and $ 190 of losses, respectively were attributed to Israel and can be carried forward indefinitely and $ 550 were attributed to the U.S. Subsidiary and can be carried forward up until 2032.

g. The Law for the Encouragement of Capital Investments, 1959 (the "Law"):

On April 1, 2005, an amendment to the Investment Law came into effect ("the Amendment") and has significantly changed the provisions of the Investment Law. The Amendment limits the scope of enterprises which may be approved by the Investment Center by setting criteria for the approval of a facility as an Approved Enterprise, such as provisions generally requiring that at least 25% of the Approved Enterprise's income will be derived from export. Additionally, the Amendment enacted major changes in the manner in which tax benefits are awarded under the Investment Law so that companies no longer require Investment Center approval in order to qualify for tax benefits.

According to the law, the Company is entitled to various tax benefits by virtue of the "Beneficiary Enterprise" status granted to part of its enterprises, defined by this law.

During 2010, the Company had applied by Tax Pre-ruling to the Israeli Tax Authorities ("ITA") to receive "Beneficiary Enterprise" status and elect 2009 as year of election. During 2011, the Company received a tax decision from the ITA approving its request for "Beneficiary Enterprise" status and the Company elected 2009 as its year of election. Under the Investment Law and its Amendment and according to the tax decision, the Company is entitled to various tax benefits, defined by this law, under the "Alternative Benefits" track as a Beneficiary Enterprise.

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Pursuant to the beneficiary program, the Company is entitled to a tax benefit period of seven to ten years on income derived from this program as follows: the Company is fully tax exempted for a period of the first two years and for the remaining five to eight subsequent years is subject to tax at a rate of 10% - 25% (based on the percentage of foreign ownership of the Company).

The benefit period begins in the year in which taxable income is first earned, limited to 12 years from the year of election.

If dividends are distributed out of tax exempt profits, the Company will then become liable for tax at the rate applicable to its profits from the Beneficiary enterprise in the year in which the income was earned, as if it had not chosen the alternative track of benefits.

The dividend recipient is subject to withholding tax at the rate of 15% applicable to dividends from Beneficiary enterprises, if the dividend is distributed during the tax benefits period or within twelve years thereafter. This limitation does not apply to a foreign investors' company. The Company currently has no plans to distribute dividends and intends to retain future earnings to finance the development of its business.

The above benefits are conditioned upon the fulfillment of the conditions stipulated by the law and regulations published thereunder. In the event of failure to comply with these conditions, the benefits may be canceled and the Company may be required to refund the amount of the benefits, in whole or in part, including interest and linked to changes in the Israeli CPI.

Management believes that the Company will meet the aforementioned conditions by the year of the elected operations.

As a result of the amendment, tax-exempt income generated under the provisions of the new law will subject the Company to taxes upon distribution or liquidation and the Company may be required to record a deferred tax liability with respect to such tax-exempt income.

Through December 31, 2012, the Company had not generated income under the provision of the new law.

In December 2010, the Israeli Parliament passed the Law for Economic Policy for 2011 and 2012 (Amended Legislation), 2011, which prescribes, among other things, amendments to the Investment Law, effective as of January 1, 2011. According to the amendment, the benefit tracks under the Investment Law were modified and a uniform tax rate will apply to all of the income of an approved or beneficiary enterprise. Companies may elect to irrevocably implement the amendment (while waiving benefits provided under the Investment Law as currently in effect) and subsequently would be subject to the amended tax rates that are: 2011 and 2012 - 15%, 2013 and 2014 - 12.5% and in 2015 and thereafter - 12%.

Under the transition provisions of the new legislation, the Company may decide to irrevocably implement the new law while waiving benefits provided under the current law or to remain subject to the current law.

The Company does not currently intend to implement the amendment, and intends to continue to comply with the Investment Law as in effect prior to enactment of the amendment.

h. Tax assessments:

The Company and its subsidiaries did not have any final tax assessments as of December 31, 2012

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NOTE 10: FINANCIAL INCOME (EXPENSES), NET

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Bank charges	$(21)	$ (24)	$ (28)	$ (15)	$ (15)
Income (expenses) related to hedging activity	(19)	(239)	485	63	(21)
Interest expenses	—	—	—	—	(100)
Share based compensation related towarrants granted in connection with credit line	—	—	—	—	(273)
Exchange rate gain (loss), net	—	75	(24)	(179)	346
Total income (expenses)	(40)	(188)	433	(131)	(63)
Interest income	21	147	54	23	27
Total financial income (expenses), net	$(19)	$ (41)	$487	$(108)	$ (36)

NOTE 11: BASIC AND DILUTED NET LOSS PER SHARE

	Year ended December 31,			Six Months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
Numerator:					
Net loss	$ (11,489)	$ (22,740)	$ (14,972)	$ (7,772)	$ (10,067)
Dividends accumulated for the period (*)	(13,600)	(30,091)	(3,511)	(1,746)	(1,736)
Net loss available to shareholders of Ordinary shares	$ (25,089)	$ (52,831)	$ (18,483)	$ (9,518)	$ (11,803)
Denominator:					
Shares used in computing net loss per Ordinary shares, basic and diluted	1,945,299	2,118,476	2,274,240	2,251,691	2,322,952
Shares used in computing pro forma net loss per Ordinary shares, basic and diluted			9,977,422		10,026,134

(*) includes also consideration received by the Company for the issuance of Series D preferred shares and Series E preferred share for the years ended December 31, 2010 and 2011, respectively.

NOTE 12: SEGMENTS, CUSTOMERS AND GEOGRAPHIC INFORMATION

a. The Company applies ASC topic 820, “Segment Reporting”, (“ASC No. 820”). The Company operates in one reportable segment. Total revenues are attributed to geographic areas based on the location of the end customer.

WIX.COM LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
U.S. dollars in thousands (except share and per share data)

b. The following tables present total revenues for the years ended December 31, 2010, 2011 and 2012 and for the six months ended June 30, 2012 (unaudited) and 2013 (unaudited) and long-lived assets as of December 31, 2011 and 2012 and June 30, 2013 (unaudited):

Revenues:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				Unaudited	
North America	$7,025	$16,354	$26,280	$11,643	$18,964
Europe	1,608	4,424	9,073	3,786	7,971
Latin America	317	1,561	4,260	1,728	3,776
Asia and others	900	2,261	4,063	1,727	3,405
	$9,850	$24,600	$43,676	$18,884	$34,116

Property and equipment, net, by geographic areas:

	Year ended December 31,		Six months ended June 30,
	2011	2012	2013
			Unaudited
North America	$ 187	$ 194	$ 291
Europe	—	—	—
Latin America	—	—	—
Asia and others	2,023	2,088	2,533
	$2,023	$2,282	$ 2,824

NOTE 13:- SUBSEQUENT EVENTS

a. The Company evaluates events or transactions that occur after the balance sheet date but prior to the issuance of consolidated financial statements to identify matters that require additional disclosure. For its consolidated financial statements as of December 31, 2012 and for the year then ended, the Company evaluated subsequent events through May 29, 2013, the date that the consolidated financial statements were issued. For the interim consolidated financial statements as of June 30, 2013 (unaudited) and for the six months then ended (unaudited), the Company evaluated subsequent events through September 26, 2013, the date that the interim consolidated financial statements were issued. Except as described below, the Company has concluded that no subsequent event has occurred that requires disclosure.

b. On July 2013, the Company established a wholly-owned subsidiary in Lithuania under the name wix.com UAB (the “Lithuanian subsidiary”). As of the date of the financial statements the Lithuanian Subsidiary has not yet resumed any operations.

c. During July 2013 the Company utilized half of the credit line which totaled to $5,000.

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Shares

Ordinary Shares

, 2013

J.P. Morgan **BofA Merrill Lynch** **RBC Capital Markets**

Needham & Company **Oppenheimer & Co.**

Until , 2013 (25 days after the date of this prospectus), all dealers that buy, sell or trade our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers.

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association to be effective following the closing of this offering include such a provision. The company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Companies Law and the Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third-party;
- a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the audit committee and the board of directors and, with respect to directors, also by shareholders.

Our amended and restated articles of association permit us to exculpate, indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers' liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care, and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

Effective as of the date of this offering, the maximum indemnification amount set forth in such agreements is limited to an amount equal to 25% of our shareholder's equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made. The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the Securities and Exchange Commission, indemnification of directors and office holders for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, however, is against public policy and therefore unenforceable.

There is no pending litigation or proceeding against any of our office holders as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any office holder.

Item 7. Recent Sales of Unregistered Securities.

During the past three years, we issued securities which were not registered under the Securities Act as set forth below. We believe that each of such issuances was exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, Rule 701 and/or Regulation S under the Securities Act.

The following is a summary of transactions during the preceding three fiscal years involving sales of our securities that were not registered under the Securities Act:

- In March 2010, we sold Series D preferred shares convertible into 1,272,940 ordinary shares on a one-for-one basis. The price per underlying ordinary share was $7.99 for an aggregate purchase price of $10.2 million. In connection with this sale, our founders, Avishai Abrahami, Giora Kaplan, and Nadav Abrahami sold to existing shareholders 375,665 ordinary shares. The price per underlying share was $7.99, for an aggregate purchase price of $3.0 million. This issuance was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) and/or Regulation S thereunder.
- In March 2011, we sold Series E preferred shares convertible into 1,025,227 ordinary shares on a one-for-one basis. The price per underlying ordinary share was $20.48 and the aggregate consideration

received was $21.0 million. In connection with this sale, our founders, Avishai Abrahami, Giora Kaplan, and Nadav Abrahami sold to existing shareholders 292,923 ordinary shares. The price per underlying share was $20.48, for an aggregate purchase price of $6.0 million. This issuance was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) and/or Regulation S thereunder.

- In June 2013, we issued to the provider of a line of credit a warrant to purchase 9,766 ordinary shares at a price per share of $20.48.

Since January 1, 2010 through August 31, 2013, we granted options to employees, directors and consultants to purchase 3,795,012 shares under our 2007 Employee Shares Incentive Plan of which 253,281 expired without being exercised. During that period, we issued an aggregate of 388,804 ordinary shares pursuant to the exercise of share options by our employees, directors and consultants. These issuances were exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities act, Rule 701 and/or Regulation S.

No underwriter or underwriting discount or commission was involved in any of the transactions set forth in Item 7.

Item 8. Exhibits and Financial Statement Schedules.

(a) The Exhibit Index is hereby incorporated herein by reference.

(b) Financial Statement Schedules.

All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the Consolidated Financial Statements and related notes thereto.

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

1. To provide the underwriters specified in the Underwriting Agreement, at the closing, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
2. That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
3. That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Tel Aviv, Israel on this 1 st day of October, 2013.

WIX.COM LTD.

By: /s/ Avishai Abrahami
Name: Avishai Abrahami
Title: Co-Founder, Director and Chief Executive Officer

Power of attorney

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints Avishai Abrahami, Lior Shemesh or Nir Zohar, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act separately and full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on October 1, 2013 in the capacities indicated:

Signatures	Title
/s/ Avishai Abrahami Avishai Abrahami	Co-Founder, Director and Chief Executive Officer (Principal Executive Officer)
/s/ Lior Shemesh Lior Shemesh	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Adam Fisher Adam Fisher	Chairman of the Board
/s/ Ron Gutler Ron Gutler	Director
/s/ Yuval Cohen Yuval Cohen	Director

/s/ Michael Eisenberg Michael Eisenberg	Director
/s/ Jeff Horing Jeff Horing	Director
/s/ Giora Kaplan Giora Kaplan	Director
/s/ Roy Saar Roy Saar	Director
/s/ Mark Tluszcz Mark Tluszcz	Director

WIX.COM, INC.

By: /s/ Nir Zohar
Name: Nir Zohar
Title: Director

Authorized Representative in the United States

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EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Underwriting Agreement*
3.1	Articles of Association of the Registrant
3.2	Form of Amended and Restated Articles of Association of the Registrant to become effective upon closing of this offering*
4.1	Specimen share certificate*
5.1	Opinion of Israeli, Ben-Zvi, Attorneys at Law, Israeli counsel to the Registrant, as to the validity of the ordinary shares (including consent)*
10.1	Shareholders Agreement, dated March 24, 2011 by and among the Registrant and the other parties thereto*
10.2	Form of Indemnification Agreement*
10.3	Wixpress Ltd. 2007 Employee Share Option Plan
10.4	Wix.com Ltd. 2013 Incentive Compensation Plan*
10.5	Loan and Security Agreement, dated June 24, 2013, by and among Silicon Valley Bank, Wix.com, Inc. and the Registrant.
10.6	Hostway Managed Server Service Agreement, by and between Hostway Services, Inc. and the Registrant, dated September 1, 2013 ∞
21.1	List of subsidiaries of the Registrant
23.1	Consent of Kost, Forer, Gabbay and Kasierer, a member of Ernst & Young Global
23.2	Consent of Israeli, Ben-Zvi, Attorneys at Law (included in Exhibit 5.1)*
24.1	Power of Attorney (included in signature page to Registration Statement)

* To be filed by amendment.

∞ Confidential treatment has been requested for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

EXHIBIT 3.1

THE COMPANIES LAW, 5759-1999
A PRIVATE COMPANY LIMITED BY SHARES

Articles of Association of

Wixpress Ltd.

Effective as of March 24, 2011

General

1. The following provisions apply:

1.1. The name of the Company is "Wixpress Ltd."

1.2. The objective of the Company is to engage in any lawful activity or business.

1.3. The liability of each Shareholder is limited to the unpaid portion of the par value of each share held by such Shareholder.

Interpretation; General

2. In these Articles, unless the context otherwise requires:

2.1. " **Affiliate** " means with respect to any Person, any other Person Controlling, Controlled by, or under common Control with such Person including, without limitation, any general partner, officer, director or manager of such Person and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such Person.

2.2. " **Articles** " means these Articles of Association of the Company, as they may be amended and replaced from time to time.

2.3. " **as converted basis** " means assuming the theoretical conversion of all outstanding Preferred Shares into Ordinary Shares, at the then applicable conversion ratio.

2.4. " **Benchmark** " means Benchmark Capital Partners VI, L.P.

2.5. " **Board** " means the Company's board of directors designated or elected in accordance with the Articles.

2.6. " **Bonus Shares** " means shares issued by the Company for no consideration to Shareholders entitled to receive them on a pro rata basis.

2.7. " **Business Day** " " **Business Days** " means a day, or days, on which customer services are provided by a majority of the major commercial banks in Israel (including for the avoidance of doubt, Fridays).

2.8. " **BVP Entities** " means Bessemer Venture Partners VII L.P. and Bessemer Venture Partners VII Institutional L.P., collectively, and any of their transferees, unless the instrument of transfer delivered to the Company provides otherwise.

2.9. " **Companies Law** " means the Companies Law, 5759-1999 and all the regulations promulgated under it, or any statutory re-enactment or modification thereof, as shall be in force from time to time.

2.10. " **Companies Ordinance** " means the applicable Sections of the Companies Ordinance [New Version], 5743-1983 that remain in effect, or any statutory re-enactment or modification thereof, as shall be in force from time to time.

2.11. " **Company** " means the company whose name is set forth above.

2.12. " **Control** " means the holding of at least 50% of the voting power in a corporation or of the right to appoint at least half of the directors or members of a similar body having a similar function in a corporation.

2.13. " **DAG** " means DAG Ventures IV-QP, L.P., DAG Ventures IV, L.P., collectively, and any of their transferees, unless the instrument of transfer delivered to the Company provides otherwise.

2.14. " **Distribution** " means the grant of a Dividend or an obligation for such grant, directly or indirectly, and a Repurchase.

2.15. " **Dividend** " means any asset transferred by the Company to a Shareholder in respect of such Shareholder's shares, whether in cash or in any other way, including a transfer without valuable consideration, but excluding Bonus Shares.

2.16. " **Eligible Shareholder** " means any Shareholder (including any Preferred Shareholder) holding at least 2% (two percent) of the issued and outstanding share capital of the Company, on an as converted basis.

2.17. " **Founder** " means each of (i) Avishai Abrahami, holder of Israeli ID#028540276, (ii) Giora Kaplan, holder of Israeli ID#024933384, and (iii) Nadav Abrahami, holder of Israeli ID#033365842; and any Permitted Transferee to whom any such person's securities in the Company are transferred.

2.18. " **fully diluted** " means the Company's issued and outstanding share capital assuming the issuance of all securities issuable upon the conversion of any existing convertible securities or loans, the exchange of exchangeable securities, the exercise of all outstanding warrants and options, including employee options and the exercise of any other rights to subscribe for any securities of the Company.

2.19. " **General Meeting** " means an annual or special general meeting of the Shareholders.

2.20. **"Insight"** means Insight Venture Partners VII, L.P., Insight Venture Partners (Cayman) VII, L.P., collectively, and any of their Affiliates and transferees, unless the instrument of transfer delivered to the Company provides otherwise.

2.21. " **IPO** " means an initial public offering of the Company's Ordinary Shares.

2.22. " **Law** " means the Companies Law, the Companies Ordinance and any other law that shall be in effect from time to time with respect to companies and that shall apply to the Company.

2.23. " **M&A Event** " means a (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger, stock issuance or consolidation or other transaction or series of related transactions in which a person or entity acquires fifty percent (50%) or more of the outstanding and issued shares of the Company including in one or more related equity financing transactions (treating any Preferred Shares on an as-converted basis)) unless any of the Company's Shareholders of record as constituted immediately prior to such acquisition will, immediately after such acquisition (by virtue of securities issued as consideration for the Company's acquisition or sale of shares) hold in the aggregate at least fifty percent (50%) of the voting power of the surviving or acquiring entity, (ii) a sale of all or substantially all of the assets, or all or substantially all of the shares, of the Company, other than to a wholly owned subsidiary of the Company or for a change of domicile; (iii) a transfer or a grant of an exclusive license, to all or substantially all of the Company's intellectual property or (iv) a transfer in one or more related transactions of 50% or more of the voting power of the Company, unless the Company's Shareholders of record as constituted immediately prior to such transfer will, immediately after such transfer, hold in the aggregate at least fifty percent (50%) of the voting power of the Company.

2.24. " **Majority Preferred** " mean the holders of more than 50% (fifty) of the Preferred Shares, on an as-converted basis.

2.25. " **Mangrove** " means Mangrove II Investments S.a.r.l.

2.26. " **New Securities** " means any shares, warrants, convertible deeds or any other security or right exercisable, exchangeable or convertible into shares of the Company issued by the Company following the date of the first issuance of Preferred E Shares, other than: (i) issuances under employee equity based plans approved by the Board (including the approval with respect to the plans of the Preferred Directors), (ii) securities issued upon conversion of any Preferred Shares outstanding on the date hereof or Ordinary Shares issued in connection with subdivisions or combinations, (iii) Dividends payable in additional Ordinary Shares; (iv) securities issued in connection with any share split, to the extent issued on a pro rata basis to all the holders of the Company's outstanding shares; (v) Ordinary Shares or securities convertible into Ordinary Shares issued pursuant to a grant of a loan from a bank or other financial institution approved by the Board including the Preferred Directors; and (vi) issuance to Strategic Partners (as defined below) of up to 5% (in the aggregate from the date of the initial filing of these Articles) of the Company's share capital on a fully diluted and as converted basis immediately prior to each such issuance at a price per share equal or higher than the Preferred E Original Issue Price approved by the Board of Directors including the Preferred Directors. " **Strategic Partner** " shall mean an entity which: (a) is synergetic to the business of the Company, and (b) is deemed to be a strategic partner by the majority of the Board, including the Preferred Directors.

2.27. " **Office** " means the registered office of the Company.

2.28. " **Office Holders** " as defined in the Companies Law.

2.29. " **Ordinary Shares** " means ordinary shares of the Company par value NIS 0.01 each.

2.30. " **Ordinary Shareholders** " mean the holders of Ordinary Shares.

2.31. " **Original Issue Price** " means the Preferred A Original Issue Price and/or the Preferred B Original Issue Price and/or the Preferred B-1 Original Issue Price and/or the Preferred C Original Issue Price and/or the Preferred D Original Issue Price and/or the Preferred E Original Issue Price, as applicable.

2.32. " **Permitted Transferee** " means: (a) a spouse, child, brother, sister, or parent of the Shareholder and any transferee by operation of law (including an executor of the will of a Shareholder, and the lawful heirs of the Shareholder); (b) a wholly owned corporation of such Shareholder or a corporation wholly owned by the exact same beneficial owners of the Shareholder and in the same pro rata holding proportions as in such Shareholder, (c) a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of the relevant Shareholder and no power or control over the voting powers conferred by any shares are subject to the consent of any person other than the trustees of such Shareholder, (d) without derogating from the aforesaid, with respect to any Preferred Shareholder: (i) if such Shareholder is a limited or general partnership - its partners, members, affiliated partnerships or entities managed by the same management company or managing (general) partner or managing member or by an entity that is Affiliated with such management company or managing (general) partner or managing member, (ii) with respect to BVP - an acquirer of the entire shareholdings of BVP in the framework of a transaction for the purchase of a substantial portion of BVP's portfolio companies, (iii) with respect to Insight - an acquirer of the entire shareholdings of any Insight entity in the framework of a transaction for the purchase of a substantial portion of any of the Insight entities' portfolio companies, (e) an acquirer that acquires in one transaction the entire outstanding share capital of the

Company from the Shareholders, whether pursuant to Article 44 or Section 341 of the Companies Law or otherwise, including by way of a merger, and (f) the Company, with respect to repurchase at par value or for no consideration of shares from Shareholders; ***provided however*** , that in any of the foregoing events (other than paragraphs (e) through (f)) the Permitted Transferee shall have first assumed in writing, a copy of which was delivered to the Company, all the transferring shareholder's obligations and undertakings to the Company and to any other shareholders (which relates to the Company).

2.33. " **Person** " means an individual, corporation, partnership, joint venture, trust, any other corporate entity and any unincorporated association or organization.

2.34. " **Preferred A Original Issue Price** " means US $1.274, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event (as defined below) as a result of which the number of outstanding Preferred A Shares held by the Company's shareholders is proportionately increased or decreased.

2.35. " **Preferred A Shares** " means Series A Preferred Shares of the Company par value NIS 0.01 each.

2.36. " **Preferred A Shareholders** " mean the holders of Preferred A Shares.

2.37. " **Preferred B-1 Original Issue Price** " means US $1.97, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event as a result of which the number of outstanding Preferred B-1 Shares held by the Company's shareholders is proportionately increased or decreased.

2.38. " **Preferred B Shares** " means Series B Preferred Shares of the Company par value NIS 0.01 each.

2.39. " **Preferred B Original Issue Price** " means US $1.9152, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event as a result of which the number of outstanding Preferred B Shares held by the Company's shareholders is proportionately increased or decreased.

2.40. " **Preferred B-1 Shares** " means Series B-1 Preferred Shares of the Company par value NIS 0.01 each.

2.41. " **Preferred B Shareholders** " mean the holders of Preferred B Shares and/or the holders of Preferred B-1 Shares.

2.42. " **Preferred C Original Issue Price** " means US $2.9545, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event as a result of which the number of outstanding Preferred C Shares held by the Company's shareholders is proportionately increased or decreased.

2.43. " **Preferred C Shareholders** " mean the holders of Preferred C Shares.

2.44. " **Preferred C Shares** " means Series C Preferred Shares of the Company par value NIS 0.01 each.

2.45. " **Preferred D Original Issue Price** " means US $7.98583, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event as a result of which the number of outstanding Preferred D Shares held by the Company's shareholders is proportionately increased or decreased.

2.46. " **Preferred D Shareholders** " mean the holders of Preferred D Shares.

2.47. " **Preferred D Shares** " means Series D Preferred Shares of the Company par value NIS 0.01 each.

2.48. " **Preferred Directors** " means any 2 (two) Directors of the following 4 (four) Directors: (i) the 2 (two) Preferred B Directors appointed in accordance with Article 71.3 herein; (ii) the Preferred D Director appointed in accordance with Article 71.2 herein; and (iii) the Preferred E Director appointed in accordance with Article 71.1 herein.

2.49. " **Preferred E Original Issue Price** " means US $20.48326, as may be proportionately adjusted pursuant to the terms of these Articles upon the occurrence of a Recapitalization Event as a result of which the number of outstanding Preferred E Shares held by the Company's shareholders is proportionately increased or decreased.

2.50. " **Preferred E Shareholders** " mean the holders of Preferred E Shares.

2.51. " **Preferred E Shares** " means Series E Preferred Shares of the Company par value NIS 0.01 each.

2.52. " **Preferred Shares** " means, collectively, the Preferred A Shares, the Preferred B Shares, the Preferred B-1 Shares, the Preferred C Shares, the Preferred D Shares and the Preferred E Shares.

2.53. " **Preferred Shareholders** " mean the holders of Preferred Shares.

2.54. **"Preferred E Share Purchase Agreement** " means that certain Series E Preferred Share Purchase Agreement dated on or about the effective date of these Articles by and among the Company and the purchasers of the Preferred E Shares named therein (as may be modified, supplemented or amended from time to time).

2.55. " **Qualified IPO** " means an IPO yielding at least US $35,000,000 (thirty five million U.S. Dollars) net to the Company at a price per share of at least 2 (two) times the Preferred E Original Issue Price (as may be adjusted as a result of any subsequent Recapitalization Events).

2.56. " **Register** " means the Register of Shareholders that is to be kept pursuant to Section 127 of the Companies Law.

2.57. " **Recapitalization Event** " means any event of share combination or subdivision, distribution of Bonus Shares or any other reclassification, reorganization or recapitalization of the Company's share capital where the Shareholders retain their proportionate holdings in the Company on an as converted basis.

2.58. " **Repurchase** " means the acquiring or the financing of the acquiring, directly or indirectly, by the Company or by a subsidiary of the Company or other corporate entity under the Company's Control, of shares of the Company or securities convertible into or exercisable for shares of the Company, or the redemption of redeemable securities that are part of the Company's share capital pursuant to Section 312(d) of the Companies Law, including an obligation to do any of the same, and all provided that the seller is not the Company itself or another corporate entity fully owned by the Company.

2.59. " **Shareholder** " means a shareholder of the Company.

2.60. " **Transfer** " means any sale, assignment, conveyance, pledge, grant of any security interest or gift, or any other disposition or transfer.

3. Subject to the aforesaid, in these Articles, all terms used herein and not otherwise defined herein shall have the meanings defined in the Law, as in effect on the day on which these Articles become binding on the Company, words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender and words importing persons shall include bodies corporate. Headings to Articles herein are for convenience only, and shall not affect the meaning or interpretation hereof.

4. For purposes of computing shareholdings required for any purposes under these Articles, each Shareholder shall be entitled to aggregate its holdings in the Company with the holdings of any of its Permitted Transferees, and the aggregate holdings shall be considered to be held by such Shareholder and its Permitted Transferees.

5. Any Amendment of these Articles may be affected by a simple majority vote (on an as converted basis) at a general meeting of the shareholders of the Company, that is convened in accordance with the procedures set forth in these Articles, but subject to the provisions of Article 61.

Limitations

6. The following limitations shall apply to the Company:

   6.1. the right to transfer shares is restricted in the manner hereinafter provided;

   6.2. the number of Shareholders at any time (excluding employees and former employees of the Company who have been Shareholders during their employment and remain Shareholders after termination of their employment with the Company) shall not exceed 50; provided , however , that if two or more individuals hold a share or shares of the Company jointly, they shall be deemed to be one Shareholder for purposes of these Articles; and

   6.3. an offer to the public to subscribe for shares or debentures of the Company is prohibited.

Capital

7. The authorized share capital of the Company is 150,000 New Israeli Shekels divided into 7,018,542 Ordinary Shares, 902,669 Preferred A Shares, 2,179,935 Preferred B Shares, 1,408,550 Preferred B-1 Shares, 913,861 Preferred C Shares, 1,272,940 Preferred D Shares and 1,303,503 Preferred E Shares.

8. Subject to the rights and privileges of the Preferred Shares, the Ordinary Shares shall rank *pari passu* between them and shall entitle their holders:

   8.1. to receive notices of, and to attend, General Meetings where each Ordinary Share shall have one vote for all purposes;

   8.2. to share, on a per share pro rata basis, in Bonus Shares, bonuses, profits or Distributions as may be declared by the Board and approved by the Shareholders, if required, out of funds legally available therefor; and

   8.3. upon liquidation or dissolution - to participate in the distribution of the assets of the Company legally available for distribution to Shareholders after payment of all debts and other liabilities of the Company and preferences (in each case, proportionally to the number of Ordinary Shares outstanding and the amounts paid by Shareholders on account of their Shares, if not paid in full, before calls for payment were made).

9. **The Preferred Shares** .

   Unless otherwise explicitly stated, the Preferred B Shares and the Preferred B-1 shares shall have the same exact rights and preferences and they shall be deemed as a single class of shares for all purposes and matters, and, without derogating from the other provisions of these Articles, each of the other series of Preferred Shares is deemed to be a separate class.

   Unless otherwise specified in these Articles, the Preferred Shares confer on the holders thereof all rights accruing to holders of Ordinary Shares in the Company, unless otherwise expressly provided, and in addition the Preferred Shares are entitled to the following rights:

   9.1. Distribution Preference .

      9.1.1. In the event of (i) any dissolution, liquidation or winding-up of the Company; (ii) any bankruptcy, insolvency or reorganization

proceeding under any bankruptcy or insolvency or similar law, whether voluntary or involuntary, is properly commenced against the Company or is commenced by the Company; or (iii) a receiver or liquidator is appointed to all or substantially all of the Company's assets; collectively (and including a Deemed Liquidation), a " **Liquidation** ", or (iv) a Distribution of Dividends; then the Dividends, assets or proceeds available for distribution to the Shareholders (the " **Distributable Proceeds** ") shall be distributed among the Shareholders according to the following order of preference:

9.1.1.1. The Preferred E Shareholders shall be entitled to receive, from the Distributable Proceeds, prior and in preference to any other securities of the Company, but on a *pari passu* and pro-rata basis with the other Preferred E Shareholders, the Preferred D Shareholders, the Preferred C Shareholders, the Preferred B Shareholders, the Preferred B-1 Shareholders and the Preferred A Shareholders, for each Preferred E Share held by such Preferred E Shareholder, an amount equal to the Preferred E Preference Amount (as defined below).

In this Article 9.1.1.1, unless the context otherwise requires:

" **Preferred E Preference Amount** " means the Maximum Preferred E Preference Amount (as defined below) minus (-) the Other Preferred E Distributions (as defined below), provided , however , that the Preferred E Preference Amount per each Preferred E Share shall not be lower than an amount equal to (i) the Preferred E Original Issue Price, in US Dollars (in cash, cash equivalents or, if applicable, securities), plus (ii) (a) in case of a Distribution of Dividends - a premium of 7% (seven percent) per annum, and (b) in all other cases - a premium of 3% (three percent) per annum; in each case, from the date of issuance of such share, less the amount of Distributable Proceeds previously paid in preference on such share according to this Article 9.1.1.

" **Maximum Preferred E Preference Amount** " means, for each Preferred E Share held by each Preferred E Shareholder, an amount equal to (i) the Preferred E Original Issue Price, multiplied by 1.28667, in US Dollars (in cash, cash equivalents or, if applicable, securities), plus (ii) (a) in case of a Distribution of Dividends - a premium of 7% (seven percent) per annum, and (b) in all other cases - a premium of 3% (three percent) per annum; in each case, from the date of issuance of such share, less the amount of Distributable Proceeds previously paid in preference on such share according to this Article 9.1.1.

" **Other Preferred E Distributions** " means the amount distributed on account of the Ordinary Shares purchased by the Preferred E Shareholders in the framework of the transactions carried out pursuant to the FSSA (as defined herein), divided by the Preferred E Shares outstanding on the date of Liquidation or Deemed Liquidation.

9.1.1.2. The Preferred D Shareholders shall be entitled to receive, from the Distributable Proceeds, prior and in preference to any other securities of the Company, but on a *pari passu* and pro-rata basis with the other Preferred D Shareholders, the Preferred E Shareholders, the Preferred C Shareholders, the Preferred B Shareholders, the Preferred B-1 Shareholders and the Preferred A Shareholders, for each Preferred D Share held by such Preferred D Shareholder, an amount equal to the Preferred D Preference Amount (as defined below).

In this Article 9.1.1.2, unless the context otherwise requires:

" **Preferred D Preference Amount** " means the Maximum Preferred D Preference Amount (as defined below) minus (-) the Other Preferred D Distributions (as defined below), provided , however , that the Preferred D Preference Amount per each Preferred D Share shall not be lower than an amount equal to (i) the Preferred D Original Issue Price, in US Dollars (in cash, cash equivalents or, if applicable, securities), plus (ii) (a) in case of a Distribution of Dividends - a premium of 7% (seven percent) per annum, and (b) in all other cases - a premium of 3% (three percent) per annum; in each case, from the date of issuance of such share, less the amount of Distributable Proceeds previously paid in preference on such share according to this Article 9.1.1.

" **Maximum Preferred D Preference Amount** " means, for each Preferred D Share held by each Preferred D Shareholder, an amount equal to the Preferred D Original Issue Price multiplied by 1.2 (one and two tenths), in US Dollars (in cash, cash equivalents or, if applicable, securities) plus (i) in case of a Distribution of Dividends - a premium of 7% (seven percent) per annum, and (ii) in all other cases - a premium of 3% (three percent) per annum; in each case, from the date of issuance of such share,

less the amount of Distributable Proceeds previously paid in preference on such share according to this Article 9.1.1.

" **Other Preferred D Distributions** " means the amount distributed on account of the Ordinary Shares purchased by the Preferred D Shareholders in the framework of the transactions carried out pursuant to that certain Series D Share Purchase Agreement, dated as of March 29, 2010, divided by the Preferred D Shares outstanding on the date of Liquidation or Deemed Liquidation.

9.1.1.3. The Preferred C Shareholders, the Preferred B Shareholders, the Preferred B-1 Shareholders and the Preferred A Shareholders shall be entitled to receive, from the Distributable Proceeds, prior and in preference to any other securities of the Company, but on a *pari passu* and pro-rata basis with the Preferred E Shareholders and the Preferred D Shareholders, for each Preferred C Share, Preferred B Share, Preferred B-1 Share and Preferred A Share held by them, an amount equal to the Preferred C Original Issue Price, the Preferred B Original Issue Price, the Preferred B-1 Original Issue Price, and the Preferred A Original Issue Price, respectively, in US Dollars (in cash, cash equivalents or, if applicable, securities) plus (i) in case of a Distribution of Dividends - a premium of 7% (seven percent) per annum, and (ii) in all other cases - a premium of 3% (three percent) per annum; in each case, from the date of issuance of such share, less the amount of Distributable Proceeds previously paid in preference on such share according to this Article 9.1.1 (the " **Preferred Preference Amount** ").

9.1.1.4. In the event that the Distributable Proceeds shall be insufficient for the distribution of the Preferred E Preference Amount in full to each of the Preferred E Shareholders, the Preferred D Preference Amount in full to each of the Preferred D Shareholders and the Preferred Preference Amount in full to all of the Preferred C Shareholders, the Preferred B Shareholders, the Preferred B-1 Shareholders and the Preferred A Shareholders, as indicated in Articles 9.1.1.1, 9.1.1.2 and 9.1.1.3 hereof, the Distributable Proceeds shall be distributed among the Preferred E Shareholders, the Preferred D Shareholders, the Preferred C Shareholders, the Preferred B Shareholders, the Preferred B-1 Shareholders and the Preferred A Shareholders, on a *pari passu* and pro rata basis in proportion to the amounts such Preferred E Shareholders, Preferred D Shareholders, Preferred C Shareholders, Preferred B

Shareholders, Preferred B-1 Shareholders and Preferred A Shareholders would have received had the Distributable Proceeds been sufficient for the distribution of Preferred E Preference Amount, the Preferred D Preference Amount and the Preferred Preference Amount in full.

9.1.1.5. Thereafter, the remaining Distributable Proceeds, if any, shall be distributed pro-rata only among the Ordinary Shareholders based on their respective holdings of the issued Ordinary Shares of the Company, on a *pari passu* and pro-rata basis.

9.1.1.6. Notwithstanding the above, each Preferred Shareholder may elect to have its holdings converted into Ordinary Shares prior to any distribution, in which case it shall have no liquidation preference rights, but rather only receive its pro-rata portion together with all Ordinary Shareholders.

9.1.1.7. Notwithstanding the above, for purposes of determining the amount each holder of Preferred Shares is entitled to receive with respect to a Liquidation, each such holder of shares of a series of Preferred Shares shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into Ordinary Shares immediately prior to the Liquidation if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Shares into Ordinary Shares. If any such holder shall be deemed to have converted shares of Preferred Shares into Ordinary Shares pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Shares that have not converted (or have not been deemed to have converted) into shares of Ordinary Shares.

9.1.2. Any M&A Event shall be treated as a Liquidation pursuant to the above provisions of this Article 9.1 (a " **Deemed Liquidation** "), and the provisions of Article 9.1.1 shall apply to a distribution of the Distributable Proceeds received by the Company and/or the Shareholders in connection with such Deemed Liquidation. In any Deemed Liquidation in which the Shareholders (and not the Company) are the intended recipients of the proceeds resulting therefrom, the Company will not register or otherwise give effect to any transfer of securities pursuant to such Deemed Liquidation, nor will any such transfer of securities be considered valid - unless appropriate measures have been taken in order to ensure the full implementation of the provisions of this Article 9.1, and such measures were approved in writing by the Majority Preferred.

9.1.3. If the amount deemed paid or distributed under this Article 9.1, or any part thereof, is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined as follows:

9.1.3.1. For securities not subject to restrictions on free marketability,

(a) if traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 20 (twenty) trading day period ending 3 (three) trading days prior to the date of distribution;

(b) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 20 (twenty) trading day period ending 3 (three) trading days prior to the date of distribution; or

(c) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board, provided, however that the Majority Preferred may request in writing that the fair market value of such securities or other property be determined by a professional and independent appraiser, the identity of whom will be determined by the Board and approved by the Majority Preferred.

9.1.3.2. The valuation of securities subject to restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be determined in good faith by the Board and approved by the Majority Preferred.

9.1.4. The Company shall give each holder of record of Preferred Shares written notice of any Liquidation, Distribution or Deemed Liquidation impending transaction not later than 10 (ten) days prior to the General Meeting called to approve such transaction, or 10 (ten) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Article 9.1, and the Company shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than 10 (ten) days after the Company has given the first notice provided for herein or sooner than 10 (ten) days after the Company has given notice of any material changes to the information provided in a notice provided for herein; ***provided*** , ***however*** , that such periods may be shortened upon the written consent of the Majority Preferred.

9.2. Conversion . The holders of Preferred Shares shall have conversion rights as follows:

9.2.1. Right to Convert .

9.2.1.1. Each Preferred Share shall be convertible, at the option of the holder of such share, at any time after the date of issuance of such share, into such number of fully paid and nonassessable Ordinary Shares as is determined by dividing the applicable Original Issue Price for such share by the Conversion Price (as defined below) at the time in effect for such share. The initial conversion price per each Preferred Share shall be the applicable Original Issue Price for such share (the " **Conversion Price** "); *provided , however* , that the Conversion Price for each Preferred Share shall be subject to adjustment in accordance with any Recapitalization Event and pursuant to the anti-dilution provisions set forth herein.

9.2.1.2. Notwithstanding anything to the contrary herein, each Preferred C Share, Preferred B Share, Preferred B1 Shares and Preferred A Share shall automatically be converted into fully paid and nonassessable Ordinary Shares by dividing the applicable Original Issue Price by the Conversion Price at the time in effect for such Preferred Share, immediately upon: (i) the closing of a Qualified IPO, or (ii) the consent in writing of the holders of the majority of the Preferred C Shares and Preferred B Shares and Preferred B-1 Shares and Preferred A Shares, voting, for this purpose, as a single class on an as converted basis. This Article 9.2.1.2 shall not be amended without the consent in writing of the holders of the majority of the Preferred C Shares and Preferred B Shares and Preferred B-1 Shares and Preferred A Shares, voting, for this purpose, as a single class on an as converted basis.

9.2.1.3. Notwithstanding anything to the contrary herein, each Preferred D Share shall automatically be converted into fully paid and nonassessable Ordinary Shares by dividing the Preferred D Original Issue Price by the Conversion Price at the time in effect for the Preferred D Share, immediately upon: (i) the closing of a Qualified IPO, or (ii) the consent in writing of the holders of the majority of the Preferred D Shares. This Article 9.2.1.3 shall not be amended without the consent in writing of the holders of the majority of the Preferred D Shares.

9.2.1.4. Notwithstanding anything to the contrary herein, each Preferred E Share shall automatically be converted into fully paid and nonassessable Ordinary Shares by dividing the Preferred E Original Issue Price by the Conversion Price at the time in effect for the Preferred E Share, immediately upon: (i) the closing of a Qualified IPO, or (ii) the consent in writing of the holders of the majority of the

Preferred E Shares. This Article 9.2.1.4 shall not be amended without the consent in writing of the holders of the majority of the Preferred E Shares.

9.2.1.5. The initial Conversion Price for the Preferred E Shares was established based upon the Company's representation and warranty in the Preferred E Share Purchase Agreement, that the Preferred E Shares (on an as converted basis) purchased by the Investors pursuant to the Preferred E Share Purchase Agreement and any other agreement ancillary to the Preferred E Share Purchase Agreement and all of the transactions contemplated thereby (including, without limitation, pursuant to the Closings (as defined therein)) represented no less than that certain percentage holdings of the Company's fully diluted capital stock as of the date of the Preferred E Share Purchase Agreement, as indicated in the Preferred E Share Purchase Agreement. If such representation and warranty is determined after the date hereof to be untrue or incorrect, the Conversion Price then in effect shall be reduced (but not increased) by an amount such that the Ordinary Shares issuable upon the conversion of the Preferred E Shares held by the Investors was equal to that certain percentage holdings of the Company's fully diluted capital stock as of the date of the Preferred E Share Purchase Agreement, as indicated in the Preferred E Share Purchase Agreement as of such date.

9.2.2. Mechanics of Conversion . Before any Preferred Shareholder shall be entitled to convert its Preferred Shares, in whole or in part, it shall surrender the certificate or certificates therefor to the Company and shall give written notice to the Company of its election to convert the same (or any part thereof). Such conversion shall be deemed to have been made immediately prior to the close of business of the first Business Day following the receipt by the Company of the certificate representing the Preferred Shares to be converted and the holder's written notice as aforesaid, and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall thereupon be treated for all purposes as the record holder or holders of such conversion shares as of such date. If the conversion is in connection with an automatic conversion under Articles 9.2.1.2 or 9.2.1.3 or 9.2.1.4, then the conversion shall be deemed to have taken place automatically regardless of whether the certificates representing such shares have been tendered to the Company, but from and after such conversion any such certificates not tendered to the Company shall be deemed to evidence solely the Ordinary Shares received upon such conversion and the right to receive a certificate for such Ordinary Shares. If the conversion is in connection with an IPO, the conversion may, at the option of any holder tendering Preferred Shares for conversion, be conditioned upon the closing of the IPO, in which event the Person(s) entitled to receive the Ordinary Shares issuable upon such conversion of the Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of the IPO.

The Company shall, as soon as practicable after the conversion and surrender of the certificate(s) representing the Preferred Shares converted, issue and deliver to such holder of Preferred Shares, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid. In the event that the certificate(s) representing the Preferred Shares to be converted as aforesaid are not delivered to the Company, then the Company shall not be obligated to issue any certificate(s) representing the Ordinary Shares issued upon such conversion, unless the holder of such Preferred Shares notifies the Company in writing that such certificate(s) have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates.

9.2.3. Conversion Price Adjustments .

9.2.3.1. In the event that prior to the closing of the Qualified IPO, the Company issues any New Securities at a price per share lower than the applicable Conversion Price of any Preferred Share in effect immediately prior to such issuance (the " **Reduced Price** "), then the applicable Conversion Price for such Preferred Shares shall be reduced, for no additional consideration in accordance with the following broad-based weighted average formula:

$$\mathbf{CP} = \frac{\mathbf{(N \times P) + (N' \times P')}}{\mathbf{N + N'}}$$

where **CP** is the adjusted Conversion Price; **N** is the number of the aggregate number of the Company's outstanding Ordinary Shares and Preferred Shares on a fully diluted, as-converted basis, outstanding immediately prior to the relevant issuance of New Securities; **P** is the Conversion Price applicable to such Preferred Share in effect immediately prior to such issuance; **N'** is the number of New Securities; and **P** ' is the price per share of the New Securities.

9.2.3.2. Subject to Article 9.2.3.4, no adjustment of the Conversion Price pursuant to Article 9.2.3.1 shall be made if it has the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment. No adjustments of the Conversion Price for Preferred Shares shall be made in an amount less than US$0.00001 per share (as adjusted for subsequent Recapitalization Events).

9.2.3.3. In the case of the issuance of New Securities for cash, the consideration shall be deemed to be the amount of cash received therefor. In the case of the issuance of New Securities for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof, as shall be determined in good faith by the

Board. The Majority Preferred shall have the right to request in writing that the fair market value of such consideration be determined by a professional and independent appraiser, the identity of whom will be determined by the Board and approved by the Majority Preferred. For purposes of Article 9.2.3, the consideration for any New Securities shall be taken into account at the U.S. dollar equivalent thereof, on the day such New Securities are issued or deemed to be issued pursuant to Article 9.2.3.4.

9.2.3.4. In the case of the issuance of warrants or options to purchase, or rights to subscribe for, New Securities, or securities which by their terms are convertible into or exchangeable for New Securities or options to purchase or rights to subscribe for such convertible or exchangeable securities (collectively, " **Options** "), the New Securities deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation the passage of time, but without taking into account potential anti-dilution adjustments), conversion or exchange, as the case may be, of such Options, shall be deemed to have been issued at the time of issuance of such Options at a consideration equal to the consideration (determined in the manner provided in Articles 9.2.3.3), if any, received by the Company for such Options upon the issuance of such Options plus any additional consideration payable to the Company pursuant to the terms of such Options (without taking into account potential anti-dilution adjustments and excluding cancellation of debt) for the New Securities covered thereby.

9.2.4. Recapitalization Event . If at any time or from time to time there shall be a Recapitalization Event (other than any actions under Article 9.2.3), and other than a Liquidation, Distribution or Deemed Liquidation under Article 9.1, provision shall be made so that the Preferred Shareholders shall thereafter be entitled to receive upon conversion of the Preferred Shares the number of Ordinary Shares or other securities or property of the Company or otherwise, to which a holder of Ordinary Shares deliverable upon conversion of the Preferred Shares would have been entitled immediately prior to such Recapitalization Event. In any such case, appropriate adjustment shall be made in the application of the provisions of these Articles with respect to the rights of the holders of Preferred Shares after the Recapitalization Event to the end that the provisions of these Articles (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Preferred Shares) shall be applicable after that event as nearly equivalent as may be practicable.

9.2.5. No Fractional Shares and Certificates as to Adjustments .

9.2.5.1. No fractional shares shall be issued upon conversion of the Preferred Shares, and the number of Ordinary Shares to be issued shall be rounded up to the nearest whole share.

9.2.5.2. Upon the occurrence of each adjustment of the Conversion Price of Preferred Shares pursuant to this Article 9, the Company, at its expense, shall promptly compute such adjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Shares a certificate setting forth each adjustment and showing in detail the facts upon which such adjustment is based. The Company shall furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment, (ii) the Conversion Price at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Preferred Share.

9.2.6. Notices of Record Date . In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any Dividend or other Distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Company shall mail to each holder of shares, at least 5 (five) Business Days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such Dividend, Distribution or other right, and the amount and character of such Dividend, Distribution or other right.

9.2.7. Reservation of Shares Issuable Upon Conversion . The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares; and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, then the Company will take such corporate action as may be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

9.3. Voting Rights . Each of the Preferred Shares shall be voted together with the other shares of the Company, and not as a separate class, in all General Meetings, except as required herein or under applicable law, with each Preferred Share having votes in such number as if then converted into Ordinary Shares.

Shares; Pre-emptive Rights

10. Subject to the provisions of these Articles, the unissued shares of the Company shall be at the disposal of the Board who may offer, allot, grant options or otherwise dispose of shares to such Persons, at such times and upon such terms and conditions as the Company may by resolution of the Board determine.

11. The Company may issue shares having the same rights as the existing shares, or having preferred or deferred rights, or rights of redemption, or restricted rights, or any other special right in respect of dividend distributions, voting, appointment or dismissal of directors, return of share capital, distribution of Company's property, or otherwise, all as determined by the Company from time to time, subject to the provisions of these Articles. The Company may convert any part of the issued shares that had been purchased by the Company to deferred shares in accordance with Section 308 of the Companies Law.

12. Subject to the provisions of the Companies Law and these Articles, the Company may issue redeemable shares and redeem them.

13. Until the closing of a Qualified IPO, each Eligible Shareholder shall have the right to participate in any issuance of New Securities by the Company at the offering price as follows:

13.1. If the Company proposes to issue New Securities, it shall give each Eligible Shareholder a written notice thereof (the " **Rights Notice** ") of its intention to do so, describing the New Securities, the price and the general terms upon which the Company proposes to issue them. Each Eligible Shareholder shall have 7 (seven) Business Days from the date of the Rights Notice to agree to purchase up to such Eligible Shareholder's pro-rata portion of the New Securities which is equal to the ratio of (a) the number of outstanding shares of the Company which such Eligible Shareholder holds immediately prior to the issuance of such New Securities, on an as converted basis, to (b) the total number of outstanding shares of the Company, on an as converted basis, immediately prior to the issuance of the New Securities (the " **Pro Rata Portion** "), for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Company setting forth the quantity of New Securities to be purchased (the " **Acceptance Notice** "), provided, that the Eligible Shareholder shall be obligated to consummate the purchase of such New Securities only if the Company consummates the sale of the New Securities with the other Eligible Shareholders, pursuant to the terms described in such Rights Notice. The Eligible Shareholders providing the Company with the Acceptance Notice on a timely manner (the " **Accepting Shareholder** ") shall have three (3) business days from the date of such notice to agree, by written notice to the Company, to purchase all or part of the New Securities not purchased by the other Eligible Shareholders pro rata among any Accepting Shareholder (based on their shareholdings in the Company on an as converted basis, provided that no Accepting Shareholder shall be entitled or required to purchase a greater number of such New Securities than provided in its written notice to the Company).

13.2. If the Eligible Shareholders fail to exercise in full their preemptive rights within the period specified herein, then with respect to such portion of unsold New Securities the Company shall have until the lapse of ninety (90) days from the date of the Rights Notice or from such date on which all Eligible Shareholders declined to exercise rights hereunder, whichever occurs earlier, to sell the unsold New Securities at a price and upon general terms no more favorable to the purchasers thereof than specified in the Rights Notice. If the Company has not sold such New Securities within said ninety (90) day period the Company shall not thereafter issue or sell any New Securities without first offering such securities to the Eligible Shareholders in the manner provided above.

13.3. An Eligible Shareholder may assign its right under this Article 13 to a Permitted Transferee thereof.

13.4. If the offer to Shareholders under this Article 13 may constitute an offer to the public under applicable laws which is subject to prospectus requirements then such offer shall be limited to (i) the type of Offerees the offering to which is exempted from such prospectus requirement, and (ii) to such limited number of Eligible Shareholders with the highest holdings in the Company (aggregating holdings of

Permitted Transferees for the purpose of calculating the Shareholders with the highest holdings; *provided that* such Permitted Transferees shall be considered as separate entities to the extent viewed as such by applicable law; and *further provided* that the transfers to such Permitted Transferees were not made for the purpose of increasing the number of entities that are Permitted Transferees of the original transferring Shareholder(s) eligible to participate in the offer to Shareholders under this Article 13), not including and in addition to the Offerees under paragraph (i), the offering to which is exempted from such prospectus requirement; provided however, in no event shall Insight, DAG, Benchmark, BVP or Mangrove be excluded from such offering.

14. Subject to the provisions of these Articles, the Company may issue from time to time options, warrants, other rights to subscribe for instruments convertible into, or exchangeable for shares of the Company, the terms and conditions of which shall be determined by the Board in accordance with these Articles.

15. The Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or any other right whatsoever in any share other than an absolute right to the entirety thereof in the registered holder.

16. If two or more Persons are registered as joint holders of a share:

16.1. They shall be jointly and severally liable for any calls or any other liability with respect to such share. However, with respect to voting, powers of attorney and furnishing of notices, the one registered first in the Register shall be deemed to be the sole owner of the share unless all the registered joint holders notify the Company in writing to treat another one of them as the sole owner of the share.

16.2. Each one of them shall be permitted to give receipts binding all the joint holders for dividends or other moneys or property received from the Company in connection with the share and the Company shall be permitted to pay all the dividend or other moneys or property due with respect to the share to one or more of the joint holders, as it shall choose.

17. Share certificates shall bear the signature of one director, or of any other person or persons authorized thereto by the Board. Each Shareholder shall be entitled to one numbered certificate for all the shares of any series registered in his or its name, and if the Board so approves, to several certificates, each for one or more of such shares. A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register. If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board may deem fit.

Lien

18. The Company shall have a lien and first pledge on every share that was not paid up in full, in respect of money due to the Company on calls for payment or payable at fixed times, whether or not presently payable, or the fulfillment and performance of the obligations and commitments to which the Company is entitled in respect of the share. The lien on a share shall also apply to Dividends and other distributions payable on it. The Board may exempt any share, in full or in part, temporarily or permanently, from the provisions of this Article.

19. The Company may sell any share on which it has a lien in any manner the Board sees fit, but such share shall not be sold before the date of payment of the amount in respect of which the lien exists, or the date of fulfillment and performance of the obligations and commitments in consideration of which the lien exists, has arrived, and until 10 (ten) Business Days have passed after written notice has been given to the registered holder at that time of the share, or to whoever is entitled to it upon the registered owner's death or bankruptcy, demanding payment of the amount against which the lien exists, or the fulfillment and performance of the obligations and commitments in consideration of which the lien exists, and such payment or fulfillment and performance have not been made. Any such sale of shares shall be subject to all terms and conditions applying to the issuance of shares by the Company.

20. The net proceeds of the sale shall be applied in payment of the amount due to the Company for the fulfillment and performance of the obligations and commitments as aforesaid in the preceding Article, and the remainder, if any, shall be paid to whoever is entitled to the share on the day of the sale, subject to a lien on amounts the date of payment of which has not yet arrived, similar to the lien on the share before its sale.

21. After the execution of a sale of pledged shares as aforesaid, the Board shall be permitted to sign or to appoint someone to sign a deed of transfer of the sold shares and to register the purchaser's name in the Register as the owner of the shares so sold, and it shall not be the obligation of the buyer to supervise the application of the purchase price nor will his right in the shares be affected by any fault or error in the procedure of sale. The sole remedy of one who has been aggrieved by the sale shall be in actual damages only and against the Company exclusively.

Calls for Payment

22. With respect to shares not fully paid for according to their terms of issuance, a Shareholder, whether he is the sole holder of shares or holds the shares together with another Person, shall not be entitled to receive Dividends nor any other right a Shareholder has unless he has paid all the calls by the Company which shall have been made from time to time.

23. Subject to any contractual undertakings of the Company, the Board may make calls for payment from Shareholders of the amount not yet paid up on their shares as the Board shall see fit, provided that the Company gives the Shareholders prior notice of at least 10 (ten) Business Days on every call and that the date for payment set forth in such notice be not less than one month after the last call for payment. Each Shareholder shall pay the amount called to the Company on the date and at the place prescribed in the Company's notice.

24. The joint holders of a share shall be jointly and severally liable to pay the calls for payment on such share in full.

25. If the amount called is not paid by the prescribed date, the Person from whom it is due shall be liable to pay such index linkage differentials and interest as the Board shall determine, from the date on which payment was prescribed until the day on which it is paid, but the Board may forego the payment of such linkage differentials or interest, in whole or in part.

26. Any amount that, according to the conditions of issuance of a share, must be paid at the time of issuance or at a fixed date, whether on account of the par value of the share or premium, shall be deemed for the purposes of these Articles to be a call for payment that was duly made. In the event of non-payment of such amount all the provisions of these Articles shall apply in respect of such amount as if a proper call for its payment had been made and an appropriate notice thereof given.

27. At the time of issuance of shares the Board may make arrangements that differentiate between Shareholders, in respect of the amounts of calls for payment, their dates of payment or the rate of interest.

28. The Board may, if it thinks fit, accept from any Shareholder for its shares any amount of money the payment of which has not yet been called and paid, and to pay him (i) interest for that advance until the day on which payment of that amount would have been due had he not paid it in advance, at a rate agreed between the Company and such Shareholder, and (ii) any Dividends that may be paid for that part of the shares for which the Shareholder has paid in advance.

Forfeiture of Shares

29. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and any expenses that were incurred as a result of such non-payment.

30. The notice shall specify a date not less than 5 (five) Business Days from the date of the notice, on or before which the payment of the call or installment or part thereof is to be made together with interest and any expenses incurred as a result of such non-payment. The notice shall also state the place the payment is to be made and that in the event of non-payment at or before the time appointed, the share in respect of which the call was made will be liable to forfeiture.

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

32. The forfeiture shall apply to those Dividends that were declared but not yet distributed with respect to the forfeited shares.

33. A share so forfeited shall be deemed to be the property of the Company and can be sold or otherwise disposed of, on such terms and in such manner as the Board thinks fit. At any time before a sale or disposition the forfeiture may be canceled on such terms as the Board thinks fit. Any such sale of shares shall be subject to all terms and conditions applying to the issuance of shares by the Company.

34. A Person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares, but shall nevertheless remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the shares.

35. The forfeiture of a share shall cause, at the time of forfeiture, the cancellation of all rights in the Company and of any claim or demand against the Company with respect to that share, and of other rights and obligations between the share owner and the Company accompanying the share, except for those rights and obligations which these Articles exclude from such a cancellation or which the Law imposes upon former Shareholders.

36. The Person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

37. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the par value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Transfer of Shares

38. No Sale .

38.1. Unless otherwise approved in writing by the Majority Preferred, until the earlier of a Qualified IPO or a Liquidation or a Deemed Liquidation each Founder shall be entitled to Transfer: (i) 97,641 Ordinary Shares of the Company in accordance with

that certain Founder Share Sale Agreement dated on or about the effective date of these Articles (" **FSSA** "), and, in addition, (ii) up to 15% (fifteen percent) of the Ordinary Shares which are held by him immediately after the closing of the FSSA (the Transfers by a Founder in accordance with this Article 38, including any the Transfers pursuant to the FSSA, shall be referred to hereinafter as " **Allowed Transfers** "). All afore-mentioned Transfers shall be subject to the provisions of Article 40. The limitations pursuant to this Article 38 shall apply only with respect to Ordinary Shares held by the Founders.

38.2. Each Shareholder that is an entity that was formed for the sole purpose of directly acquiring securities of the Company or that has no substantial assets other than securities of the Company or direct interests in securities of the Company agrees that (i) certificates for shares of its common stock or other instruments reflecting equity interests in such entity (and the certificates for shares of common stock or other equity interests in any similar entities controlling such entity) will note the restrictions contained in these Articles on the restrictions on Transfer of shares as if such common stock or other equity interests were securities of the Company, (ii) no shares of such common stock or other equity interests may be Transferred (including any Transfer or issuance by the Company) to any Person other than in accordance with the terms and provisions of these Articles as if such common stock or other equity interests were securities of the Company and (iii) any Transfer of such common stock or other equity interests shall be deemed to be a transfer of a pro rata number of securities of the Company hereunder.

39. No Transfer of shares shall be effective unless the Transfer has been approved by the Board, which consent shall not be unreasonably withheld or delayed, provided that such consent shall not be required for a transfer to a Permitted Transferee or from a Permitted Transferee back to the original Shareholder. Among other reasons, the Board may refuse to register a Transfer in the event that such a Transfer is to a competitor of the Company, or in the event that such a Transfer would result in the Company having more than 50 (fifty) shareholders. In the event that the Board does not notify the transferor of its refusal to allow a Transfer together with a detailed reasoning for such refusal within 10 (ten) Business Days of receipt by the Company of a request for Transfer which includes the identity of the transferor then the Board shall be deemed to have agreed to such Transfer, provided that such agreement by the Board will be deemed to be subject to compliance by the transferor and the transferee with the terms of these Articles related to a Transfer.

40. Right of First Refusal . Until the closing of a Qualified IPO, each Eligible Shareholder shall have a right of first refusal with respect to any Transfer of all or any of the securities of the Company held by any Shareholder (any such Shareholder shall be referred to as a " **Transferor** "), in accordance with the following provisions:

40.1. Any Transferor proposing to Transfer all or any of its securities (the " **Offered Securities** ") shall first provide the Eligible Shareholders with an offer stating the identity of the Transferor and of the transferee and the terms of the proposed Transfer (the " **Offer** "). Each of the Eligible Shareholders may accept such Offer in respect of any portion of the Offered Shares (" **Accepting Shareholders** ") by giving the Company notice to that effect within 10 (ten) Business Days from the date of the Offer (an " **Acceptance** "). The Accepting Shareholders shall have additional 5 (five) Business Days from the expiration of the afore-mentioned 10 (ten) Business Days period to agree, by written notice to the Company, to purchase all or part of the Offered Securities not purchased by the non-Accepting Shareholders, pro rata among any interested Accepting Shareholders (based on their shareholdings in the Company on an as converted basis, provided that no Accepting Shareholder (an " **Additional Acceptance** "). An Eligible Shareholder shall be entitled to give a conditional Acceptance or conditional Additional Acceptance according to which in any case that the Acceptances or Additional Acceptances, as applicable, in the aggregate, are for less than all of the Offered Securities, it will purchase an additional pro rata portion of the remaining Offered Securities not covered by the Acceptances or the Additional Acceptances.

40.2. If the Acceptances and the Additional Acceptances, in the aggregate, are in respect of all of, or more than, the Offered Securities, then the Accepting Shareholders shall acquire the Offered Securities, on the terms aforementioned, in proportion to their respective holdings of the Company's issued and outstanding share capital relative to all other Accepting Shareholders, provided, however, that no Accepting Shareholders shall be entitled or shall be forced to acquire under the provisions of this Article 40 more than the number of Offered Securities accepted by such Accepting Shareholder under the Acceptance and the Additional Acceptance, and upon the allocation to it of the full number of Offered Securities so accepted, such Accepting Shareholder shall be disregarded in any subsequent computations and allocations hereunder with respect to a given proposed Transfer.

40.3. If the Acceptances and the Additional Acceptances are in respect of less than the full number of Offered Securities, then the Accepting Shareholders shall not be entitled to acquire the Offered Shares, and the Transferor, at the expiration of the aforementioned 10 (ten) Business Days plus 5 (five) Business Days period or on such date on which all Eligible Shareholders declined to exercise rights hereunder, whichever occurs earlier, shall be entitled to Transfer all (but not less than all) of the Offered Securities to the proposed transferee(s) identified in the Offer, provided , however , that in no event shall the Transferor Transfer any of the Offered Securities to any transferee other than such proposed transferee(s) or Transfer the same on terms more favorable to the transferee(s) than those stated in the Offer, and provided , further , that if the Offered Securities are not Transferred within 90 (ninety) days after the expiration of such 15 (fifteen) Business Day period, or of such date on which all Eligible Shareholders declined to exercise rights hereunder, whichever occurs earlier, then they shall again be subject to the provisions of this Article 40.

40.4. Intentionally Omitted.

40.5. The Transferor shall be bound, upon payment of the offer price, to Transfer to the Accepting Shareholders the Offered Securities which have been allocated to the Accepting Shareholders pursuant to this Article 40. If, after becoming so bound, the Transferor defaults in Transferring the Offered Securities, the Company may receive the purchase price therefor and the Transferor shall be deemed to have appointed any member of the Board as the Transferor's agent to execute a Transfer of the Offered Securities to the Accepting Shareholders and, upon execution of such Transfer, the Company shall hold the purchase price therefor in trust for the Transferor.

40.6. Any Transfer of securities by any Preferred Shareholder pursuant to the exercise of its co-sale rights under Article 41 shall not be subject to the right of first refusal under this Article 40 to the extent that the number of the securities being Transferred has not changed as a result of the exercise of co-sale rights. To the extent such number has changed, any previous co-sale rights with respect to such transaction shall expire and the provisions hereof shall apply to the transaction again, ab initio, and the Transferors including the Exercising Preferred Shareholders shall give a new Offer hereunder.

41. Co-Sale

41.1. Until the closing of a Qualified IPO, in the event of a Transfer of securities held by any Ordinary Shareholder or Preferred Shareholder, excluding the BVP Entities, Mangrove, Benchmark, Insight and DAG, Transfer by whom is not subject to the provisions of this Article 41 (but who are still entitled to rights under this Article 41) (any such Shareholder shall be referred to as a " **Seller** "), each Preferred Shareholder shall have the option, exercisable by written notice to the Seller, within 15 (fifteen)

Business Days after receipt of the Offer, to participate in the Transfer and to Transfer an amount of securities up to such amount of securities in the Company owned by such Preferred Shareholder determined by multiplying the total number of securities being Transferred times a fraction, the numerator of which is the number of issued and outstanding shares held by such Preferred Shareholder, on an as converted basis, and the denominator of which is the total number of issued and outstanding shares held by all of the Seller and all Exercising Preferred Shareholders, on an as converted basis (the " **Pro Rata Shares** "), by including the Pro Rata Shares held by such Preferred Shareholder with the securities being Transferred to any proposed purchaser thereof. The Transfer by any such Preferred Shareholder in accordance with this Article 41.1 shall be on the same terms and conditions under which the securities of the Seller are being transferred.

41.2. In the event that Preferred Shareholders choose to exercise their rights hereunder (" **Exercising Preferred Shareholders** "), the Seller must reduce the number of securities it desires to Transfer from the total amount of securities to be purchased by the proposed transferee and the Exercising Preferred Shareholders will contribute up to their Pro Rata Shares and the Seller will contribute the remaining number of securities up to the total number of securities to be purchased by the proposed transferee.

41.3. Notwithstanding the aforesaid, the provisions of this Article 41 shall not apply with respect to any Transfers by Founders which are Allowed Transfers.

42. The no sale limitations, the right of first refusal and rights of co sale set forth in Articles 38, 40 and 41 respectively shall not apply to Transfers of securities from a Shareholder to the Permitted Transferees of such Shareholder, and from such Permitted Transferee back to the original Shareholder (provided such Original Shareholder is a Permitted Transferee of such transferor and/or to a Permitted Transferee of such Original Shareholder).

43. Each Transfer of securities shall be made in writing in such form as shall be approved by the Board from time to time, which shall be executed by both the transferor and transferee, and delivered to the Office together with the transferred share certificates, if share certificates have been issued with respect to the shares to be transferred (or a lost certificate affirmation in case the certificates are not found), and any other proof of the transferor's title that the Board may require. A deed of transfer that has been registered, or a copy thereof, as shall be decided by the Board, shall remain with the Company; any deed of transfer that the Board shall refuse to register shall be returned, upon demand, to the Person who furnished it to the Company, together with the share certificate, if furnished.

44. Until an IPO, subject to the approval of the Majority Preferred and the Board of Directors (including the approval of the Preferred Directors), in the event that Shareholders holding at least 60% (sixty percent) of the voting power in the Company, on an as converted basis, accept a bona fide offer from a potential buyer (the " **Buyer** ") to effect an M&A Event, then:

44.1. Such decision shall be binding upon the Company and all of the Shareholders and the Shareholders will not object to, shall vote in favor of (including in all class votes), shall execute the relevant documents in connection with, and shall otherwise take all actions necessary and reasonable to effect, such M&A Event on the same terms and conditions for all Shareholders, provided that the proceeds of such transaction (in the case of an asset sale, after payment or provision for all liabilities) shall be distributed in accordance with the provisions of Article 9.1.

44.2. If the M&A Event is conditioned upon the sale of all of the shares of the Company to the Buyer (a " **Sale of Shares Transaction** "), then all Shareholders (including those Shareholders who did not accept the Sale of Shares Transaction) shall be required to sell their shares in the Sale of Shares Transaction, on the same terms and conditions as those Shareholders who accepted the Sale of Shares Transaction; provided that the proceeds received in the Sale of Shares Transaction (in the case of an asset sale, after payment or provision for all liabilities) shall be distributed in accordance with the provisions of Article 9.1.

44.3. In the event of a Sale of Shares Transaction, as soon as possible after receipt of the Buyer's offer but in any event not less than 10 (ten) days prior to the date set by the Buyer as the final date for accepting such offer, the Company shall notify, or cause to be notified, each Shareholder, to the extent applicable, in writing of such offer. Such notice shall set forth: (i) the name of the Buyer; and (ii) the proposed amount and form of consideration and terms and conditions of payment offered by the Buyer.

44.4. In the event that a Shareholder fails to surrender its certificate in connection with the consummation of a purchase of shares by a Buyer pursuant to this Article 44, such certificate shall be deemed cancelled and the Company shall be authorized to issue a new certificate in the name of the Buyer and the Board shall be authorized to establish an escrow account, for the benefit of such Shareholder, as applicable, into which the consideration for such securities represented by such cancelled certificate shall be deposited and to appoint a trustee to administer such account until such time as such Shareholder shall surrender its certificate or otherwise present evidence to the Company's satisfaction that such certificate was lost, stolen or destroyed or shall otherwise comply with the conditions for release then set by the Board.

44.5. Without derogating from the aforesaid and in addition to it, the majority required for a forced sale pursuant to Section 341 of the Companies Law shall be 60% (sixty percent) of the issued and outstanding share capital of the Company, on an as converted basis (with no need for a separate consent of each class). The distribution (in the case of an asset sale, after payment or provision for all liabilities) of the consideration in such transaction shall be in accordance with the provisions of Article 9.1.

44.6. The obligations of the Shareholders to participate in any Sale of Shares Transaction pursuant to this Article 44 are subject to the satisfaction of the following conditions:

44.6.1. if any Shareholders of a class of securities are given an option as to the form and amount of consideration to be received with respect to securities in a class, all holders of securities of such class will be given the same option;

44.6.2. no Shareholder shall be obligated to pay more than his or its pro rata amount of expenses incurred (based on the proportion of the aggregate transaction consideration received in connection with a consummated Sale of Shares Transaction) to the extent such expenses are incurred for the benefit of all Shareholders and are not otherwise paid by the Company or the Buyer (expenses incurred by or on behalf of a Shareholder for his or its sole benefit not being considered expenses incurred for the benefit of all Shareholders); and

44.6.3. in the event that the Shareholders are required to provide any representations, warranties or indemnities in connection with a Sale of Shares Transaction (other than representations, warranties and indemnities on a several basis concerning each Shareholder's valid ownership of his or its securities, free of all liens and encumbrances, enforceability of transaction documents, non-contravention with laws, contracts or consents and each Shareholder's authority, power, and right to enter into and consummate agreements relating to such Sale of Shares Transaction without violating applicable law or any other agreement), then each Shareholder shall not be liable for more

than his or its pro rata amount (based on the proportion of the aggregate transaction consideration received) of any liability for misrepresentation or indemnity (except in respect of such several representations and warranties) and such liability shall not exceed the total purchase price received by such Shareholder (net of broker fees) from such Buyer for his or its securities (including the exercise price thereof).

45. Upon the death or liquidation of a Shareholder who was holding shares in the Company jointly with others, the remaining holder(s) shall be recognized by the Company as the sole holder(s) of any title to the shares; however, nothing aforesaid shall release the estate or liquidator of a joint holder of a share from any obligation to the Company with respect to the share that such Shareholder held.

46. Upon the death or liquidation of a Shareholder who was the single holder of shares in the Company, such Shareholder's holdings in the Company may be transferred or transmitted to such Person who becomes entitled to the Shareholder's relevant assets as a consequence of the death or liquidation, upon such evidence being produced as may from time to time be required by the Board, subject to the Board's power under these Articles to refuse or delay registration as they would have been entitled to do if the original Shareholder had transferred its holdings in the Company prior to death or liquidation. In the event of refusal of the Board to transfer or transmission, a trustee shall be appointed, by mutual consent of the Company and the estate or liquidator, for the sale and transfer of the shares in the Company, in accordance with all terms and conditions set forth in these Articles. Nothing aforesaid shall release the estate or liquidator of the original Shareholder from any obligation to the Company with respect to the share that such Shareholder held.

Changing Share Rights

47. Subject to the provisions of these Articles, if at any time the share capital is divided into different classes of shares, the Company may change, convert, broaden, add or vary in any other manner the rights, preferences or privileges attached to such classes by resolution of the General Meeting of the Company, provided that, subject to Article 61, only a direct change to the rights attached to a certain class of shares under these Articles shall require an approval obtained at a meeting of the holders of such class of shares or the written consent of the holders of more than 50% (fifty percent) of the issued shares of such class, and with regard to each of the classes of Preferred B Shares, Preferred B-1 Shares, Preferred C Shares, Preferred D Shares and Preferred E Shares, the written consent of the holders of at least 60% (sixty percent) of the issued shares of such class. Any resolution required to be adopted pursuant to these Articles by the consent of a separate class of shares, whether by way of a separate General Meeting of such class or by way of written consent, shall be given by the holders of shares of such class entitled to vote or give consent thereon and no holder of shares of a certain class shall be banned from voting or consenting by virtue of being a holder of more than one class of shares of the Company, irrespective of any conflicting interests that may exist between such different classes of shares. A Shareholder shall not be required to refrain from participating in the discussion, voting and/or consenting on any resolution concerning an amendment to any class of shares held by such Shareholder, due to the fact that such Shareholder may benefit in one way or another from the outcome of such resolution.

    Subject to Article 61, (i) the creation of a new class of shares or the issuance of shares thereof; and (ii) a waiver or a change, in whole or in part, to a right, preference or privilege of a class of shares set forth in these Articles, whether applied on a one-time or permanent basis and whether applied in connection with a current or a future event, which waiver or change is applied in the same manner to all classes of shares which hold such right and therefore to which such waiver or change may be applicable, regardless of whether the economic effect of such change affects classes of shares differently, shall not be deemed to be a direct change to the rights attached to any one class of shares. Furthermore, any waiver or change to the rights attached to a class of shares shall not be deemed to be a direct change to the rights attached to another class of shares.

Modification of Capital

48. Subject to the provisions of these Articles, the Company may, from time to time, by a resolution in a General Meeting, and subject to the provisions of these Articles:

48.1. consolidate and divide its share capital or a part thereof into shares of greater value than its existing shares;

48.2. cancel any shares which have not been purchased or agreed to be purchased by any Person;

48.3. by subdivision of its existing shares, or any of them, divide the whole, or any part, of its share capital into shares of lesser value than is fixed by these Articles, and in a manner so that with respect to the shares created as a result of the division it will be possible to grant to one or more shares a right of priority, preference or advantage with respect to dividend, capital, voting or otherwise over the remaining or similar share;

48.4. reduce its share capital, and any fund reserved for capital redemption, in the manner that it shall deem to be desirable under the provisions of Section 287 of the Companies Law;

48.5. increase its share capital, regardless of whether or not all of its shares have been issued, or whether the shares issued have been paid in full, by the creation of new shares, divided into shares in such par value, and with such preferred or deferred or other special rights (subject always to the provisions of these Articles), and subject to any conditions and restrictions with respect to Dividends, return of capital, voting or otherwise, as shall be directed by the resolution;

48.6. convert part of its issued and paid-up shares into deferred shares; or

48.7. cancel any securities that are Repurchased by the Company, in accordance with Section 308 of the Companies Law.

49. Subject to any provision to the contrary in the resolution authorizing the increase in share capital pursuant to these Articles, the new share capital shall be deemed to be part of the original share capital of the Company and shall be subject to the same provisions with reference to payment of calls, liens, title, forfeiture, transfer and otherwise as apply to the original share capital.

General Meetings

50. A General Meeting shall be held at least once every year, at such place and time as may be prescribed by the Board but in any event not more than 15 (fifteen) months after the preceding General Meeting. The annual General Meetings shall be called Annual General Meetings; all other General Meetings shall be called Special General Meetings.

51. The Board, whenever it thinks fit, may, and upon a demand in writing by: (i) a director; or (ii) one or more Shareholders holding at least 10% (ten percent) of the issued and outstanding share capital and at least 1% (one percent) of the voting rights; or (iii) one or more Shareholders holding at least 10% (ten percent) of the voting rights in the Company, shall convene a Special General Meeting. Any such demand shall include the objects for which the meeting should be convened, shall be signed by those making the demand (the " **Petitioners** ") and shall be delivered to the Office. The demand may contain a number of documents similarly worded each of which are signed by one or more of the Petitioners. If the directors do not convene a meeting, the Petitioners may convene by themselves a Special General Meeting as provided in Section 64 of the Companies Law.

52. Notices of General Meetings shall be given as follows:

52.1. A prior notice of at least 5 (five) Business Days and no more than 45 (forty five) days of any General Meeting shall be given with respect to the place, date and hour of the meeting and the nature of every subject on its agenda.

52.2. The notice shall be given to Shareholders entitled pursuant to these Articles to receive notices from the Company, as hereinafter provided.

52.3. Non-receipt of a notice, given as aforesaid, shall not invalidate the resolution passed or the proceedings held at the relevant Meeting.

52.4. With the consent of all the Shareholders who are entitled at such time to receive notices, the Company shall be permitted to convene Meetings and to resolve any resolution, upon shorter notice or without any notice and in such manner, generally, as shall be approved by the Shareholders.

Proceedings of General Meetings

53. Subject to the provisions of these Articles, the function of the General Meeting shall be to receive and to deliberate with respect to the profit and loss statements, the balance sheets, the ordinary reports and the accounts of the Board and auditors; to declare Dividends, to appoint accountants-auditors and to fix their salaries, to amend these Articles, to approve certain actions and transactions under the provisions of Section 255 and Section 268 through Section 275 of the Companies Law.

54. No matter shall be discussed or voted on at a General Meeting unless a quorum is present at the time when the General Meeting starts its discussions. Subject to the provisions of these Articles, two or more Shareholders present, personally or by proxy, who hold or represent the majority of the voting rights in the Company, on an as converted basis, and including Shareholders representing a Majority Preferred, shall constitute a quorum for General Meetings.

55. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same place and time on the next day following the date of the original meeting.

56. The chairman of the Board or a director appointed by the Board for such purpose shall open all General Meetings and shall preside as chairman at the meeting.

57. The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any General Meeting of the holders of a particular class of shares (a " **Class Meeting** "), *provided*, *however*, that the requisite quorum at any such Class Meeting shall be one or more members present in person or proxy and holding not less than 50% (fifty percent) of the issued and outstanding shares of such class (with the exception that (i) in the event of a Class Meeting of the holders of the Preferred B Shares, Preferred B-1 Shares or the Preferred C Shares, at least one of the BVP Entities and Mangrove must be present in person or proxy, (ii) in the event of a Class Meeting of the holders of the Preferred D Shares, Benchmark must be present and (iii) in the event of a Class Meeting of the holders of the Preferred E Shares, Insight must be present), and *provided*, *further*, *that* in any deferred Class Meeting any two or more Shareholders holding shares of the relevant class present personally or by proxy shall constitute a quorum, and shall be entitled to deliberate and to resolve in respect of the matters for which the meeting was convened. In any case in which within half an hour from the time appointed for a Class Meeting a quorum is not present, the provisions of Article 55 shall apply, mutatis mutandis.

It is further provided, without derogating from the provisions of Article 47 hereof, that in any case of a proposed resolution which materially and directly changes the rights of only a certain class of Shareholders regarding: (i) their right to appoint directors (according to Article 71 herein); (ii) rights of Distribution Preference (according to Article 9 herein); (iii) Conversion Price Adjustments (according to Article 9.2.3 herein); (iv) Preemptive Rights (according to Article 13 herein); (v) No-Sale rights (according to Article 38); (vi) rights of First Refusal and Co-Sale (according to Articles 40 and 41 herein); (vii) drag-along rights (pursuant to Article 44); (viii) protective rights (according to Article 61); or (ix) rights regarding the participation and voting at the Company's General Meeting

and/or of the Company's Board, any such resolution shall be subject to the prior approval by a Class Meeting of the Shareholders holding Shares of the class the rights of which are proposed to be changed. To remove any doubt it is hereby made clear and agreed that for the purpose of the above, the granting of any additional rights or privileges to one class of shares shall not be deemed as creating a change in the rights of any other class of shares.

Vote by Shareholders

58. Every resolution put to the vote at a meeting shall be decided by a count of votes. Subject to any provision in the Law or in these Articles requiring a higher majority, all resolutions shall be passed by majority of the voting power (on an s converted basis) represented at the meeting in person or by proxy and voting thereon.

59. Subject to the provisions of these Articles, in a count of votes, each Shareholder present at a General Meeting, personally or by proxy, shall be entitled to one vote for each share held by it (voting on an as if converted basis); provided that no Shareholder shall be permitted to vote at a General Meeting or to appoint a proxy to vote thereat unless he has paid all calls for payment and all moneys then due to the Company from him with respect to his shares.

60. If the number of votes for and against is equal, the chairman of the meeting shall have no casting vote and the resolution proposed shall be deemed rejected.

61. Notwithstanding anything to the contrary in these Articles, until the closing of a Qualified IPO, any action of the Company (whether by merger, recapitalization, reorganization or otherwise) regarding any of the following issues shall require the prior written consent of the Majority Preferred:

    61.1. amending these Articles, or any taking any other action which would have the effect of directly amending or directly adversely affecting the rights, preferences or privileges of the Preferred Shares or any series thereof (and if adversely affecting the rights, preferences or privileges of any specific class of Preferred Shares in a different manner than any other class of Preferred Shares, the prior written consent of the majority of such class shall be required);

    61.2. creating or issuing any class or series of shares or other securities having rights or a preference equal or superior to any of the Preferred Shares;

    61.3. effecting a reclassification or re-capitalization of the outstanding capital stock of the Company (other than stock splits, Bonus Shares and other technical changes in the company's share capital);

    61.4. effecting a Liquidation, Distribution or Deemed Liquidation, any sale of all or substantially all of the Company's technology/intellectual property, any sale of all or substantially all of Company's assets, or termination of the Company's activities;

    61.5. effecting any material change in the nature of the Company's business;

    61.6. entering into any transaction between the Company and any of the shareholders or members of the Board, or any relatives or Affiliates thereof;

    61.7. making any loans or advances to employees other than loans or advances in the ordinary course of business;

    61.8. effecting any increase of the Company's reserve for employee equity based plans;

    61.9. effecting any formation of or investment in any entity which is not wholly owned by the Company;

    61.10. effecting any amendment to the Company's signatory rights;

    61.11. making any guarantee other than in the ordinary course of business;

61.12. creating any mortgage, pledge or other security interest in all or substantially all of the property of the Company;

61.13. declaration or payment of any dividends or other distributions on any class or form of shares, cash or other assets;

61.14. increase or decrease in the number of the members of the Board;

61.15. redemption of any of the Company's securities;

61.16. incurring indebtedness of more than US$ 500,000, not in the ordinary course of the Company's business and not related to leases of real-estate for the Company's use.

The same consents shall be required for any of the actions listed above taken by any subsidiary or Affiliate of the Company. To remove any doubt it is hereby made clear that each such issue shall be brought to the relevant organ of the Company such that issues which are in the range of the Board of Directors shall require a resolution of the Board even if approved by the Shareholders Meeting.

62. In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. The appointment of a proxy to vote on behalf of a share held by joint holders shall be executed by the signature of the senior of the joint holders. For the purposes of this Article, seniority shall be determined by the order in which the names of the joint holders stand in the Register.

63. An objection to the right of a Shareholder or a proxy to vote in a General Meeting must be raised at such meeting or at such adjourned meeting wherein that Person was supposed to vote, and every vote not disqualified at such a meeting shall be valid for each and every matter. The chairman of the meeting shall decide whether to accept or reject any objection raised at the appointed time with regard to the vote of a Shareholder or proxy, and his decision shall be final.

64. A Shareholder of unsound mind, or in respect of whom an order to that effect has been made by any court having jurisdiction, may vote, whether on a show of hands or by a count of votes, only through his legal guardian or such other Person, appointed by the aforesaid court, who performs the function of a representative or guardian. Such representative, guardian, or other Person may vote by proxy.

65. A Shareholder which is a corporation shall be entitled to appoint a person who it shall deem fit to be its representative at every meeting of the Company. The representative appointed as aforesaid shall be entitled to perform on behalf of the Shareholder he represents all the powers that the Shareholder itself might perform as if it were a natural person.

66. In every vote a Shareholder shall be entitled to vote either personally or by proxy. A proxy need not be a Shareholder. Shareholders may participate in a General Meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this Article shall constitute presence in person at such meeting. Shareholders may also vote in writing, by delivery to the Company, prior to a General Meeting, of a written notice stating their affirmative or negative vote on an issue to be considered by such meeting.

67. A letter of appointment of a proxy, power of attorney or other instrument pursuant to which the appointee is acting shall be in writing. An instrument appointing a proxy, whether for a specific meeting or otherwise, may be in the following form or in any other similar form prescribed by the Board:

"I, , of , a Shareholder holding shares in hereby appoint of as my proxy to vote in my name and place at the [annual, special, adjourned - as the case may be] General Meeting of the Company to be held on , and at any adjournment thereof.

In witness whereof signed by me this day of ,

_____

Appointor's Signature"

Such instrument or a copy thereof shall be deposited at the Office, or at such other place as the Board may direct from time to time, before the time appointed for the meeting or adjourned meeting wherein the person referred to in the instrument is appointed to vote, or presented to the chairman at the meeting in which such person shall vote that share.

68. A vote pursuant to an instrument appointing a proxy shall be valid notwithstanding the death of the appointor, or the appointor becoming of unsound mind, or the cancellation of the proxy or its expiration in accordance with any law, or the transfer of the shares with respect to which the proxy was given, unless a notice in writing of any such event was received at the Office before the meeting took place.

69. A Shareholder is entitled to vote by a separate proxy with respect to each share held by him, provided that each proxy shall have a separate letter of appointment containing the serial number of share(s) with respect to which such proxy is entitled to vote. If a specific share is included by the holder in more than one letter of appointment, that share shall not entitle any of the proxy holders to a vote.

70. Subject to the provisions of any law, a resolution in writing signed by all the holders of shares, entitled to vote with respect to such shares at General Meetings, or a resolution as aforesaid agreed upon by mail, facsimile, or e-mail shall have the same validity as any resolution, carried in a General Meeting of the Company duly convened and conducted for the purpose of passing such a resolution.

Board

71. The Board shall consist of up to nine (9) members, to be appointed and removed as follows:

71.1. 1 (one) director to be appointed and removed from time to time by Insight Venture Partners VII, L.P. (the " **Preferred E Director** ")

71.2. 1 (one) director to be appointed and removed from time to time by Benchmark (the " **Preferred D Director** ");

71.3. 2 (two) directors to be appointed and removed by the holders of the highest number of outstanding Preferred B Shares and Preferred B-1 Shares, taken as a whole, from time to time such that the 2 (two) shareholders holding the highest number of Preferred B Shares and Preferred B-1 Shares, taken as a whole, shall each be entitled to appoint one director (the " **Preferred B Directors** ") and to remove the same;

71.4. 1 (one) director to be appointed and removed by the holder of the highest number of Preferred A Shares;

71.5. 2 (two) directors to be appointed and removed by the holders of the majority of the Ordinary Shares held by the Founders;

71.6. The Company's Chief Executive Officer shall serve as a director *, ex officio;*

71.7. 1 (one) director, an independent industry expert, to be appointed and removed by the majority of the above directors in office, including the affirmative consent of the Preferred Directors.

The same proportional representation shall apply to any committee of the Board.

For the purposes of this Article, each of (i) the BVP Entities shall and (ii) Benchmark (together with its affiliated funds), shall each be considered single shareholders.

72. Each of (i) the Founders (by a majority decision), (ii) the BVP Entities, (iii) Mangrove, (iv) Benchmark, (v) Insight Venture Partners VII, L.P. and (vi) DAG shall be entitled to appoint and remove one observer to the Board (an " **Observer** "). An Observer shall be entitled to receive: (i) notice of all meetings of the Board, and to attend such meetings in a non-voting capacity, and (ii) all written documents and materials produced to the directors, provided , however , that such Observer shall (x) agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided, (y) undertake to disclose any potential conflicts of interest and (z) to remove itself from Board meetings and not be furnished with documents and materials in the event of a conflict reasonably foreseeable or ascertainable by the Observer. In the event that the directors shall resolve in good faith that an issue to be discussed at a Board meeting or disclosure to the Observer of information in certain documents or materials may cause an Observer to be in a conflict of interest situation, the directors shall notify the Observer of such resolution and the Observer shall not attend the respective part of such Board meeting, and/or not receive such documents or materials. In the event that the Company informs any Observer in writing that the Board will discuss a matter concerning the Company's business, or potential business which may give rise to a potential conflict of interests between the Company and such Observer or the Shareholder who appointed such Observer, as shall be determined by the Board, then such Observer shall not participate in such discussion, and shall not be entitled to any documents or other information provided to the directors in connection therewith.

73. The appointment, removal or replacement of a director, as set forth in Article 71, may be effected at any time, including during an initial or extended term of service of a director, by the delivery of a written notice to the Company at its Office, signed by the Shareholders or directors entitled to effect such appointment or removal.

74. If any member of the Board is not designated or appointed, or if the office of any member of the Board is vacated, the other members of the Board may act in every way and manner provided for under these Articles and the law as long as their number does not fall below the quorum required by these Articles for a Board meeting.

75. Any Board member is entitled to appoint an alternate director to himself (an " **Alternate Director** "). Any person may be an Alternate Director if such person is qualified to serve as a director of the Company, or if such person is already a director in the Company or an Alternate Director in the Company. Any Alternate Director shall have a vote equal to the vote of the Board member that he substitutes. An Alternate Director shall have, subject to his letter of appointment, all authorities vested to the member of the Board he substitutes. The tenure of office of an Alternate Director shall automatically be terminated upon the dismissal of such member by the Director for whom he/she is substituting, or upon the office of the member of the Board he substitutes being vacated for any reason, or upon the occurrence of one of the situations stated in Article 78 below in relation with such Alternate Director. In the event that a member of the Board is precluded by law or otherwise from participating in a meeting or a vote of the Board, such member shall be entitled to appoint an Alternate Director to so participate and/or vote in his place.

76. A director shall not be required to hold qualifying shares in the Company.

77. A director may hold another paid position or function, except as accountant-auditor, in the Company, or in any other company of which the Company is a Shareholder or in which the Company has some other interest, or that has an interest in the Company, together with his position as a director, upon such conditions with respect to salary and other matters as determined by the Board and approved by the General Meeting.

78. Subject to the provisions of the Law, of these Articles, or to the provisions of an existing contract, the tenure of office of a director shall automatically be terminated upon the occurrence of one of the following:

    78.1. if he becomes bankrupt;

    78.2. if he is declared insane, becomes of unsound mind or legally competent;

78.3. if he resigns by an instrument in writing delivered to the Company;

78.4. with his death and if it is a corporation or other entity, with the liquidation of such corporation or other entity;

78.5. if a condition to his/her appointment under Article 71 has ceased to be met.

79. Members of the Board shall not receive any remuneration from the Company's funds, unless otherwise resolved by the General Meeting, and at a rate decided by such resolution. Notwithstanding the aforesaid, subject to the consent in writing of the 2 (two) Preferred B Directors appointed in accordance with Article 71.3 herein, the Preferred D Director appointed in accordance with Article 71.2 and the Preferred E Director appointed in accordance with Article 71.1 herein, the members of the Board and all Observers shall be entitled to reimbursement of their expenses in the course of their performance of their duties as directors and Observers, including expenses in relation of participating in Board meetings, according to a reasonable reimbursement policy of the Company.

Powers and Duties of Directors

80. The Board shall determine and direct the Company's policy and shall supervise and inspect the performance of the Company's Chief Executive Officer or General Manager and his or her actions and responsibilities, and it may pay all expenses incurred in connection with the establishment and registration of the Company as it shall see fit. The Board shall be entitled to perform the Company's powers and authorities pursuant to Section 92 of the Companies Law and subject to any provision in Law, in these Articles, or the regulations that the Company shall adopt by a resolution in its General Meeting (insofar as they do not contradict the Law or these Articles). However, any regulation adopted by the Company in its General Meeting as aforesaid shall not affect the legality of any prior act of the Board that would be legal and valid but for that regulation.

81. Without limiting the generality of the preceding provision, but subject to the provisions of these Articles, the Board may from time to time, in its discretion, borrow or secure the payment of any sum of money for the purposes of the Company, and it may raise or secure the repayment of such sum in such manner, at such times and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the whole or any part of the property of the Company, both present and future, including its uncalled capital for the time being and its called but unpaid capital.

Functions of the Directors

82. The Board may meet in order to transact business, to adjourn its meetings or to organize them otherwise as it shall deem fit, in accordance with the Articles herein.

83. The directors, by a majority vote, shall elect a chairman of the Board. Such chairman shall not have any additional or casting vote.

84. The presence of a majority of the directors then in office including the Preferred Directors at the opening of a meeting shall constitute a quorum for meetings of the Board. Notwithstanding the aforesaid, if within half an hour of the time arranged for the Board meeting no quorum is present, such meeting shall stand adjourned to the next day thereafter, at the same hour and in the same place, or in the event that such a day is not a Business Day, then to the first Business Day thereafter, and in such adjourned meeting if no quorum is present within half an hour of the time arranged, at least 50% (fifty percent) of the directors, who are present at such adjourned meeting, shall be deemed a quorum.

85. The Board may delegate any of its powers to committees and may from time to time revoke such delegation. Each committee to which any powers of the Board have been delegated shall abide by any regulations enacted by the Board with respect to the exercise of such delegated powers. In the absence of such regulations or if such regulations are incomplete in any respect, the committee shall conduct its business in accordance with these Articles as applicable to the Board. The Preferred Directors shall have the right to sit on any committee of the Board.

86. Members of the Board or a committee thereof may participate in a meeting of the Board or the committee by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Article shall constitute presence in person at such meeting.

87. Every director may at any time request that a Board meeting be called and the Chairman shall call such a meeting upon such request.

88. Any notice of a Board meeting can be given in writing, or by mail, facsimile, or e-mail and shall include reasonable detail of the issues of such meeting. Notice shall be given at least five (5) Business Days before the time appointed for the meeting, unless all of the members of the Board at that time agree to a shorter notice, or waive notice altogether.

89. Subject to the provisions of these Articles and specifically without derogating from the provisions of Article 61, issues raised before all meetings of the Board shall be decided by the majority of the directors present at the meeting of the Board. Notwithstanding the aforesaid, (i) the appointment of the Chief Executive Officer and/or President of the Company, and (ii) the amendment of the budget and operating plans of the Company or any deviation of more than 10% from any budget for an item contained in the budget will, in addition to the above requirement, also require the affirmative consent of the Preferred Directors.

90. A resolution in writing signed or agreed to in writing by all of the directors entitled to participate and vote on the issue at stake shall be valid for any purpose as a resolution adopted at a Board meeting that was duly convened and held. In place of a director the aforesaid resolution may be signed and delivered by an Alternate Director. In addition, the Board may adopt resolutions without meeting, in accordance with the terms of Section 103 of the Companies Law.

91. All actions performed bona fide by the Board or by any person acting as a director or as an Alternate Director shall be as valid as if each and every such person were duly and validly appointed and fit to serve as a director or an Alternate Director, as the case may be, even if at a later date a flaw shall be discovered in the appointment of such a director or such a person acting as aforesaid, or in his qualifications to so serve.

92. The Board shall cause minutes to be taken of all General Meetings of the Company, of the appointments of officers of the Company, and of Board's meetings, which minutes shall include the following items, if applicable: the names of the persons present; the matters discussed at the meeting; the results of votes taken; resolutions adopted at the meeting; and directives given by the meeting. The minutes of any meeting, signed or appearing to be signed by the chairman of the meeting, shall serve as prima facie proof of the truth of the contents of the minutes.

Personal Interest

93. In addition to the requirements herein, all transactions and actions in which an Office Holder (as such term is defined in the Companies Law) in the Company has a personal interest shall be approved in accordance with the provisions of the Companies Law.

Local Management

94. The Board may organize from time to time arrangements for the management of the Company's business in any particular place, whether in Israel or abroad, as they shall see fit.

95. Without derogating from the general powers granted to the Board pursuant to the preceding Article, the Board may from time to time convene any local management or agency to conduct the business of the Company in any particular place, whether in Israel or abroad, and may appoint any person to be a member of such local management, or to be a director or agent, and may decide his manner of compensation. The Board may from time to time grant a person so appointed any power, authority, or discretion that the Board have at that time, and may authorize any person acting at that time as a member of a local management to continue in his position notwithstanding that some position has been vacated there, and any such appointment or authorization may be made upon such conditions as the Board deems fit. The Board may from time to time relieve any person so appointed or revoke or change any such authorization.

CEO, General Manager, President, Secretary, Other Officers and Attorneys

96. Subject to the provisions of these Articles, the Board may from time to time appoint one or more persons, whether or not he is a member of the Board, as the Chief Executive Officer (" **CEO** ") of the Company. The appointment may be either for a fixed period of time or without limiting the time that the CEO will stay in office. The Board may, from time to time, subject to any provision in any contract between the CEO and the Company, release him from his office and appoint another or others in his or their place. The CEO shall be responsible for the current operation of the Company's affairs within the bounds of the policy determined by the Board and subject to its directions. In addition, the Board may from time to time grant and bestow upon the CEO those powers and authorities that it exercises pursuant to these Articles and under the provisions of Section 92 of the Companies Law, as it shall deem fit, and may grant those powers and authorities for such period, and to be exercised for such objectives and purposes, in such time and conditions, and on such restrictions, as it shall decide; and it can from time to time revoke, repeal, or change any one or all of those powers or authorities.

97. Subject to the provisions of these Articles, the Board may from time to time appoint a Secretary to the Company, a Treasurer and/or Comptroller or Chief Financial Officer as well as other officers, personnel, agents and servants, including management companies, for fixed, provisional or special duties, as the Board may from time to time deem fit, and may from time to time, in its discretion, suspend and/or dismiss any one or more of such persons. The Board may determine the powers and duties of such persons, and may demand security in such cases and in such amounts as it deems fit.

98. Subject to the provisions of these Articles, the wages and any other compensation of the CEO and other managers, officers or personnel shall be determined from time to time by the Board, and it may be paid by way of a fixed salary or commission, or a percentage of profits or of the Company's turnover or of any other company that the Company has an interest in, or by participation in such profits, or in any combination of the aforementioned methods, or such other method as the Board shall determine.

99. The Board may from time to time directly or indirectly authorize any company, firm, person or group of people to be the attorneys in fact of the Company for purposes and with powers and discretion which shall not exceed those conferred upon the Board or which the Board can exercise pursuant to these Articles, and for such a period of time and upon such conditions as the Board may deem proper. Every such authorization may contain such directives as the Board deems proper for the protection and benefit of the persons dealing with such attorneys. The Board may also grant such an attorney the right to transfer to others, in part or in whole, the powers, authorities and discretions granted to him, and may terminate and revoke the appointments or revoke all or any part of the powers granted to them.

Dividends

100. Subject to these Articles and the provisions of Sections 301 through 311 (inclusive) of the Companies Law, the Company, at a General Meeting and upon the recommendation of the Board, may declare a Dividend to be paid to the Shareholders, according to their rights and benefits under these Articles, and to decide the time of payment. A Dividend may not be declared in excess of that recommended by the Board, although the Company at a General Meeting may declare a smaller Dividend.

101. A notice of the declaration of a Dividend shall be given to the Shareholders registered in the Register, in the manner provided for in these Articles.

102. Subject to the provisions of these Articles, and subject to any rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to Dividends, the profits of the Company which shall be declared as Dividends shall be distributed according to the proportion of the nominal value paid up to account of the shares held at the record date fixed by the Company, without regard to premium paid in excess of the nominal value, if any. No amount paid or credited as paid on a share in advance of calls shall be treated for purposes of this Article as paid on a share.

103. Subject to these Articles, the Board may issue any share upon the condition that a Dividend shall be paid at a certain date, or that a portion of the declared Dividend for a certain period shall be paid, or that the period for which a Dividend shall be paid shall commence at a certain date, or any similar condition; in any such case, subject to Law and these Articles, the Dividend shall be paid in respect of such a share in accordance with such a condition.

104. At the time of declaration of a Dividend the Company may decide that such a Dividend shall be paid in whole or in part by way of distribution of certain properties, including by means of distribution of fully paid up shares or debentures or debenture stock of the Company, or by means of distribution of fully paid up shares or debentures or debenture stock of any other company, or in one or more of the aforesaid ways.

105. The Company shall have a lien on any Dividend paid in respect of a share on which the Company has a charge, and may use it to pay any debts, obligations or commitments to which the charge applies.

106. The persons registered in the Register as Shareholders on the record date for declaration of the Dividend shall be entitled to receive the Dividend. A transfer of shares shall not transfer the right to a Dividend, which has been declared after the transfer but before the registration of the transfer.

107. A Dividend may be paid by, inter alia, check or payment order to be mailed to the address of a Shareholder or person entitled thereto as registered in the Register, or in the case of joint owners - to the address of one of the joint owners as registered in the Register. Every such check shall be made out to the person to whom it is sent. The receipt of the person who on the record date in respect of the Dividend is registered as the holder of any share or, in the case of joint holders, of one of the joint holders, shall serve as a release with respect to payments made in connection with that share.

108. If at any time the share capital is divided into different classes of shares, the distribution by way of Dividend, of fully paid up shares, or from funds, shall be made in one of the two following manners as to be determined by the Board:

    108.1. all holders of shares entitled to fully paid up shares shall receive one uniform class of shares; or

    108.2. each holder of shares entitled to fully paid up shares shall receive shares of the class of shares held by him and entitling him to fully paid up shares.

109. In order to give effect to any resolution in connection with a Distribution, the Board may resolve any difficulty that shall arise with respect to such Distribution in such way as it shall deem proper, including the determination of the value of certain property for purposes of Distribution. The Board may further decide that payment in cash shall be made to a Shareholder on the basis of value decided for that purpose. The Board shall be permitted in this regard to grant cash or property to trustees in escrow for the benefit of persons entitled thereto, as the Board shall see fit. Wherever required, an agreement shall be submitted to the Registrar of Companies and the Board may appoint a person to execute such an agreement in the name of the persons entitled to any Dividend, property, fully paid-up shares or debentures as aforesaid, and such an appointment shall be valid and binding on the Company.

110. The Board may, with respect to all Dividends not demanded within 30 (thirty) days after their declaration, invest or use them in another way for the benefit of the Company, until they shall be demanded.

111. The Company shall not be obligated to pay interest on any Dividend, including in the circumstances set forth in the preceding Article.

112. All Articles in these Articles of Association relating to Dividends, shall apply, *mutatis mutandis* , to a Distribution by the Company.

Reserves

113. The Board may set aside from the profits of the Company the sums they deem proper, as a reserve fund or reserve funds for extraordinary uses, or for special dividends or other funds or for the purpose of preparing, improving or maintaining any property of the Company, and for such other purposes as shall in the discretion of the Board be beneficial to the Company, and the Board may invest the various sums so set aside in such investments as they deem proper, and from time to time deal in, change, or transfer such investments, in part or in whole, for the benefit of the Company. The Board may also divide any reserve liability fund to special funds as it shall deem proper, transfer moneys from fund to fund and use every fund or any part thereof in the business of the Company, without being required to keep such sums separate from the rest of the Company's property. The Board may, from time to time, also transfer to the next year profits out of such sums which are, in their discretion, beneficial to the Company. The Board may generally create funds as they deem necessary, either those resulting from profits of the Company or from re-evaluation of property, or from premiums paid for shares or from any other source, and use them in their discretion as they deem fit so long as the creation, changes or uses of such funds do not exceed any provision of the Law or accepted accounting principles and practices.

114. All premiums received from the issue of shares shall be capital funds, and they shall be treated for every purpose as capital and not as profits distributable as Dividends. The Board may organize a reserve capital liability account and transfer from time to time all such premiums to the reserve capital liability account, or use such premiums and moneys to cover depreciation or doubtful loss. All losses from sale of investments or other property of the Company shall be debited to the reserve account, unless the Board decides to cover such losses from other funds of the Company. The Board may use moneys credited to the capital reserve liability account in any manner that these Articles or the Law permit.

115. Any amounts transferred and credited to the account of income and expense fund or general reserve liability account or capital liability reserve account, may, until otherwise used in accordance with these Articles, be invested together with such other moneys of the Company in the day to day business of the Company, without having to differentiate between these investments and the investment of other moneys of the Company.

Capitalization of Reserve Funds

116. The Company may from time to time resolve at a General Meeting, including the affirmative vote of the Preferred Majority, that any amount, investment or property not required as a source for payment of fixed preferential Dividends and (i) standing credited at that time to any fund or to any reserve liability account of the Company, including also premiums received from issuance of shares, debentures, or debenture stock of the Company, or (ii) being net profits not distributed and remaining in the Company, shall be capitalized, and that such amount shall be distributed as Bonus Shares, in the manner so directed by such resolution. The Board shall use such investment, sum or property, according to such a resolution, for full payment of such shares of the Company's capital not issued to the Shareholders, and to issue such shares and to distribute them as fully paid shares among the Shareholders according to their pro rata right for payment of the value of the shares and their rights in the amount capitalized. The directors, including the consent of the Preferred Directors, may also use such investment, sum or property, or any part thereof, for the full payment of the Company's capital issued and held by such Shareholders, or such investment, sum or property in any other manner permitted by such a resolution. If any difficulty shall arise with respect to such a distribution, the Board may act, and shall have all the powers and authorities, as set forth in Article 109 above, *mutatis mutandis* .

Office

117. The Board shall determine the location of the Office.

Stamp and Signatures

118. The Board shall cause the Company's stamp, of which the Company shall have at least one, to be kept in safekeeping, and it shall be forbidden to use the stamp in violation of any instructions the Board may give in connection with the use thereof.

119. Subject to the provisions of these Articles, the Board may designate any Person or Persons (even if they are not members of the Board) to act and to sign in the name of the Company, and to apply the Company's stamp; the acts and signature of such a person or persons shall bind the Company, insofar as such person or persons have acted and signed within the limits of their authority.

120. The printed or typed name of the Company by any means next to the signatures of the authorized signatories of the Company, as aforesaid, shall be valid as if the stamp of the Company was affixed.

Accounts and Audit

121. The Board shall cause correct accounts to be kept:

    121.1. of the assets and liabilities of the Company;

    121.2. of moneys received or expended by the Company and the matters for which such moneys are expended or received; and

    121.3. of all purchases and sales made by the Company. The account books shall be kept in the Office or at such other place as the Board deems fit, and they shall be open for inspection by the directors.

122. The Board shall determine from time to time, in any specific case or type of cases, or generally, whether and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open for inspection by the Shareholders. No Shareholder other than a director shall have any right to inspect any account book or document of the Company except as conferred by Law, by agreement, or as authorized by the Board or by the Company in a General Meeting.

123. Accountants-Auditors shall be appointed and their function shall be set out in accordance with the Law.

124. Not less than once a year, the directors shall submit before the Company at a General Meeting a balance sheet and profit and loss statement for the period after the previous statement. The statement shall be prepared in accordance with the relevant provisions of the Companies Law. A report of the auditor shall be attached to the statements, and it shall be accompanied by a report from the Board with respect to the condition of the Company's business, the amount (if any) they propose as a Dividend, and the amount (if any) that they propose to set aside for the fund accounts.

Notices

125. A notice or any other document may be served by the Company upon any Shareholder either personally or by sending it by mail, facsimile, or e-mail addressed to such Shareholder at his address as appearing in the Register. If the address of a Shareholder is outside of Israel, then any notice sent by mail shall be sent by airmail.

126. All notices with respect to any share to which persons are jointly entitled may be given to one of the joint holders, and any notice so given shall be sufficient notice to all the holders of such share.

127. A Shareholder registered in the Register who shall from time to time furnish the Company with an address at which notices may be served, shall be entitled to receive all notices he is entitled to receive according to these Articles at that address. However, except for the aforesaid, no Shareholder who has not provided an address at which notices may be served shall be entitled to receive any notice from the Company.

128. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Shareholder by sending it through the mail in a prepaid airmail letter or facsimile, or email addressed to them by name, at the address, if any, furnished for the purpose by the persons claiming to be so entitled or, until such an address has been so furnished, by giving the notice in any manner in which the same might have been given if the death or bankruptcy have not occurred.

129. Any notice or other document, (i) if delivered personally, shall be deemed to have been served upon delivery, (ii) if sent by mail, shall be deemed to have been served 5 (five) Business Days after the delivery thereof to the post office; if sent by airmail, shall be deemed to have been served 5 (five) Business Days after the delivery thereof to the post office; and (iii) if sent by facsimile, or e-mail, shall be deemed to have been served twenty four (24) hours after the time such facsimile, or e-mail was sent. In proving such service it shall be sufficient to prove that the letter or document was properly addressed and delivered at the post office, or sent by facsimile, or e-mail, as the case may be. If a notice is, in fact, received by the addressee, then it shall be deemed to have been duly served, when received, notwithstanding it having been defectively addressed or failed in some other respect, to comply with the provisions of this Article.

Office Holders' Indemnity, Insurance and Exemption

130. Subject to the provisions of the Law, the Company may indemnify its Office Holders to the fullest extent permitted by the Law. Subject to the provisions of the Law including the receipt of all approvals as required therein or under any applicable law , the Company may resolve retroactively to indemnify an Office Holder with respect to the following liabilities and expenses, provided that such liabilities or expenses were incurred by such Officer Holder in such Officer Holder's capacity as an Officer Holder of the Company:

130.1. a monetary liability imposed on him/her in favor of a third party in any judgment, including any settlement confirmed as judgment and an arbitrator's award which has been confirmed by the court, in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company;

130.2. reasonable litigation expenses, including legal fees, paid for by the Office Holder, in an investigation or proceeding conducted against such Office Holder by an agency authorized to conduct such investigation or proceeding, and which investigation or proceeding (i) concluded without the filing of an indictment against such Office Holder and without there having been a financial obligation imposed against such

Office Holder in lieu of a criminal proceeding, or (ii) concluded without the filing of an indictment against such Office Holder but with there having been a financial obligation imposed against such Office Holder in lieu of a criminal proceeding for an offense that does not require proof of criminal intent; all in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company; or

130.3. reasonable litigation expenses, including legal fees, paid for by the Office Holder, or which the Office Holder is obligated to pay under a court order, in a proceeding brought against the Office Holder by the Company, or on its behalf, or by a third party, or in a criminal proceeding in which the Office Holder is found innocent, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent, all in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company.

130.4. For purposes of Article 130.2 above:

130.4.1. the " *conclusion of a proceeding without the filing of an indictment* " regarding a matter in which a criminal proceeding was initiated, means the closing of a file pursuant to Section 62 of the Criminal Procedure Law [Consolidated Version], 5742-1982 (the " **Criminal Procedure Law** ") or a stay of process by the Attorney General pursuant to Section 231 of the Criminal Procedure Law; and

130.4.2. a " *financial obligation imposed in lieu of a criminal proceeding* " means a financial obligation imposed by law as an alternative to a criminal proceeding, including an administrative fine pursuant to the Administrative Offenses Law, 5746-1982, a fine for committing an offense categorized as a finable offense pursuant to the provisions of the Criminal Procedure Law or a penalty.

130.5. The Company may undertake to indemnify an Office Holder as aforesaid: (i) prospectively, provided that, in respect of Article 130.1, the undertaking is limited to categories of events which in the opinion of the Board can be foreseen when the undertaking to indemnify is given, and to an amount set by the Board as reasonable under the circumstances, and (ii) retroactively.

131. Subject to the provisions of any Law, the Company may procure, for the benefit of any of its Office Holders, office holders' liability insurance with respect to any of the following:

131.1. a breach of the duty of care owed to the Company or any other person;

131.2. a breach of the fiduciary duty owed to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that the action would not injure the Company; or

131.3. a monetary liability imposed on an Office Holder in favor of a third party, in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company.

132. Subject to the provisions of any Law, the Company may exempt in advance, by a Board resolution, Office Holders from all or part of their responsibilities for damages due to their violation of their duty of care to the Company. Notwithstanding the foregoing, the Company may not exempt Office Holders in advance from their responsibilities for damages due to their violation of their duty of care to the Company with respect to Distributions.

133. The provisions of Articles 130, 131 and 132 above are not intended, and shall not be interpreted, to restrict the Company in any manner in respect of the procurement of insurance and/or in respect of indemnification (i) in connection with any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder, and/or (ii) in connection with any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law; provided that the procurement of any such insurance and/or the provision of any such indemnification shall be approved by the Board.

134. Articles 130, 131 and 132 shall not apply under any of the following circumstances:

134.1. a breach of an Office Holder's fiduciary duty, in which the Officer Holder did not act in good faith and with reasonable grounds to assume that the action in question would not injure the Company;

134.2. an intentional violation of an Office Holder's duty of care;

134.3. an intentional action by an Office Holder in which such Officer Holder intended to reap a personal gain illegally; and

134.4. a fine or ransom levied on an Office Holder if such Office Holder is found guilty of an offence which requires proof of criminal intent and/or if it is finally determined that such Office Holder is not lawfully entitled to indemnification of such fine or ransom.

Winding Up

135. Subject to provisions of these Articles (including but not limited to Article 9) to the contrary, in the event of a winding up of the Company, the Company's property distributable among the Shareholders shall be distributed in proportion to the sum paid on account of the nominal value of the shares held by them, of any class, without taking into account premiums paid in excess of the nominal value.

136. Subject to provisions of these Articles to the contrary (including but not limited to Article 9), if the Company is voluntarily wound up, the liquidators may, with the approval of a resolution in a General Meeting, divide the property as is among the Shareholders, or deposit any part of the Company's property with trustees in escrow for the benefit of Shareholders, as they deem proper.

137. Subject to provisions of these Articles to the contrary (including but not limited to Article 9), if, at the time of liquidation, the Company's property available for distribution among the Shareholders shall not suffice to return all the paid up capital, and subject to, and without derogating from, any rights or surplus rights or existing restrictions at that time of any special class of shares forming part of the capital of the Company, such property shall be divided so that the losses shall as much as possible be borne by the Shareholders in proportion to the paid up capital or that which shall have been paid at the commencement of the liquidation on the shares held by each of them. Subject to provisions of these Articles to the contrary (including but not limited to Article 9), if, at the time of liquidation, the Company's property designated for distribution among the Shareholders is in excess of the amount necessary for the return of capital paid up at the beginning of the liquidation, it shall belong and be delivered to the Shareholders pro rata to the amount paid on the nominal value of each share held by each of them at the commencement of the liquidation.

Business Opportunities

138. The Company renounces any interest of expectancy of the Company in, or in being offered an opportunity to participate in, any Excluded Opportunity. An " **Excluded Opportunity** " is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (a) any director of the Company who is not an employee of the Company or any of its subsidiaries, or (b) any holder of Preferred Shares or any partner, member, manager, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Company or any of its subsidiaries (collectively, " **Covered Persons** "), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Company.

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EXHIBIT 10.3

WIXPRESS LTD.

THE 2007 SHARE OPTION PLAN

FIRST ADOPTED BY THE BOARD: APRIL 1, 2007
FIRST APPROVED BY THE SHAREHOLDERS: MARCH 18, 2008
Termination Date: April 1, 2017

First Amended and Restated Plan – Adopted by the Board as of June 20, 2010

Second Amended and Restated Plan – Adopted by the Board as of October 27, 2011

1. NAME

This Plan, as amended from time to time, shall be known as the **Wixpress Ltd. 2007 Share Option Plan** (the " **Option Plan** ").

2. PURPOSE OF THE OPTION PLAN

2.1 The Option Plan is intended to provide an incentive to retain, in the employ or service or directorship of Wixpress Ltd. (the " **Company** "), and its Affiliates, persons of training, experience, and ability, to attract employees, directors or consultants whose services are considered valuable, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company pursuant to an Option Plan approved by the Board of Directors of the Company (the " **Board** "). Each person granted Options hereunder shall be referred to as an " **Optionee** ".

2.2 Options granted hereunder to US Optionees under the Option Plan may or may not contain such terms as will qualify such options as Incentive Stock Options (" **ISOs** ") within the meaning of Section 422 (b) of the United States Internal Revenue Code of 1986, as amended (the " **Code** "). Options granted hereunder to US Optionees that do not contain terms that will qualify them as ISOs and which do not meet the requirements of, and/or are not governed by the rules of Section 421 through 424 of the Code shall be referred to herein as Non-Qualified Stock Options (" **NQSOs** "). Each Option Agreement to a US Optionee shall state whether such Option will or will not be treated as an ISO. No ISO shall be granted unless such Option, when granted, qualifies as an "Incentive Stock Option" under Section 422 of the Code. Any ISO granted under the Option Plan shall contain such terms and conditions, consistent with the Option Plan, as the Company may determine to be necessary to qualify such Option as an "incentive Share option" under Section 422 of the Code.

The Board, at the written request of any Optionee, may in its discretion take such actions as may be necessary to convert such Optionee's ISOs (or any portions thereof) that have not been exercised on the date of conversion into NQSOs at any time prior to the expiration of such ISOs, regardless of whether the Optionee is an Employee of the Company or a Subsidiary at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period. At the time of such conversion, the Board (with the consent of the Optionee) may impose such conditions on the exercise of the resulting NQSOs as the Board in its discretion may determine, provided that such conditions shall not be inconsistent with the Plan. Nothing in the Plan shall be deemed to give any Optionee the right to have such Optionee's ISOs converted into NQSOs, and no such conversion shall occur unless and until the Board takes appropriate action. The Board, with the consent of the Optionee, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

2.3 Options granted to Israeli Optionees under the Option Plan may or may not contain such terms as will qualify such options for the special tax treatment under Section 102(b) of the Israeli Tax Ordinance (New Version), 5721-1961, as amended (the " **Ordinance** "), and the Income Tax Rules (Tax Benefits in Share Issuances to Employees) 5763 2003 (the " **Rules** ") (" **102 Options** ").

2.4 Options granted to non Israeli Optionees, excluding US Optionees, shall be granted in accordance with the applicable laws of each Optionee's nationality state and with the terms and conditions set forth in its respective Option Agreement (as defined below) as prescribed by the Committee (as defined below).

2.5 For the purposes of the Plan, the following terms shall have the following meanings:

" **3(i) Option** " means an Option granted under the terms of Section 3(i) of the Ordinance to persons which do not qualify as "employees" under the provisions of Section 102.

" **102(b) Track Election** " means the right of the Company to prefer either the "Capital Track" (as set under Section 102(b)(2)), or the "Ordinary Income Track" (as set under Section 102(b)(1)), but subject to the provisions of Section 102(g) of the Tax Ordinance.

" **102(b) Option** " means an Option intended to qualify, under the provisions of Section 102(b) of the Tax Ordinance (including the Section 102(b) Choice of Track), as either:

(i) " **102(b)(2) Option** " for the special tax treatments under the "Capital Track", or

(ii) " **102(b)(1) Option** " for the special tax treatments under the "Ordinary Income Track".

" **Affiliate** " means:

with respect to 102(b) Options, any "employing company" within the meaning of Section 102(a) of the Ordinance;

with respect to ISOs, any "parent corporation" or "subsidiary corporation" of the Company, whether now existing or hereafter created or acquired, as those terms are defined in Sections 424(e) and 424(f) of the Code, respectively; and

with respect to NQSOs, any entity described with respect to ISOs, plus any other corporation, limited liability company, partnership or joint venture, whether now existing or hereafter created or acquired, with respect to which the Company beneficially owns more than fifty percent (50%) of: (1) the total combined voting power of all outstanding voting securities or (2) the capital or profits interests of a limited liability company, partnership or joint venture.

" **Consultant** " means any natural person, including an advisor, engaged by the Company or an Affiliate to render bona fide services and who is providing such services at the time a US Option is granted; provided that the term " **Consultant** " shall not include a person who provides services in connection with the offer and sale of securities in a capital-raising transaction or in connection with promoting or maintaining a market for the Company's securities.

" **Controlling Shareholder** " shall have the meaning ascribed to it in Section 32(9) of the Ordinance.

" **Director** " means a member of the Board.

" **Employee** " means a person who is employed by the Company and/or its Affiliates, including an individual who is serving as a director or an office holder, but excluding Controlling Shareholder. The foregoing notwithstanding, in connection with the Code and US Optionees, " **Employee** " means a person who is employed by the Company or its Subsidiaries and with respect to US Optionees granted NQSOs, " **Employees** " shall include Directors or Consultants of the Company or its Affiliates.

" **Exchange Act** " means the United States Securities Exchange Act of 1934, as now in effect or as hereafter amended.

" **Non-Employee** " means a consultant, adviser, service provider, Controlling Shareholder or any other person who is not an Employee. The foregoing notwithstanding, in connection with the Code and US Optionees, " **Non-Employee** " means any person who is not employed by the Company or its Subsidiaries.

" **Other 102 Option** " means an Option granted pursuant to Section 102(c) of the Tax Ordinance and which is not held in trust by a Trustee.

All options granted hereunder, whether together or separately, shall be hereinafter referred to as " **Options** ".

" **Section 102** " means section 102 of the Ordinance as now in effect or as hereafter amended.

" **Securities Act** " means the United States Securities Act of 1933, as amended.

" **Subsidiary** " means any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of granting an option, each of the companies other than the last company in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain.

" **US Option** " means an Option granted to a US Optionee.

" **US Optionee** " means an Optionee subject to US taxation.

3. ADMINISTRATION OF THE OPTION PLAN

3.1 The Board or a compensation committee of the Board appointed and maintained by the Board for such purpose (the " **Committee** ") shall have the power to administer the Option Plan. Notwithstanding the above, the Board shall automatically have a residual authority if no Committee shall be constituted or if such Committee shall cease to operate for any reason whatsoever.

3.2 The Committee shall consist of such number of members (not less than two (2) in number) as may be fixed by the Board. Subject to the provisions of the Company's Articles, the Board shall appoint the members of the Committee, may from time to time remove members from, or add members to, the Committee and shall fill vacancies in the Committee however caused. The Committee shall select one of its members as its chairman (the " **Chairman** ") and shall hold its meetings at such times and places as the Chairman shall determine. The Committee shall keep records of its meetings and shall make such rules and regulations for the conduct of its business, as it shall deem advisable.

3.3 Subject to applicable laws, any member of such Committee shall be eligible to receive Options under the Option Plan while serving on the Committee, unless otherwise specified herein. No person shall be eligible to be a member of the Committee if that person's membership would prevent the Plan from complying with exemptions from Section 16 set forth in Rule 16b-3

promulgated under the Exchange Act, if applicable to the Company. At such time as any class of equity securities of the Company is registered pursuant to Section 12 of the Exchange Act, the Committee shall consist of at least two (2) individuals, each of whom is a Non-Employee Director as that term is defined in Rule 16b-3.

3.4 Subject to the provisions of applicable Law and the Company's Articles of Association, the Committee shall have full power and authority to (i) designate participants in the Option Plan; (ii) determine the terms and provisions of respective Option Agreements (which need not be identical) including, but not limited to, the number of shares in the Company to be covered by each Option, provisions concerning the time or times when, and the extent to which, the Options may be exercised and the nature and duration of restrictions as to transferability, vesting or other terms and conditions of the Option; (iii) accelerate the right of an Optionee to exercise, in whole or in part, any previously granted Option; (iv) determine the Fair Market Value of the Shares pursuant to Section 7.1 below (v) designate Options as 102(b)1 Options, as 102(b)2 Options, as Other 102 Options, as 3(i) Options, as ISOs or as NQSO; (vi) interpret the provisions and supervise the administration of the Option Plan, including whether an Optionee's service has terminated; (vii) amend the Option Plan from time to time in order to qualify for tax benefits applicable under U.S. and Israel laws, (viii) make a 102(b) Track Election (subject to the limitations set under Section 102(g)), and - (ix) determine any other matter which is necessary or desirable for, or incidental to administration of the Option Plan. In determining the number of shares covered by the Options to be granted to each recipient, the Committee may consider, among other things, the nature of services provided by the recipient, the recipient's salary and/or duration of his service or employment by the Company.

The Company's 102(b) Track Election, shall be appropriately filed with the Israeli Tax Authorities (the " **ITA** ") before the date of grant of a 102(b) Option. Such election shall become effective beginning the first date of grant of a 102(b) Option under the Plan and shall remain in effect at least until the end of the year following the year during which the Company first granted a 102(b) Option. The election shall obligate the Company to grant *only* the type of 102(b) Option it has elected, and shall apply to all Optionees who were granted 102(b) Options during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such election shall not prevent the Company from granting Other 102 Options simultaneously.

3.5 Determinations of the Committee . All decisions, determinations and interpretations by the Committee regarding this Plan shall be final and binding on all Optionees or other persons claiming rights under the Plan or any Option. The Committee shall consider such factors as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any Director, officer or Employee of the Company and such attorneys, consultants and accountants as it may select. An Optionee or other holder of an Option may contest a decision or action by the Committee with respect to such person or an Option only on the grounds that such decision or action was arbitrary or capricious or was unlawful under the law applicable to such Optionee, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

3.6 Subject to the provisions of the Articles of Association of the Company, all decisions and selections made by the Board or the Committee pursuant to the provisions of the Option Plan shall be made by a majority of its members except that no member of the Board or the Committee shall vote on, or be counted for quorum purposes, with respect to any proposed action of the Board or the Committee relating to any Option to be granted to that member. Any decision reduced to writing and signed by all of the members who are authorized to make such decision shall be fully effective as if it had been made by a majority at a meeting duly held.

3.7 The interpretation and construction by the Committee of any provision of the Option Plan or of any Option thereunder shall be final and conclusive unless otherwise determined by the Board.

3.8 Each member of the Board or the Committee shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Option Plan unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. The amount for each claim against which such member may be indemnified will be limited to maximum aggregate value of all options granted pursuant to this Plan, at the time of the occurrence giving rise to such indemnifiable claim. Such indemnification shall be in addition to any rights of indemnification the member may have as a director or otherwise under the Company's Articles of Association, any agreement, any vote of shareholders or disinterested directors, insurance policy or otherwise.

4. DESIGNATION OF PARTICIPANTS

4.1 The persons eligible for participation in the Option Plan as recipients of Options shall include any Employee. Notwithstanding the definition of an " **Employee** ," a Consultant shall not be eligible for the grant of a US Option if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 of the Securities Act (" **Rule 701** "), unless the Committee determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions. The grant of an Option hereunder shall neither entitle the recipient thereof to participate nor disqualify him from participating in, any other grant of Options pursuant to this Option Plan or any other option or Share plan of the Company or any of its Affiliates. Notwithstanding any provisions to the contrary herein, no ISO shall be granted to any individual otherwise eligible to participate in the Option Plan who is not an Employee on the date of granting of such ISO. Non-Employees and Controlling Shareholders may only be granted 3(i) Options.

4.2 To the extent applicable and anything in the Option Plan to the contrary notwithstanding, all grants of Options to directors and office holders [" **Nosei Misra** " - as such term is defined in the Israeli Companies Law, 5759-1999 (the " **Companies Law** ")] shall be authorized and implemented only in accordance with the provisions of the Companies Law, as in effect from time to time.

5. TRUSTEE

5.1 The 102(b) Options which shall be granted to Optionees and/or any Shares issued upon exercise of such Options and/or any other shares received subsequently following any realization of rights resulting from a 102(b) Option or from Shares issued upon exercise of a 102(b) Option, shall be issued to a Trustee nominated by the Committee and approved in accordance with the provisions of Section 102 of the Ordinance (the " **Trustee** "). The Committee shall determine and approve the terms of engagement of the Trustee, and shall be authorized to designate from time to time a new Trustee and replace either of them at its sole discretion, and in the event of replacement of any existing Trustee, to instruct the transfer of all Options and Shares held by such Trustee at such time to its successor.

The 102 Options will be held by the Trustee for the benefit of the Optionee for such period of time as required by Section 102 or any regulations, rules or orders or procedures promulgated thereunder (the " **Holding Period** "). The Trustee will hold such Options or Shares resulting from the exercise thereof in accordance with the provisions of the Ordinance and the rules promulgated thereunder, the trust agreement and any other instructions the Committee may issue to him from time to time (so long as they do not contradict the Ordinance and the rules promulgated thereunder).

Thereafter, the Trustee will transfer the Options or the Option shares, as the case may be, to the Optionees upon his/her demand which shall be extended to the Company as provided hereunder, subject to any deduction or withholding required under the Ordinance, the Rules or any other

applicable law. With respect to any 102(b) Option, subject to the provisions of Section 102 and any rules or regulation or orders or procedures promulgated thereunder, an Optionee shall not sell or release from trust any Share received upon the exercise of a 102(b) Option and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance.

Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance and under any rules or regulation or orders or procedures promulgated thereunder shall apply to and shall be borne by such Optionee. In the case the requirements for 102(b) Options are not met, then the 102(b) Options may be treated as Other 102 Options, all in accordance with the provisions of Section 102 and regulations promulgated thereunder. With regards to 102(b) Options, the provisions of the Plan and/or the Option Agreement shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit, and the said provisions and permit shall be deemed an integral part of the Plan and of the Option Agreement. Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Option Agreement, shall be considered binding upon the Company and the Optionees.

5.2 Anything to the contrary notwithstanding, the Trustee shall not release any Options which were not already exercised into Shares by the Optionee or release any Shares issued upon exercise of such Options prior to the full payment of the Optionee's tax liabilities arising from such Options which were granted to him and/or any Shares issued upon exercise of such Options.

5.3 Upon receipt of an Option, the Optionee will sign the Share Option Agreement or an applicable option award which shall be deemed as Optionee's undertaking to exempt the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with the Option Plan, or any Option or Share granted to him thereunder.

5.4 Subject to applicable Law, the Committee shall be entitled to revise, amend or replace the terms of the trust agreement with the Trustee, to the extent that same (i) do not adversely affect any rights of Optionee under any valid and outstanding Option which are expressly provided for in this Option Plan or the respective Share Option Agreement with such Optionee, or is (ii) necessary or desirable in the light of any change or replacement of Section 102 of the Ordinance.

6. SHARES RESERVED FOR THE OPTION PLAN; RESTRICTION THEREON

6.1 Subject to adjustments as set forth in Section 8 below, upon approval of the First Amended and Restated Plan, a total of 319,316 authorized but unissued Ordinary Shares, par value NIS 0.1 per share of the share capital of the Company (the " **Shares** ") shall be reserved for and subject to the Option Plan, or any other option plan to be approved by the Company. The Shares shall bear such rights and restrictions as set forth under the Company's Articles of Association, as currently in effect and as may from time to time be amended or replaced in accordance with the Companies Law, without the consent of any Optionee. Any of such Shares which may remain unissued and which are not subject to outstanding Options at the termination of the Option Plan shall cease to be reserved for the purpose of the Option Plan, but until termination of the Option Plan the Company shall at all times reserve sufficient number of Shares to meet the requirements of the Option Plan. Should any Option for any reason expire or be canceled prior to its exercise or relinquishment in full, the Shares therefore subject to such Option may again be subjected to an Option under the Option Plan. All the Shares may be issued as ISOs.

6.2 Each Option granted pursuant to the Option Plan, shall be evidenced by a written agreement or an award between the Company and the Optionee (the " **Option Agreement** "), in such form as the Board or the Committee shall from time to time approve. Each Option Agreement shall state a number of the Shares to which the Option relates and the type of Option granted thereunder (whether a 102(b)(1) Option, 102(b)(2) Option, Other 102 Option, a 3(i) Option, an ISO or an

NQSO), the purchase price per share and the vesting schedule to which such option shall become exercisable. Such Option Agreement shall be subject to the terms of this Plan. Recipients of Option Agreements shall also be provided a copy of this Plan. To the extent the aggregate Fair Market Value (determined at the time of grant) of the Company's shares with respect to which ISO are exercisable for the first time by any Optionee during any calendar year under all plans of the Company and its affiliates exceeds $US100,000 (one hundred thousand US$), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as NQSO.

The rule set forth in the preceding sentence shall be applied by taking Options into account in the order in which they were granted. In the event an Optionee receives an Option intended to be an Incentive Stock Option which is subsequently determined not to comply with the requirements of the Code for Incentive Stock Options, the Option shall be amended, if necessary, in accordance with the Code and applicable Treasury Regulations and rulings to preserve, as the first priority, to the maximum possible extent, the status of the Option as an ISO (as defined in the Code) and to preserve, to the maximum possible extent, the number of shares subject to the Option. Options may be granted at any time after this Option Plan has been approved by the Company, subject to any further approval or consent required under Section 102 of the Ordinance or the Rules, in case of 102(b) Options, or of the U.S. Treasury, in case of ISOs and other applicable law.

7. PURCHASE PRICE

7.1 The purchase price of each Share subject to a new Option to be granted or any portion thereof shall be determined by the Committee in its sole and absolute discretion in accordance with applicable law, subject to any guidelines as may be determined by the Board from time to time. The purchase price of the Shares covered by each ISO shall be not less than one hundred percent (100%) of the Fair Market Value of the Company shares on the date the Option is granted, unless otherwise determined by the Committee or the Board; provided, however, that no ISO shall be granted to an individual otherwise eligible to participate in the Option Plan who owns (within the meaning of Section 424(d) of the Code), at the time the Option is granted, more than ten percent (10%) of the total combined voting power of all classes of Share of the Company, any Subsidiary of the Company, or any "parent corporation" of the Company within the meaning of Section 424(e) of the Code, unless, at the time such ISO is granted, the exercise price per Share subject to the Option is at least 110% of the Fair Market Value of a Share on the date such ISO is granted, and the ISO by its terms is not exercisable after the expiration of five years from such date of grant. In the case of a NQSO, the purchase price shall be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant, unless otherwise determined by the Committee or the Board.

For purposes of the foregoing, if the Company shares are publicly traded on the Over-the-Counter Market or a recognized Share exchange on the date the Option is granted, " **Fair Market Value** " shall mean, for any particular date, the last sale price of the Company shares on the applicable Share exchange or, if no reported sales take place on the applicable date, the average of the high bid and low asked price of the Company shares as reported for such date or, if no such quotation is made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date. In the event that the shares of the Company are not publicly traded on a Share exchange, the Fair Market Value of an Option Share shall be determined in good faith by the committee. Notwithstanding the preceding provision to the contrary, solely with respect to Shares granted pursuant to an ISO under the Option Plan, Fair Market Value shall be determined in accordance with Section 422(c)(7) of the Code. Without derogating from the above, solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the date of grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant, the Fair Market Value of a share at the date of grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the date of grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

7.2 The purchase price shall be payable upon the exercise of the Option in a form satisfactory to the Committee, including without limitation, by cash, check, or wire transfer.

8. ADJUSTMENTS

Upon the occurrence of any of the following described events, Optionee's rights to purchase Shares under the Option Plan shall be adjusted as hereafter provided:

8.1 Mergers and Consolidations . In the event that the Company is a party to a merger or consolidation, outstanding Options and Shares acquired under the Option Plan shall be subject to the agreement of merger or consolidation, which need not treat all outstanding Options in an identical manner. Such agreement, without the Optionees' consent, shall provide for one or more of the following with respect to Options that are exercisable and which are not exercisable as of the effective date of such merger or consolidation:

(i) The continuation of such Options by the Company (if the Company is the surviving corporation).

(ii) The assumption of such Options by the surviving corporation or its parent in a manner that will entitle the Optionee to purchase such number and class of securities of the surviving corporation or its parent, which would have an equal commercial value upon the date of the consummation of such transaction, as shall be determined in good faith by the Board, taking into account the exchange ratio or consideration paid in the transaction, the vesting of the Options and such other terms and factors that the Board determines to be relevant for purposes of calculating the number of said options, the exercise price thereof and the terms upon which it will be granted; provided that such assumption will be effected in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs), for those Optionees subject to United States taxation.

(iii) The substitution by the surviving corporation or its parent of new options that will entitle the Optionee to purchase such number and class of securities of the surviving corporation or its parent, which would have an equal commercial value upon the date of the consummation of such transaction, as shall be determined in good faith by the Board, taking into account the exchange ratio or consideration paid in the transaction, the vesting of the Options and such other terms and factors that the Board determines to be relevant for purposes of calculating the number of said options, the exercise price thereof and the terms upon which it will be granted; provided that such substitution will be effected in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs) for those Optionees subject to United States taxation.

(iv) The cancellation of such Options and a payment to the Optionees equal to the excess of (A) the Fair Market Value of the Shares subject to such Options as of the effective date of such merger or consolidation over (B) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount provided , however , that such payment will be similar to the proceeds distributed to the other Ordinary shareholders of the Company in the transaction. Such payment may be made in installments and may be deferred until the date or dates when the Option would have become exercisable or such Shares would have vested. The amount of such payment initially shall be calculated without regard to whether or not the Option is then exercisable or

such Shares are then vested. However, such payment may be subject to vesting based on the Optionee's continuing Service, provided that the vesting schedule shall not be less favorable to the Optionee than the schedule under which the Option would have become exercisable or such Shares would have vested. In addition, any escrow, holdback, earnout or similar provisions in the agreement of merger or consolidation may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Shares. If the Exercise Price of the Shares subject to the Option exceeds the Fair Market Value of such Shares, then the Option may be cancelled without making a payment to the Optionee. For purposes of this Paragraph (v), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security. Notwithstanding the foregoing, this Subsection (iv) will be administered in a way that complies with 409A of the Code with respect to Optionees subject to United States taxation.

(v) Full exercisability of the Option and full vesting of the Shares subject to the Option, followed by the cancellation of the Option. The full exercisability of the Option and full vesting of the Shares subject to the Option may be contingent on the closing of such merger or consolidation. The Optionee shall be able to exercise the Option during a period of not less than five full business days preceding the effective date of such merger or consolidation. Any exercise of the Option during such period may be contingent on the closing of such merger or consolidation.

8.2 If the outstanding shares of the Company shall at anytime be changed or exchanged by declaration of a Share dividend, Share split, combination or exchange of shares, recapitalization, or any other like event of the Company, then in such event only and as often as the same shall occur, the number, class and kind of Shares (including Shares issuable pursuant to the Option Plan, as set forth in Section 6 hereof, in respect of which Options have not yet been exercised) subject to this Option Plan or subject to any Options therefore granted, and the purchase prices of the Options, shall be appropriately and equitably adjusted so as to maintain the proportionate number of Shares without changing the aggregate purchase price of the Options.

8.3 Anything herein to the contrary notwithstanding, if prior to the completion of an initial public offering of the Company's securities pursuant to which the securities of the Company are listed for trade in any Over-The-Counter Market or recognized stock exchange (" **IPO** "), all or substantially all of the shares of the Company are to be sold, or upon a merger or reorganization or the like, the shares of the Company, or any class thereof, are to be exchanged for securities of another Company, then in such event, each Optionee shall be obliged to sell, assign or exchange (in accordance with the value of his Shares pursuant to such transaction), as the case may be, the Shares such Optionee purchased under the Option Plan and any Options or portion to the extent then vested and exercisable, in accordance with any instructions then to be issued by the Board whose determination shall be final.

8.4 Notwithstanding the foregoing adjustments, any changes to ISOs pursuant to this Section 8 shall, unless the Company determines otherwise, only be effective to the extent such adjustments or changes do not cause a "modification" (within the meaning of Section 424(h)(3) of the Code) of such ISOs or adversely affect the tax status of such ISOs.

9. MARKET STAND-OFF.

9.1 In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Option Plan without the prior written consent of the Company or its managing underwriter.

9.2 Such restriction (the " **Market Stand-Off** ") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules.

9.3 The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Option Plan until the end of the applicable stand-off period.

10. TERM AND EXERCISE OF OPTIONS

10.1 Options shall be exercised by the Optionee by giving written notice to the Company, in such form and method as may be determined by the Company and the Trustee, which exercise shall be effective upon receipt of such notice by the Company at its principal office and the applicable payment of the exercise price of the exercised options. The notice shall specify the number of Shares with respect to which the Option is being exercised.

10.2 Unless otherwise prescribed by the Committee or the Board and specified in Exhibit A of the Option Agreement, an Option will not be exercisable before the first anniversary of the date of grant, with respect to the 25% of the Option Shares, and with respect to additional 6.25% of the Option Shares at the end of each quarter during the second, third and fourth years from the date of grant. The Board and/or the Committee shall have the exclusive authority to accelerate the periods for exercising an Option.

10.3 Subject to the provisions of Section 10.7 below, no option shall be exercisable after the expiration of ten (10) years from the Date of Grant (or in the event of grant of ISOs, five years from the Date of Grant in the case of an Option held by an Optionee who holds more than ten percent (10%) of the total combined voting power of all classes of Share of the Company, any Subsidiary of the Company, or any "parent corporation" of the Company within the meaning of Section 424(e) of the Code) (the " **Expiration Date** "); and then such Options, or such unexercised part thereof, as the case may be, shall terminate and all interests and rights of the Optionee thereunder shall automatically and conclusively expire.

10.4 Options granted under the Option Plan shall not be transferable by Optionees other than by will or laws of descent and distribution and during an Optionee's lifetime shall be exercisable only by that Optionee.

10.5 The Options may be exercised by the Optionee in whole at any time or in part from time to time, to the extent that the Options become vested and exercisable, prior to the Expiration Date, and provided that, subject to the provisions of Section 10.7 below and unless the Board or Committee resolves otherwise, the Optionee is an Employee of the Company or any of its Affiliates or continuing to provide services to such entities, at all times during the period beginning with the granting of the Option and ending upon the date of exercise.

10.6 Subject to the provisions of Section 10.7 below, in the event of termination of Optionee's employment or service as a Director or Consultant (or, if the Optionee was serving in multiple such capacities, the termination of all such service) with the Company or any of its Affiliates, or if applicable, the termination of all such services given by the Optionee to the Company or any of its Affiliates, or termination of the status of an Affiliate as such, all Options granted to such Optionee will immediately expire. For the avoidance of doubt, in case of such termination of employment or service, the unvested portion of the Optionee's Option shall not vest and shall not become exercisable. A notice of termination of employment or services shall be deemed to constitute termination of employment or services.

10.7 Notwithstanding anything to the contrary in Section 10.6 above and subject to the provisions of Section 10.8 below, an Option may be exercised after the date of termination of Optionee's service or employment with the Company or any of its Affiliates or termination of an Affiliate's status as such only with respect to the number of Options already vested and unexpired at the time of such termination according to the vesting and expiration periods of the Options set forth in this Option Plan, or under a different period prescribed by the Committee or by the Board and specified in Optionee's Option Agreement, provided however, that:

10.7.1 such termination is without Cause (as defined below) in which case the Options shall be exercisable within not more than 90 days from the effective date of such termination; or

10.7.2 such termination is the result of death or disability of the Optionee, in which case the Options shall be exercisable within 12 months, and in the event of death, the Option shall be exercisable by the Optionee's estate, a person who acquires the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionee's death.

For avoidance of any doubt it is hereby made clear that if termination of employment or service is for Cause, any outstanding unexercised Option (whether vested or non-vested), will immediately expire and terminate, and the Optionee shall not have any right in connection to such outstanding Options.

The term " **Cause** " shall mean: (i) conviction of any felony involving moral turpitude or affecting the Company; (ii) any refusal to carry out a reasonable directive of the CEO which involves the business of the Company or its Affiliates and was capable of being lawfully performed and which has not been immediately cured upon order to do so; (iii) embezzlement of funds and/or assets of the Company or its Affiliates; (iv) any breach of the Optionee's fiduciary duties or duties of care of the Company; including, without limitations, disclosure of confidential information of the Company; and (v) any conduct (other than conduct in good faith) reasonably determined by the Board to be materially detrimental to the Company.

10.8 Anything to the contrary contained herein or in the Company's Articles notwithstanding, and subject to applicable law, if the Optionee's employment or services is terminated for fraud, breach of loyalty, theft or other malicious behavior against the Company, then such Optionee shall be deemed to have offered to the other shareholders of the Company (other than nonparticipating shareholders, as defined above) to purchase all the Shares and other securities issued in respect thereof in consideration for the purchase price (determined in accordance with Section 7 of this Option Plan) paid by such Optionee for such Shares and other securities pro rata to their respective holdings of the Company's issued and outstanding shares. Such shares shall be sold and transferred as aforesaid within 30 days from the date of such termination of employment. If the Optionee fails to transfer his/her shares as aforesaid, the Company, at the decision of the Board, shall be entitled to forfeit his/her shares and to authorize any person to execute on behalf of the Optionee any instrument or document necessary to effect such transfer and to make the appropriate inscription in the Company's register of members. Each Optionee, upon executing an Option Agreement, shall be deemed to have authorized the Company and each of its officers and to have granted the Company and each of its officers an irrevocable power of attorney to execute

in his/her behalf such instruments and documents. The Company and its shareholders shall each be deemed as a third party beneficiary of this paragraph (b) with rights to enforce same against the Optionee.

10.9 (a) The holders of Options shall not have any of the rights or privileges of shareholders of the Company in respect of any Shares purchasable upon the exercise of any part of an Option unless and until, following exercise in accordance with the terms of this Plan and the Option, registration of the Optionee as holder of such Shares in the Company's register of members, but in case of Options and Shares held by the Trustee, subject always to the provisions of Section 5 of the Option Plan.

(b) Notwithstanding the foregoing, until completion of the IPO, no Shares will be issued upon an exercise of any Option (" **Exercised Shares** ") unless and until the Optionee shall have executed and delivered a proxy in the form of Exhibit A hereto, or such other form as the Board or the Committee may designate from time to time, to a person designated by the Board or the Committee, pursuant to which the Optionee shall authorize and empower such person to vote such Exercised Shares and exercise or waive any and all rights thereunder pursuant to the instructions of the Board or the Committee. Such person shall have no liability to any Optionee, and each Optionee upon acceptance of an Option shall be deemed to have waived any right or claim against such person and release such person from any liability, if any, to such Optionee, for any loss or damage of any kind which may occur to such Optionee as a result of any act or omission of such person in his capacity as proxy, and to the extent that the Optionee may have any such right or claim, he shall look solely for the Company for any remedy that may be available to him by virtue of such right or claim.

(c) In addition to the forgoing, until the completion of an IPO, no transfer of Exercised Shares shall be approved by the Board unless and until such receiver of the Shares has executed and delivered to the Company a proxy in a form approved by the Board or the Committee pursuant to which such receiver of Shares shall authorize and empower a person designated by the Board to vote such Shares and exercise or waive any and all rights thereunder pursuant to the instructions of the Board or the Committee.

10.10 Any form of Option agreement authorized by the Option Plan may contain such other provisions, as the Committee may, from time to time, deem advisable. Without limiting the foregoing, the Committee may, with the consent of the Optionee, 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 Optionee of an amount in cash equal to the excess, if any, of the Fair Market Value of the Shares at the date of such cancellation subject to the portion of the Option so canceled over the aggregate purchase price of such Shares, (ii) the issuance or transfer to the Optionee 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 Committee in its sole discretion.

10.11 With respect to Other 102 Options, if the Optionee ceases to be employed by the Company or any Affiliate, the Optionee shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated thereunder.

10.12 Unless otherwise determined by the Committee, no US Option granted to an Employee that is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six months following the date of grant of the Option. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay.

11. PURCHASE FOR INVESTMENT

The Company's obligation to issue Shares upon exercise of an Option granted under the Plan is expressly conditioned if so required under the applicable law, as supported by the opinion of the Company's counsel, upon the following terms: (a) the Company's completion of any registration or other qualifications of such Shares under any state and/or federal law, rulings or regulations or (b) representations and undertakings by the Optionee (or his legal representative, heir or legatee, in the event of the Optionee's death) to assure that the sale of the Shares complies with any registration exemption requirements which the Company in its sole discretion shall deem necessary or advisable. Such required representations and undertakings may include representations and agreements that such Optionee (or his legal representative, heir, or legatee): (a) is purchasing such Shares for investment and not with any present intention of selling or otherwise disposing thereof; (b) has knowledge and experience in financial and business matters and/or has employed a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters such that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; and (c) agrees to have placed upon the face and reverse of any certificates evidencing such Shares a legend setting forth (i) any representations and undertakings which such Optionee has given to the Company or a reference thereto (ii) that, prior to effecting any sale or other disposition of any such Shares, the Optionee must furnish to the Company an opinion of counsel, satisfactory to the Company, that such sale or disposition will not violate the applicable requirements of State and federal laws and regulatory agencies and (iii) such restrictions on transfer as are deemed necessary or appropriate by counsel to the Company to assure compliance with such applicable laws.

12. DIVIDENDS

12.1 With respect to all Shares (in contrary to Options not exercised into Shares) issued upon the exercise of Options purchased by the Optionee, the Optionee shall be entitled to receive dividends in accordance with the quantity of such Shares, and subject to any applicable taxation on distribution of dividends.

12.2 During the period in which Shares, issued to the Trustee on behalf of an Optionee upon exercise of a 102(b) Option, are held by the Trustee, the cash dividends paid with respect thereto shall be paid directly to the Optionee, subject to the provisions of Section 102 and the rules, regulations or orders promulgated thereunder.

13. ASSIGNABILITY AND SALE OF OPTIONS

13.1 No Option shall be assignable, transferable or given as collateral or any right with respect to them given to any third party whatsoever, and during the lifetime of the Optionee each and all of such Optionee's rights to purchase Shares hereunder shall be exercisable only by the Optionee.

13.2 As long as Shares are held by the Trustee in favor of the Optionee, then all rights the last possesses over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

13.3 Any action made directly or oblique, for an immediate validation or for a future one, shall be void.

14. TERM OF THE OPTION PLAN

The Plan shall become effective on the date that it is adopted by the Board; provided, however, that no Option may be exercised until the Plan has been approved by the holders of a majority of the voting Shares of the Company. If the Plan is not approved by the shareholders of the Company within twelve months after the date the Plan is adopted by the Board, the Plan and all Options granted thereunder shall be null and void. If the Second Amended and Restated Plan is not approved by the shareholders of the Company within twelve months after the date the Second Amended and Restated Plan is adopted by the Board, the Second

Amended and Restated Plan and all Options granted by the Committee thereunder after approval by the Board shall be null and void. Subject to Section 15 below the Option Plan shall terminate on the Termination Date first set forth above, and no further Options may be granted on or after such date; provided, however, Options granted theretofore may extend beyond such date subject to any other limitations of the Plan and as applicable. No ISOs will be granted unless the [First Amended and Restated] Plan shall have been approved by the shareholders of the Company within 12 months before or after [the First Amended and Restated] Plan is adopted by the Board.

15. AMENDMENTS OR TERMINATION

15.1 Except as set forth elsewhere in this Plan, the Committee may, at any time and from time to time, amend, alter or discontinue the Option Plan, except that no amendment or alteration shall be made which would impair the rights of the holder of any Option therefore granted, without his consent. The Committee may amend the Plan in any respect the Committee deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to ISOs or to bring the Plan or ISOs granted under it into compliance therewith.

15.2 However, unless otherwise required by law or specifically provided herein, no such amendment, alteration or discontinuation shall be made which, without first obtaining approval of the shareholders of the Company (where such approval is necessary to satisfy (i) with regard to ISOs, any requirements under the Code relating to ISOs or (ii) any applicable law, regulation or rule), would:

(a) except as is provided in Section 8, increase the maximum number of Shares which may be sold or awarded under the Option Plan;

(b) except as is provided in Section 8, decrease the minimum Option exercise price requirements under the Option Plan;

(c) change the class of persons eligible to receive Options under the Plan; or

(d) extend the duration of the Plan or the period during which ISOs may be exercised under Section 10.

Without derogating from the foregoing, the approval of the shareholders of the Company, if is necessary to satisfy (i) with regard to ISOs, any requirements under the Code relating to ISOs or (ii) any applicable law, regulation or rule, shall be obtained prior to taking any other action under this Plan.

15.3 The Committee may amend the terms of any one or more US Options, including, but not limited to, amendments to provide terms more favorable than previously provided in the Option Agreement, subject to any specified limits in the Plan that are not subject to Committee discretion; provided , however , that the rights under any US Option Agreement shall not be impaired by any such amendment unless (a) the Company requests the consent of the affected US Optionee, and (b) such US Optionee consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected US Optionee's consent, the Board may amend the terms of any one or more Option Agreements if necessary to maintain the qualified status of the Option Agreement as an ISO or to bring the Option Agreement into compliance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

15.4 The rights and obligations under any Option granted before any amendment of the Plan shall not be altered or impaired by such amendment unless the Company requests the consent of the person to whom the Option was granted and such person consents in writing; provided , however , that

notwithstanding anything to the contrary in this Section 15 or elsewhere in this Plan, no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Option to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Option, or that any such diminishment has been adequately compensated.

16. GOVERNMENT REGULATIONS

The Option Plan, the granting and exercise of Options hereunder, the obligation of the Company to sell and deliver Shares under such Options and the right to transfer any Shares following exercise shall be subject to all applicable laws, rules, and regulations, whether of the State of Israel or of the United States or any other State having jurisdiction over the Company and the Optionee, including the registration of the Shares under the Securities Act, and to such approvals by any governmental agencies or national securities exchanges as may be required. The Company shall not be required to register in an Optionee's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any US federal, state or local law or any ruling or regulation of any US government body which the Committee shall determine to be necessary or advisable. To the extent the Company is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary or advisable for the lawful issuance and sale of any Shares hereunder, the Company shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17. CONTINUANCE OF EMPLOYMENT OR HIRED SERVICES

Neither the Option Plan nor the Option agreement with the Optionee shall impose any obligation on the Company or an Affiliate thereof, to continue any Optionee in its employ, or the hiring by the Company of the Optionee's services and nothing in the Option Plan or in any Option granted pursuant thereto shall confer upon any Optionee any right to continue in the employ or service of the Company or an Affiliate thereof or restrict the right of the Company or an Affiliate thereof to terminate such employment or service hiring at any time.

18. GOVERNING LAW & JURISDICTION

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

19. TAX CONSEQUENCES

19.1 to the extent permitted by applicable law, any tax consequences arising from the grant or exercise of any Option, from the payment for Shares covered thereby or from any other event or act (of the Company, the Trustee or the Optionee), hereunder, shall be borne solely by the Optionee. The Company and/or the Trustee (where applicable) shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including the withholding of taxes at source. Furthermore, the Optionee shall agree to indemnify the Company and the Trustee (where applicable) and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee. To satisfy any applicable withholding requirements, the Company may, in its sole discretion (in addition to the Company's right to withhold from any compensation paid to the Optionee by the Company) by a combination of such means: (i) cause the Optionee to tender a cash payment; (ii) withhold Shares from the Shares issued or otherwise issuable to the Optionee, provided that no Shares are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of the Option as a liability); or (iii) by such other method as may be set forth in the Option Agreement.

19.2 The Board, the Committee and/or the Trustee shall not be required to release any Share certificate, issued upon exercise of an Option, to an Optionee, until all required payments have been fully made.

19.3 If the Option is intended to qualify as an ISO, then if the Optionee makes a disposition, within the meaning of Section 424 (c) of the Code and the regulations promulgated thereunder, of any Share issued to the Optionee pursuant to his exercise of the Option within the two-year period commencing on the Date of Grant or within the one-year period commencing on the date after the date of transfer of such Share to the Optionee pursuant to such exercise, the Optionee shall, within ten (10) days after such disposition, notify the Company thereof, by delivery of a written notice to the Secretary of the Company, and immediately deliver to the Company the amount of all applicable withholding taxes and any other information as may be prescribed by the Committee or the Company.

19.4 To the extent applicable, the Plan and Option Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the effective date of the Second Amended and Restated Plan set forth above (the " **Amendment Effective Date** "). Notwithstanding any provision of the Plan or Option to the contrary, in the event that following the Amendment Effective Date the Committee determines that any Option may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Amendment Effective Date), the Committee may adopt such amendments to the Plan and the applicable Option Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (i) exempt the Option from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Option; or (ii) comply with the requirements of Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the Amendment Effective Date.

20. SPECIAL PROVISIONS FOR OPTION PLAN PARTICIPANTS WHO ARE ISRAELI RESIDENTS

20.1 This Section 20 shall apply only to Optionees who are residents of the State of Israel or those who are deemed to be residents of the State of Israel for the payment of tax.

20.2 Notwithstanding anything herein to the contrary, the Option Plan shall be governed by the provisions of the Ordinance, the rules promulgated thereunder, and any other applicable Israeli laws with respect to Optionees who are Israeli residents.

20.3 Following the grant of Options under the Option Plan and in any case in which the Optionee shall stop being considered as an " **Israeli Resident** ", as defined in the Ordinance, the Company may, if and to the extent the Ordinance and/or the rules promulgated thereunder shall impose such obligation on the Company, to withhold all applicable taxes from the Optionee, to remit the amount withheld to the appropriate Israeli tax authorities and to report to such Optionee the amount so withheld and paid to said tax authorities.

21. NON-EXCLUSIVITY OF THE OPTION PLAN

The adoption of the Option Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangements 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 Share Options otherwise then under the Option Plan, and such arrangements may be either applicable generally or only in specific cases.

22. MULTIPLE AGREEMENTS

The terms of each Option may differ from other Options granted under the Option Plan at the same time, or at any other time. The Committee or the Board may also grant more than one Option to a given Optionee during the term of the Option Plan, either in addition to, or in substitution for, one or more Options previously granted to that Optionee.

23. LIABILITY OF THE COMPANY

The Company and the members of the Committee shall not be liable to an Optionee or any other persons as to: (a) the non-issuance or non-transfer, or any delay of issuance or transfer, of any Shares which results from the inability of the Company to comply with, or to obtain, or from any delay in obtaining from any regulatory body having jurisdiction, all requisite authority to issue or transfer Shares if counsel for the Company deems such authority reasonably necessary for lawful issuance or transfer of any such shares and, in furtherance thereof, appropriate legends may be placed on the share certificates evidencing Shares to reflect such transfer restrictions; and (b) any tax consequence expected, but not realized, by any Optionee or other person due to the receipt, exercise or settlement of any Option granted hereunder.

* * * * * * *

Exhibit A

IRREVOCABLE PROXY

Wixpress Ltd.

The undersigned hereby appoints [ ] as proxy of the undersigned, with full power of substitution, to (i) vote all of the shares of Wixpress Ltd. (the " **Company** "), which the undersigned may be entitled to vote at any General Meeting or Class Meeting of Shareholders of the Company and to execute and resolutions or consents in lieu of meetings, to the extent undersigned is entitled to any of the foregoing voting rights, and (ii) to waive or exercise, on the undersigned's behalf, any and all rights or privileges conferred upon the undersigned by virtue or in respect of any such shares owned beneficially or of record by the undersigned.

Subject to the approval of the Company's Board, this proxy may be assigned by the original proxy or any of his assignees to any other person(s) approved by the Board.

This proxy is granted by the undersigned pursuant to the provisions of the Company's 2007 Share Option Plan and is intended to secure the rights and interests of third parties, including the Company and certain of its other shareholders, and accordingly is coupled with interest and irrevocable.

I hereby acknowledge that I have read and understood the provisions of Section 10.9 of the Plan and fully agree therewith.

This proxy will terminate automatically upon completion of the Company's IPO (as defined in the Plan).

Date: _____

Very truly yours,

_____

(Optionee)

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this " **Agreement** ") dated as of June 24, 2013 (the " **Effective Date** ") among (a) **SILICON VALLEY BANK** , a California corporation (" **Bank** "), and (b) **WIXPRESS LTD.** , a company organized under the laws of the State of Israel (" **Ltd** ") and **WIX.COM, INC.** , a Delaware corporation (" **Inc** ") (Ltd and Inc are hereinafter jointly and severally, individually and collectively, referred to as " **Borrower** "), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP; *provided* that if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Borrower or Bank shall so request, Borrower and Bank shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; *provided, further* , that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrower shall provide Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, all financial calculations (whether for pricing covenants, or otherwise) shall be made with regard to Borrower only and not on a consolidated basis. The term "financial statements" includes the notes and schedules. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13 of this Agreement. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code to the extent such terms are defined therein, and by any other applicable law.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon together with any fees and Finance Charges as and when due in accordance with this Agreement.

2.1.1 Financing of Eligible Collections

(a) Availability . Subject to the terms of this Agreement, Borrower may request that Bank make advances based upon Borrower's Collections Base. Bank shall, in its good faith business discretion, make such advances by extending credit to Borrower in an amount (for all advances outstanding) not to exceed the Availability Amount (each, an " **Advance** " and, collectively, the " **Advances** ").

(b) Maximum Advances . The aggregate principal amount of outstanding Advances may not exceed at any time the Availability Amount. If, at any time, the aggregate principal amount of outstanding Advances exceeds the Availability Amount, Borrower shall immediately pay to Bank in cash such excess amount, and Borrower hereby irrevocably authorizes Bank to debit any of its accounts maintained with Bank or any of Bank's Affiliates in connection therewith. Bank shall provide a written notice of such debit to Borrower.

(c) Borrowing Procedure . Ltd will deliver an Advance Request Transmittal signed by a Responsible Officer of Ltd for each Advance it requests, accompanied by satisfactory evidence of the then-current Collections Base. Bank may rely on information set forth in or provided with the Advance Request Transmittal.

(d) Early Termination . This Agreement may be terminated prior to the Maturity Date as follows: (i) by Borrower, effective three (3) Business Days after written notice of termination is given to Bank; or (ii) by Bank at any time after the occurrence of an Event of Default, effective immediately upon written notice to Borrower. If this Agreement is terminated (A) by Bank in accordance with clause (ii) in the foregoing sentence, or (B) by Borrower for any reason, Borrower shall pay to Bank a non-refundable termination fee in an amount equal to one percent (1.0%) of the Maximum Availability Amount (the " **Early Termination Fee** ") , *provided however* , that if

this Agreement is terminated by Borrower in connection with and pursuant to the consummation of an equity financing (including, for the avoidance of doubt, initial public offering) by Ltd, whereby Ltd shall issue and sell shares or other equity in Ltd and use the proceeds from such issuance and sale to prepay in full Borrower's Obligations hereunder (specifically excluding Obligations related solely to Bank Services) within thirty (30) days following the consummation of such equity financing, the Early Termination Fee shall be in an amount equal to five tenths of one percent (0.5%) of the Maximum Availability Amount. The Early Termination Fee shall be due and payable on the effective date of such termination and thereafter shall bear interest at a rate equal to the highest rate applicable to any of the Obligations. Notwithstanding the foregoing, Bank agrees to waive the Early Termination Fee if Bank closes on the refinance and re-documentation of this Agreement under another division of Bank (in its sole and exclusive discretion) prior to the Maturity Date.

(e) Maturity . This Agreement shall terminate and all Obligations outstanding hereunder (specifically excluding Obligations related solely to Bank Services), shall be immediately due and payable in full on the Maturity Date or earlier termination of this Agreement.

(f) Suspension of Credit Extensions . Borrower's ability to request that Bank make additional Credit Extensions hereunder will terminate if, in Bank's reasonable discretion, there has been a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations, or if there has been any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank prior to the Effective Date. For the avoidance of any doubt, the provisions of this Section 2.1.1(f), in and on themselves, shall not trigger repayment by Borrower of any Credit Extensions and/or Advances made by Bank prior to such events, but shall only affect Bank's making additional Credit Extensions.

2.2 Collections, Finance Charges, Remittances and Fees . The Obligations outstanding hereunder (specifically excluding Obligations related solely to Bank Services) shall be subject to the fees and Finance Charges as set forth in this Section 2. Unpaid and due fees and Finance Charges may, in Bank's discretion, accrue interest at the then highest rate applicable to the Obligations.

2.3 [Intentionally omitted].

2.4 Facility Fee and Unused Revolving Line Facility Fee.

(a) A fully earned, non-refundable facility fee of One Hundred Thousand Dollars ($100,000.00) is due and payable upon the Effective Date (the " **Facility Fee** ").

(b) Borrower shall pay to Bank a fee (the " **Unused Revolving Line Facility Fee** "), payable quarterly in arrears, on a calendar year basis, on the first (1st) day of each calendar quarter, in an amount equal to four tenths of one percent (0.40%) per annum of the average unused portion of the Maximum Availability Amount. The unused portion of the Maximum Availability Amount, for purposes of this calculation, shall equal the difference between (a) the Maximum Availability Amount and (b) the average for the period of the daily closing balance of the Advances outstanding. Borrower shall not be entitled to any credit, rebate or repayment of any Unused Revolving Line Facility Fee previously earned by Bank pursuant to this Section 2.4(b) notwithstanding any termination of the Agreement or the suspension or termination of Bank's obligation to make Advances hereunder.

The Facility Fee and each Unused Revolving Line Facility Fee are hereinafter collectively referred to as the " **Loan Fees** ".

(c) Good Faith Deposit. Borrower has paid to Bank a deposit of Thirty Thousand Dollars ($30,000.00) (the " **Good Faith Deposit** ") to initiate Bank's due diligence review process. Any portion of the Good Faith Deposit not utilized to pay Bank Expenses, if any, will be applied to and reduce the Facility Fee.

2.5 Finance Charges . Borrower will pay a finance charge (the " **Finance Charge** ") on the Facility Balance which is equal to the Applicable Rate divided by 360 multiplied by the number of days each such Advance is outstanding multiplied by the outstanding Facility Balance. The Finance Charge is payable on a monthly basis on

the first (1st) day of each month in accordance with Section 2.9 of this Agreement. Immediately upon the occurrence of an Event of Default, and during the continuance of such an Event of Default, the Applicable Rate will increase an additional five percent (5.0%) per annum.

2.6 Deductions . Bank may deduct fees, Bank Expenses, the Loan Fees, Finance Charges, Advances which become due pursuant to Section 2.9 of this Agreement, and other amounts due pursuant to this Agreement from any Credit Extensions made or collections received by Bank. Bank shall provide a written notice of such deduction to Borrower.

2.7 [Intentionally omitted]

2.8 Bank Expenses . Borrower shall pay all Bank Expenses (including reasonable attorneys' fees and expenses, plus expenses, for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due, provided , however , that such Bank Expenses in connection with the documentation, negotiation of this Agreement and any audit checks made in connection hereto as of the Effective Date, do not exceed an aggregate amount of Sixty Five Thousand Dollars ($65,000) plus VAT if applicable (from which the amount of the Good Faith Deposit shall be deducted).

2.9 Repayment of Obligations; Adjustments

2.9.1 Repayment.

(a) Borrower shall pay to Bank, on the first day of each Reconciliation Period, all accrued Finance Charges with respect to the Advances; and

(b) Borrower will repay the principal amount of the Advances on the earliest of: (i) the date on which the aggregate amount of outstanding Advances exceeds the Availability Amount (but only up to the amount exceeding the Availability Amount), or (ii) the Maturity Date (including any early termination). Any payment pursuant to (ii) shall also include all accrued and unpaid Finance Charges and all other Obligations outstanding hereunder (specifically excluding Obligations related solely to Bank Services).

2.9.2 Repayment on Event of Default . When there is an Event of Default, Borrower will, if Bank demands (or, upon the occurrence of an Event of Default under Section 8.5 of this Agreement, immediately without notice or demand from Bank) repay all of the Obligations. The demand may, at Bank's option, include any and all Credit Extensions, and all accrued Finance Charges, the Early Termination Fee, the Loan Fees, attorneys' and professional fees, court costs and expenses, Bank Expenses and any other Obligations.

2.9.3 Debit of Accounts . Bank may debit any of Borrower's deposit accounts for payments or any amounts Borrower owes Bank hereunder. Bank shall provide a written notice of such debit to Borrower. These debits shall not constitute a set-off.

2.10 Power of Attorney . Borrower irrevocably appoints Bank and its successors and assigns as attorney-in-fact and authorizes Bank and its successor and assigns, to: (a) following the occurrence of an Event of Default and during its continuance , (i) sell, assign, transfer, pledge, compromise, or discharge all or any part of the Accounts; (ii) demand, collect sue, and give releases to any Account Debtor for monies due and compromise, prosecute, or defend any action, claim, case or proceeding about the Accounts, including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses; (iii) prepare, file and sign Borrower's name on any notice, claim, assignment, demand, draft, or notice of or satisfaction of lien or mechanics' lien or similar document; (iv) endorse Borrower's name on checks or other instruments (to the extent necessary to pay amounts owed pursuant to any of the Loan Documents); and (b) regardless of whether an Event of Default has occurred and is continuing, execute on Borrower's behalf any instruments, documents, financing statements to perfect Bank's interests in the Collateral, as directed by Bank. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers thereunder, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and this Agreement is terminated.

2.11 Net Payments and Withholding .

(a) All payments by Borrower on account of the Obligations shall be made subject to applicable withholding taxes under the Israeli Income Tax Ordinance and the Convention between the Government of the State of Israel and the Government of the United States of America with respect to taxes on income.

(b) Borrower will furnish Bank with proof satisfactory to Bank indicating that Borrower has made all such withholding tax payments, if and to the extent such withholding tax payment is required to be made in accordance with applicable law, and will cooperate with Bank in connection with any information and documentation required by Bank in connection with credits, exemptions, rebates, or other benefits to be obtained by Bank in connection with such withholding payments made by Borrower, which credits, exemptions, rebates, or other benefits shall be property of Bank, without payment to Borrower or application to any Obligations hereunder. Such withholding payments shall be regarded, for all intents and purposes, as part of the repayment of Borrowers Obligations.

(c) The agreements and obligations of Borrower contained in this Section 2.11 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension . Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) the Loan Documents;

(b) the Debentures;

(c) the SVB Control Agreement;

(d) the Warrant, together with a capitalization table of Ltd;

(e) the IP Agreement, completed exhibits thereto and copies of intellectual property search results in connection therewith;

(f) a certificate of the Secretary of Ltd with respect to articles, incumbency and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents;

(g) Inc's Operating Documents and a long form good standing certificate of Inc certified by the Secretary of State of the State of Delaware as of a date no earlier than thirty (30) days prior to the Effective Date;

(h) a Secretary's Corporate Borrowing Certificate together with the completed and executed Borrowing Resolutions for Borrower;

(i) certified copies, dated as of a recent date, of financing statement and other lien searches, as Bank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements or other filings either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(j) the Perfection Certificates of Borrower, together with the duly executed original signatures thereto;

(k) a legal opinion of Ltd's counsel (authority/enforceability), in form and substance acceptable to Bank;

(l) evidence satisfactory to Bank that the insurance policies required by Section 6.4 of this Agreement are in full force and effect, together with appropriate evidence showing lender loss payable and additional insured clauses and cancellation notice to Bank (including certificates on Acord 25 and Acord 28 forms and endorsements to the policies reflecting the same);

(m) evidence satisfactory to Bank that all filings required to have been made pursuant to the Debentures and the other Loan Documents have been made to secure a first-ranking Lien in favor of the Bank on the Charged Property, and all other actions required to have been taken by Borrower or any other party prior to the initial Credit Extension shall have been taken and all consents and other authorizations shall have been obtained prior to the initial Credit Extension, all in accordance with the terms of the Debentures and the other Loan Documents;

(n) payment of the fees and Bank Expenses then due as specified in Section 2.8 of this Agreement; and

(o) Certificates of Good Standing/Foreign Qualification (California and New York) for Inc.

3.2 Conditions Precedent to all Credit Extensions . Bank's agreement to make each Credit Extension, including the initial Credit Extension, is subject to the following:

(a) receipt of the Advance Request Transmittal , accompanied by satisfactory evidence of the then-current Collections Base;

(b) each of the representations and warranties in Section 5.3 of this Agreement shall be true, accurate, and complete on the date of the Advance Request Transmittal and on the effective date of each Credit Extension and no Event of Default shall have occurred and be continuing, or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in Section 5.3 of this Agreement remain true, accurate, and complete; and

(c) each of the representations and warranties in this Agreement (other than those in Section 5.3) and in the Debentures shall be true, accurate, and complete in all material respects on the date of the Advance Request Transmittal and on the effective date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and no Event of Default shall have occurred and be continuing, or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement (other than those in Section 5.3) and in the Debentures remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

3.3 Covenant to Deliver . Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest . Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein shall be and shall at all times continue to be a first priority perfected security interest in the Collateral subject only to Permitted Liens that are permitted to have priority over Bank's Liens hereunder. If Inc shall at any time acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Bank.

Borrower acknowledges that it may have previously entered, and/or may in the future enter, into Bank Services with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority security interest granted herein and the first ranking charges granted under the Debenture.

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are satisfied in full, and at such time, Bank shall, at Borrower's sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (a) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (b) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any, *provided however* , that with respect to Bank Services such as grant of letters of credit, provision of cash collateral in an amount equal to 110% of the Dollar Equivalent of the face amount of all such letters of credit , plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment) shall be considered to be acceptable to Bank.

4.2 Debentures . Borrower undertakes to create, in favor of Bank, a first ranking floating charge over all of the present and future assets of Borrower whether now existing or hereafter created, and a first ranking fixed charge over its reputation and goodwill, Intellectual Property and other fixed assets and any tax benefit Borrower may have, in accordance with a debenture of floating charge and a debenture of fixed charge, in the forms of Debentures attached as **Exhibit E** and **Exhibit E-1** respectively (as amended, modified or restated from time to time, jointly, the " **Debentures** " and each, a " **Debenture** ").

4.3 Security Documents . All Obligations shall be secured by any and all properties, rights and assets of Borrower in the Collateral granted by Borrower to Bank now, or in the future, in which Borrower obtains an interest, or the power to transfer rights, including, without limitation, the Charged Property as set forth in the Debentures, and any and all other security agreements, mortgages or other collateral granted by Borrower to Bank, now or in the future. Borrower warrants and represents that the charges of the Debentures, upon the filing thereof, shall be first priority fixed and floating charges in the Collateral, subject only to Permitted Liens which are expressly permitted by the terms of this Agreement to have priority. Borrower further covenants that, as soon as practicable following the Effective Date and in any event within thirty (30) days of the Effective Date, Borrower shall provide evidence satisfactory to Bank that:

(i) the following Liens securing Indebtedness owed by Ltd to Bank Hapoalim (the " **Hapoalim Fixed Charges** "), have been amended in order to provide limitations in amount with respect to each such Permitted Lien up to the scope set forth below:

(a) charges in favor of Bank Hapoalim, created by Ltd on cash deposits in the amount of NIS 185,000 and NIS 1,200,000, respectively, maintained at account no. 584/676336 with Bank Hapoalim, to secure Ltd's obligations under letters of credit issued by Bank Hapoalim in connection with Ltd's facilities in Tel Aviv – up to the amount of NIS 185,000 and NIS 1,200,000, respectively.

(b) charges in favor of Bank Hapoalim created by Ltd on a cash deposit in the amount of NIS 120,000, maintained at account no. 584/676336 with Bank Hapoalim, to secure Ltd's obligations with respect to credit card transactions with Bank Hapoalim – up to the amount of NIS 120,000.

(c) charges in favor of Bank Hapoalim created by Ltd on a cash deposit in the amount of $ 1,500,000, maintained at account no. 584/676336 with Bank Hapoalim, to secure Ltd's obligations in connection with FX activity with Bank Hapoalim – up to the amount of $ 1,500,000.

(ii) the documents and/or filings evidencing such amendment have been appropriately filed.

4.4 Authorization to File Financing Statements . Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. Any such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion. Upon Borrower's request, Bank will provide Borrower with a copy of any such financing statement filed by Bank.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization and Authorization . Borrower and each of its Subsidiaries are duly organized, validly existing and, with respect to Inc, in good standing, as Registered Organizations in their respective jurisdictions of formation and are qualified and licensed to do business and are in good standing in any other jurisdiction in which the conduct of their respective business or ownership of property requires that they be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, each Borrower has delivered to Bank a completed certificate signed by such Borrower, entitled Perfection Certificate (collectively, the " **Perfection Certificate** "). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, corporate structure, organizational type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could have a material adverse effect on Borrower's business.

5.2 Collateral . Borrower has good title to, has rights in, and the power to transfer, each item of the Collateral upon which it purports to grant a Lien hereunder and under the Debentures, free and clear of any and all Liens except Permitted Liens. Borrower has no deposit accounts other than the deposit accounts with Bank, the deposit accounts, if any, described in the Perfection Certificate delivered to Bank in connection herewith, or of which Borrower has given Bank notice and taken such actions as are necessary to give Bank a perfected security interest therein and, as provided in the Debentures, fixed and floating charges thereon. The Accounts are bona fide, existing obligations of the Account Debtors. All Inventory, if applicable, is in all material respects of good and marketable quality, free from material defects.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral are currently being maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2 of this Agreement.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business. Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Eligible Collections . For any Account related to any of the Eligible Collections, all statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing such Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All statements and items on each Borrowing Base Certificate and in the financial statements delivered pursuant to Section 6.2(a)(i) and the statements of Borrower's Eligible Collections delivered pursuant to Section 6.2(d) are and shall be true and correct in all respects. All sales and other transactions underlying or giving rise to each such Account shall comply in all material respects with all applicable laws and governmental rules and regulations.

5.4 Litigation . There are no actions or proceedings pending or, to the knowledge of Borrower's Responsible Officers, threatened in writing by or against Borrower or any Subsidiary in which an adverse decision could reasonably be expected to cause a Material Adverse Change.

5.5 No Material Deviation in Financial Statements and Deterioration in Financial Condition . All consolidated financial statements for Borrower and any Subsidiary delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations in accordance with GAAP. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.6 Solvency . The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.7 Regulatory Compliance . Inc is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Inc is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Inc has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to cause a Material Adverse Change. None of Borrower's or any Subsidiary's properties or assets have been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

5.8 Subsidiaries . Borrower does not own any stock, shares, partnership interest or other equity securities except for Permitted Investments.

5.9 Tax Returns and Payments; Pension Contributions . Borrower and each Subsidiary have timely filed all required tax returns and reports, and Borrower and each Subsidiary have timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each Subsidiary.

Borrower may defer payment of any contested taxes, provided that Borrower (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Bank in writing of the commencement of, and any material development in, the proceedings and (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 Office of the Chief Scientist and Investment Center . As of the Effective Date, Borrower has not received any grants, funds or benefits (including, but not limited to, tax benefits) from the Israeli Office of Chief Scientist or Investment Center. Borrower is not obligated to pay any royalties or any other payments to the Israeli Office of Chief Scientist or Investment Center. The transactions contemplated under this Agreement, the Debentures and any other Loan Document (including the realization of the Collateral) are not subject to any right and do not require the approval of the Israeli Office of Chief Scientist or Investment Center.

5.11 Full Disclosure . No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that any projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in, and fixed and floating charges to Bank over, all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

(c) Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law and that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

6.2 Financial Statements, Reports, Certificates

(a) Deliver to Bank: (i) as soon as available, but no later than thirty (30) days after the last day of each Reconciliation Period, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations during the period certified by a Responsible Officer and in a form acceptable to

Bank; (ii) as soon as available, but no later than one hundred fifty (150) days after the last day of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank; (iii) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act, within five (5) days of filing, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and all reports on Form 10-K, 10-Q and 8-K filed with the SEC or equivalent reporting of foreign private issuer filed with any national securities exchange; (iv) a prompt report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars ($100,000.00) or more; and (v) budgets, sales projections, operating plans or other financial information reasonably requested by Bank, and in any event, as soon as available but no later than fifteen (15) days following approval by Borrower's board of directors (and with respect to any updates or amendments thereto, as soon as available but no later than fifteen (15) days following approval by Borrower's board of directors), a current operating budget and capitalization table.

(b) Within thirty (30) days after the last day of each Reconciliation Period, deliver to Bank with the monthly financial statements a Compliance Certificate signed by a Responsible Officer in the form of **Exhibit B** .

(c) [Intentionally omitted]

(d) Provide Bank with, as soon as available, but no later than five (5) Business Days after the last day of each Reconciliation Period, statements of Borrower's Eligible Collections for such month;

(e) Provide Bank with, as soon as available, but no later than five (5) Business Days after the last day of each Reconciliation Period, a Borrowing Base Certificate, signed by a Responsible Officer.

(f) Provide Bank with, as soon as available, but no later than thirty (30) days following each Reconciliation Period, a Deferred Revenue report, in form and detail acceptable to Bank.

(g) Provide Bank with, concurrently with sending the same to Borrower's board of directors, information (and any updates or amendments to such information) sent to the board of directors, provided that Borrower may exclude information that, at Borrower's reasonable discretion, is covered by attorney-client privilege, trade secrets or such information which is reasonably determined by Borrower, at Borrower's reasonable discretion, to be highly confidential information.

(i) Provide Bank prompt written notice of (i) any material change in the composition of the Intellectual Property, (ii) the registration of any Copyright, including any subsequent ownership right of Borrower in or to any Copyright, Patent or Trademark not shown in the IP Agreement or the Debentures, and (iii) Borrower's knowledge of an event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property.

6.3 Taxes . Make, and cause each Subsidiary to make, timely payment of all foreign, federal, state, and local taxes or assessments (other than taxes and assessments which Borrower is contesting in good faith, with adequate reserves maintained in accordance with GAAP) and will deliver to Bank, on demand, appropriate certificates attesting to such payments.

6.4 Insurance . Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as the sole lender loss payee and waive subrogation against Bank, and all liability policies shall show, or have endorsements showing, Bank as an additional insured. All policies (or the lender loss payable and additional insured endorsements) shall provide that the insurer must give Bank at least twenty (20) days notice before canceling, amending, or declining to renew its policy. At Bank's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Bank's option, be payable to Bank on account of the Obligations. If Borrower fails to obtain insurance as required under this Section 6.4 or to

pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.4, and take any action under the policies Bank deems prudent.

6.5 Accounts

(a) To permit Bank to monitor Borrower's financial performance and condition, Inc shall, but will not be obligated to, maintain its primary operating accounts with Bank, along with primary investment accounts and excess funds with or invested through Bank's Affiliates. Ltd shall maintain an operating account with Bank.

(b) In addition to and without limiting the requirements in subsection (a), Borrower shall give Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. Borrower shall indicate in the Compliance Certificate provided to Bank in accordance with Section 6.2(b) above any deposit or securities account it holds at or with any bank or financial institution other than Bank or Bank's Affiliates and the aggregate value of deposits and/or securities in any such account. In addition, for each account that Borrower at any time maintains in the United States (other than accounts at Bank), Borrower shall cause the applicable bank or financial institution at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder, which Control Agreement may not be terminated without the prior written consent of Bank.

6.6 [Intentionally Omitted]

6.7 [**Intentionally Omitted**]

6.8 Protection and Registration of Intellectual Property Rights

(a)(i) Protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Bank in writing of material infringements of its Intellectual Property; (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent; and (d) not allow any Intellectual Property to be vested in any entity other than Borrower.

(b) If Borrower (i) obtains any Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (ii) applies for any Patent or the registration of any Trademark, then Borrower shall immediately provide written notice thereof to Bank and shall execute such intellectual property security agreements and other documents and take such other actions as Bank shall request in its good faith business judgment to perfect and maintain a first priority perfected security interest in, and a first ranking fixed charge over, such property in favor of Bank. If Borrower decides to register any Copyrights or mask works in the United States Copyright Office, Borrower shall: (x) provide Bank with at least fifteen (15) days prior written notice of Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Bank may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in, and a first ranking fixed charge over, the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Borrower shall promptly provide to Bank copies of all applications that it files for Patents or for the registration of Trademarks, Copyrights or mask works, together with evidence of the recording of the intellectual property security agreement necessary for Bank to perfect and maintain a first priority perfected security interest in, and a first ranking fixed charge over, such property.

(c) Provide written notice to Bank within thirty (30) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower

shall take such steps as Bank reasonably requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.9 Litigation Cooperation. From the Effective Date and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's Books, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.10 Further Assurances . Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement.

6.11 Grants . After the occurrence and continuance of an Event of Default, Borrower shall obtain the prior written consent of Bank before receiving any grants, funds or benefits, or filing for an application to receive funding from the Office of Chief Scientist or the Investment Center or any other Governmental Authority.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent.

7.1 Dispositions . Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, a " **Transfer** "), or permit any of its Subsidiaries to Transfer, all or any part of its business or property (including for the avoidance of doubt, Intellectual Property), except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; (c) in connection with Permitted Liens and Permitted Investments; and (d) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business (e) in connection with the granting of non-exclusive licenses to Borrower's Intellectual Property within the ordinary course of business to Borrower's customers.

7.2 Changes in Business, Management, Ownership, or Business Locations . (a) Engage in or permit any **of** its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; or (c) have a change in management such that any Key Person ceases to hold such office with Borrower and a replacement approved by the board of directors is not made within ninety (90) days after such Key Person's departure from Borrower; or (ii) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty percent (40.0%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering or to a reputable venture capital fund or private equity fund via an equity transaction so long as Borrower identifies to Bank the respective investors prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction).

Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Seventy Five Thousand Dollars ($75,000.00) in Borrower's assets or property), (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, (5) change any organizational number (if any) assigned by its jurisdiction of organization, or (6) deliver any portion of the Collateral to a bailee, unless (i) such bailee location contains less than Seventy Five Thousand Dollars ($75,000.00) in Borrower's assets or property and (ii) Bank and such bailee are parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral.

Borrower hereby agrees upon Borrower adding any new office or business location, including any warehouse, Borrower will use its reasonable commercial efforts to cause its landlord to enter into a landlord consent in favor of Bank prior to such new office or business location containing Five Thousand Dollars ($5,000.00) of Collateral.

7.3 Mergers or Acquisitions . Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person, except for Permitted Investments and/or Permitted Acquisitions. A Subsidiary (other than a Borrower) may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness . Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance . Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein or the charges granted under the Debentures, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest or charge in, over or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 of this Agreement and the definition of "Permitted Liens" herein.

7.6 Maintenance of Collateral Accounts . Maintain any Collateral Account except pursuant to the terms of Section 6.5 of this Agreement.

7.7 Distributions; Investments . (a) Directly or indirectly acquire or own any Person, or make any Investment in any Person, other than Permitted Investments, or permit any of its Subsidiaries to do so; or (b) pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock or shares.

7.8 Transactions with Affiliates . Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

Notwithstanding the foregoing, Borrower shall not, directly or indirectly, make any payments to Borrower's and/or any Subsidiary's current or former stockholders, but may pay and/or approve compensation, including salaries, bonuses, equity and other incentives, to officers and directors (including if Affiliates of Borrower) in their capacity as such, in each case, under remuneration arrangements approved by Borrower's competent corporate organ (whether the board of directors or compensation committee).

7.9 Subordinated Debt . (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount owed by Borrower thereof, shorten the maturity thereof, increase the rate of interest applicable thereto or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance . With respect to Inc, become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, each as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an " **Event of Default** ") under this Agreement:

8.1 Payment Default . Borrower fails to (a) make any payment of principal, interest or Finance Charges on any Credit Extension, or any payment of the Unused Revolving Line Facility Fee, in each case on its respective due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable, or, solely with respect to Obligations related solely to Bank Services, within three (3) Business Days after Bank gives Borrower written notice that such Obligations are due and payable (which three (3) Business Days cure period shall not apply to payments due on the Maturity Date). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default. Borrower fails or neglects to perform any obligation in Section 6 of this Agreement or violates any covenant in Section 7 of this Agreement or fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement, any Loan Documents and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, grace and cure periods provided under this Section 8.2 shall not apply to financial covenants or any other covenants that are required to be satisfied, completed or tested by a date certain;

8.3 [Intentionally Omitted]

8.4 Attachment; Levy; Restraint on Business

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) on deposit or otherwise maintained with Bank or any Bank Affiliate, or (ii) a notice of lien or levy is filed against any of Borrower's assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); *provided, however* , no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting any material part of its business;

8.5 Insolvency . (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while of any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements . There is, under any agreement to which Borrower is a party with a third party or parties any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Seven Hundred and Fifty Thousand Dollars ($750,000.00);

8.7 Judgments . One or more final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Million Dollars ($1,000,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower and the same are not, within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the discharge, stay, or bonding of such judgment, order, or decree);

8.8 Misrepresentations . Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt . Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or the applicable subordination agreement; or

8.10 Governmental Approvals . Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner and the same are not, within thirty (30) days after the decision thereof, reinstated or not renewed in the ordinary course for a full term; or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) has, or could reasonably be expected to have, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction.

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies . When an Event of Default occurs and continues beyond any applicable grace period Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 of this Agreement occurs, all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to one hundred five percent (105.0%) for Letters of Credit denominated in Dollars and one hundred ten percent (110.0%) for Letters of Credit denominated in a currency other than Dollars, in each case of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit; (d) settle or adjust disputes and claims directly with Account Debtors for amounts, on terms and in any order that Bank considers advisable and notify any Person owing Borrower money of Bank's security interest and charges in such funds and verify the amount of such account. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver such payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(e) make any payments and do any acts it considers necessary or reasonable to protect its security interest and charges in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest or charges and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(f) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(g) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(h) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(i) demand and receive possession of Borrower's Books; and

(j) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof) or any other applicable law, including realization of securities and the exercise of all of Bank's rights and remedies with respect to the Debentures.

9.2 Protective Payments . If Borrower fails to obtain the insurance called for by Section 6.4 of this Agreement or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.3 Bank's Liability for Collateral . So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.4 No Waiver; Remedies Cumulative . Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank shall not be required to resort to any particular security, right or remedy or to proceed in any particular order or priority and Bank shall have the right at any time and from time to time, to enforce its security interests, liens, rights and remedies, or any of them, in any manner and in any order, at its sole discretion. Bank has all rights and remedies provided under the Code and any other applicable law, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.5 Demand Waiver . Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

9.6 Borrower Liability . Ltd may, acting singly, request Credit Extensions hereunder. Inc hereby appoints Ltd as agent for itself for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extensions, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, including, without limitation, the benefit of California Civil Code Section 2815 permitting revocation as to future transactions and the benefit of California Civil Code Sections 1432, 2809, 2810, 2819, 2839, 2845, 2847, 2848, 2849, 2850, and 2899 and 3433, and (b) any right to require Bank to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose or realize its security by judicial or non-judicial sale) without affecting any Borrower's liability.

Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 9.6 shall be null and void. If any payment is made to a Borrower in contravention of this Section 9.6, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	Wixpress Ltd. and Wix.Com, Inc. 40 Nemal Tel Aviv St., Tel-Aviv Israel Attn: Lior Shemesh, CFO. Fax: +972-3-5466407 Email: liors@wix.com
With a copy to:	Israeli, Ben-Zvi, Attorneys at Law 1 Azrieli Center, Round Tower, 24th floor Tel-Aviv, Israel 67021 Attn: Eitan Israeli, Adv. Fax: 972.3.6099961 Email: Eitan@iblegal.com

If to Bank:	Silicon Valley Bank 275 Grove Street, Suite 2-200 Newton, Massachusetts 02466 Attn: Ms. Kate Leland Fax: (617) 527-0177 Email: KLeland@svb.com
And also to:	Alon Oz Fax: +972- 9-9569051 Email: AOz@svb.com
with a copy to:	Riemer & Braunstein LLP Three Center Plaza Boston, Massachusetts 02108 Attn: David A. Ephraim, Esquire Fax: (617) 880-3456 Email: DEphraim@riemerlaw.com
and with a copy to:	Raved Magriso Benkel & Co. 37 Shaul Hamelech Blvd., Tel-Aviv 6492806, Israel P.O.B. 33242 Tel-Aviv 61332, Israel Attn.: Einat Weidberg, adv. Fax: +972-3-6060266 E-Mail: einat_w@rmblaw.co.il

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE

California law governs the Loan Documents (except for the Debentures, which are governed by the laws of the State of Israel) without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL .

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the

exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Successors and Assigns . This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents (other than the Warrant, as to which assignment, transfer and other such actions are governed by the terms of the Warrant).

12.2 Indemnification . Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an " **Indemnified Person** ") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, " **Claims** ") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Right of Set-Off . Borrower hereby grants to Bank, a lien, security interest, fixed and floating charge (as provided under the Loan Documents) and right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.4 Time of Essence . Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Correction of Loan Documents . Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

12.6 Severability of Provisions . Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.7 Amendments in Writing; Waiver; Integration . No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts . This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Survival . All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations hereunder (specifically excluding Obligations related to Bank Services and pursuant to the Warrant, and other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of a security interest by Borrower in Section 4.1 and the charges granted under the Debentures shall survive until termination of this Agreement, the Debentures and all Bank Services Agreements. The obligation of Borrower in Section 12.2 of this Agreement to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.10 Confidentiality . In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, each a " **Bank Entity** " and collectively, the " **Bank Entities** "); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this Section 12.10); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is: (i) either in the public domain other than as a result of Bank's breach of this Section 12.10 or is in Bank's possession when disclosed to Bank; or (ii) disclosed to Bank by a third party on a nonconfidential basis if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use the confidential information for reporting purposes and the development and distribution of databases and market analyses so long as such confidential information is aggregated and anonymized prior to distribution unless otherwise expressly prohibited by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.11 Electronic Execution of Documents . The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Captions . The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.13 Construction of Agreement . The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.14 Relationship . The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.15 Third Parties . Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions . As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

" **Account** " is any "account" as defined in the Code or any other applicable law with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

" **Account Debtor** " is as defined in the Code or any other applicable law and shall include, without limitation, any person liable on any Account, such as, a guarantor of the Account and any issuer of a letter of credit or banker's acceptance.

" **Advance** " is defined in Section 2.1.1 of this Agreement.

" **Advance Request Transmittal** " is the form attached hereto as **Exhibit C** and shows (a) the Collections Base, (b) the current outstanding amount of Advances, (c) the Availability Amount, and (d) the amount of the requested Advance.

" **Affiliate** " of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners, and, for any Person that is a limited liability company, that Person's managers and members.

" **Agreement** " is defined in the preamble of this Agreement.

" **Applicable Rate** " is a per annum rate equal to the Prime Rate plus two and one-quarter of one percent (2.25%).

" **Availability Amount** " is the lesser of (a) the Maximum Availability Amount and (b) the Collections Base.

" **Bank** " is defined in the preamble of this Agreement.

" **Bank Entities** " is defined in Section 12.10.

“ **Bank Expenses** ” are all audit fees and expenses, costs, and expenses (including reasonable attorneys’ fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

“ **Bank Services** ” are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank’s various agreements related thereto (each, a “ **Bank Services Agreement** ”).

“ **Bank Services Agreement** ” is defined in the definition of Bank Services.

“ **Borrower** ” is defined in the preamble of this Agreement.

“ **Borrower’s Books** ” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“ **Borrowing Base Certificate** ” is that certain certificate in the form attached hereto as **Exhibit D** .

“ **Borrowing Period** ” is a period commencing on the date which is the fifth (5th) Business Day after the last day of a Reconciliation Period and ending on the date that is the fourth (4th) Business Day after the last day of the following Reconciliation Period.

“ **Borrowing Resolutions** ” are, with respect to any Person, those resolutions adopted by such Person’s board of directors (and, if required under the terms of such Person’s Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying that (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that attached as Exhibit A to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

“ **Business Day** ” is any day that is not a Saturday, Sunday or a day on which Bank is closed.

“ **Cash Equivalents** ” means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; and (c) Bank’s certificates of deposit issued maturing no more than one (1) year after issue.

“ **Charged Property** ” is defined in the Debentures.

“ **Claims** ” is defined in Section 12.2 of this Agreement.

“ **Code** ” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank’s Lien on

any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term " **Code** " shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

" **Collateral** " is (a) any and all properties, rights and assets of Inc and Ltd described on **Exhibit A** and (b) any and all properties, rights and assets granted by Ltd to Bank as set forth in the Debentures.

" **Collateral Account** " is any Deposit Account, Securities Account, or Commodity Account.

" **Collections** " are all funds received by Borrower or by any of its direct or indirect wholly owned Subsidiaries in consideration for services via online payments provided by or through Borrower or any of its direct or indirect wholly owned Subsidiaries.

" **Collections Base** " is, for any given Borrowing Period, an amount equal to the aggregate amount of Eligible Collections actually received during the calendar month immediately preceding the calendar month in which the first day of the applicable Borrowing Period occurs.

" **Commodity Account** " is any "commodity account" as defined in the Code or any other applicable law with such additions to such term as may hereafter be made.

" **Compliance Certificate** " is attached as **Exhibit B** .

" **Contingent Obligation** " is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

" **Control Agreement** " is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code or any other applicable law) over such Collateral Account.

" **Copyrights** " are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

" **Credit Extension** " is any Advance or any other extension of credit by Bank for Borrower's benefit.

" **Debenture** " and " **Debentures** " are each defined in Section 4.2 of this Agreement.

" **Deferred Revenue** " is all amounts received or invoiced, as appropriate in advance of performance under contracts and not yet recognized as revenue.

" **Deposit Account** " is any "deposit account" as defined in the Code or any other applicable law with such additions to such term as may hereafter be made.

“ **Dollar Equivalent** ” is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

“ **Dollars** , ” “ **dollars** ” or use of the sign “ **$** ” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “$” sign to denote its currency or may be readily converted into lawful money of the United States.

“ **Early Termination Fee** ” is defined in Section 2.1.1(d) of this Agreement.

“ **Effective Date** ” is defined in the preamble hereof.

“ **Eligible Collections** ” is the aggregate amount of Collections, which Collections are in compliance with Section 5.3; provided that Collections of each of Ltd and Inc and any other direct and/or indirect wholly owned Subsidiary thereof shall be counted only once for the purpose of calculation of the "Eligible Collections" hereunder.

“ **Equipment** ” is all “equipment” as defined in the Code or any other applicable law with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“ **ERISA** ” is the Employee Retirement Income Security Act of 1974, and its regulations.

“ **Events of Default** ” are set forth in Section 8 of this Agreement.

“ **Exchange Act** ” is the Securities Exchange Act of 1934, as amended.

“ **Facility Balance** ” is, on any date, the aggregate outstanding amount of all Advances made based upon the Collections Base.

“ **Facility Fee** ” is defined in Section 2.4 of this Agreement.

“ **Finance Charges** ” is defined in Section 2.5 of this Agreement.

“ **Foreign Currency** ” means lawful money of a country other than the United States.

“ **GAAP** ” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“ **Good Faith Deposit** ” is defined in Section 2.4(c) of this Agreement.

“ **Governmental Approval** ” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“ **Governmental Authority** ” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“ **Hapoalim Fixed Charges** ” is defined in Section 4.3 of this Agreement.

“ **Inc** ” is defined in the preamble of this Agreement.

“ **Indebtedness** ” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

“ **Indemnified Person** ” is defined in Section 12.2 of this Agreement.

“ **Insolvency Proceeding** ” is any proceeding by or against any Person under the United States Bankruptcy Code, the Israeli Companies Ordinance 5743-1983, the Israeli Companies Law 5759-1999, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“ **Intellectual Property** ” means all of Borrower’s right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(c) any and all source code, object code, proprietary formulae and proprietary algorithms;

(d) any and all design rights which may be available to Borrower;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“ **Inventory** ” is all “inventory” as defined in the Code in effect on the Effective Date or any other applicable law with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

“ **Investment** ” is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“ **IP Agreement** ” is collectively, (a) that certain Intellectual Property Security Agreement dated as of the Effective Date, by and between Inc and Bank, as amended, modified or restated from time to time, and (b) that certain Intellectual Property Security Agreement dated as of the Effective Date, by and between Ltd and Bank, as amended, modified or restated from time to time.

“ **Key Person** ” is each of Borrower’s (a) Chief Executive Officer, who is Avishai Abrahami as of the Effective Date, and [(b) Chief Financial Officer, who is Lior Shemesh as of the Effective Date.

“ **Letter of Credit** ” means a standby letter of credit issued by Bank or another institution based upon an application, guarantee, indemnity or similar agreement on the part of Bank.

“ **Lien** ” is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

“ **Loan Documents** ” are, collectively, this Agreement, the Debentures, the Warrant, the IP Agreement, the Perfection Certificate, any Bank Services Agreement, the SVB Control Agreement, the Borrowing Resolutions, any subordination agreements, any note, or notes or guaranties executed by Borrower, and any other present or future agreement between Borrower and/or for the benefit of Bank, all as amended, restated, or otherwise modified, in accordance with their terms.

" **Loan Fees** " is defined in Section 2.4 of this Agreement.

" **Ltd** " is defined in the preamble of this Agreement.

" **Material Adverse Change** " is: (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

" **Maturity Date** " is December 31, 2014.

" **Maximum Availability Amount** " is Ten Million Dollars ($10,000,000.00).

" **NIS** " means only lawful money of the State of Israel.

" **Obligations** " are Borrower's obligations to pay when due any debts, principal, interest, Bank Expenses and other amounts Borrower owes Bank now or later, whether under this Agreement, the Loan Documents, or otherwise, including, without limitation, any interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents.

" **Operating Documents** " are, for any Person, such Person's formation documents, as certified with the Secretary of State of such Person's state of formation on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

" **Patents** " means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

" **Perfection Certificate** " is defined in Section 5.1 of this Agreement.

" **Permitted Acquisition** " means a transaction whereby Borrower acquires or permits any of its Subsidiaries to acquire (including by merger or consolidation of such Subsidiary with any other Person), all or substantially all of the capital stock or property of another Person, under all of the following conditions:

(a) the party or parties being acquired is in a similar line of business as Borrower or is engaged in on-line services which are synergic to the line of business of Borrower;

(b) no Event of Default exists or is continuing at the closing of the transaction, and the transaction will not cause an Event of Default hereunder;

(c) the acquisition is approved by the board of directors (or equivalent control group) of all parties to the transaction;

(d) the total aggregate consideration to be paid by Borrower (including the value of Borrower's stock issued by Borrower) in all of the contemplated transactions during each 12-month period commencing as of the Effective Date does not exceed an aggregate amount of Ten Million Dollars ($10,000,000.00);

(e) Borrower provides Bank (i) written notice of the transaction at least ten (10) Business Days before the closing of the transaction, and (ii) copies of the acquisition or merger agreement and other material documents relative to the contemplated transaction, in each case in final or substantially final form, at least five (5) Business Days before the closing of the transaction;

(f) Borrower is a surviving legal entity after completion of the contemplated transaction;

(g) the contemplated transaction is consensual and non-hostile;

(h) Borrower maintains and shall continue to maintain, following such transaction, unrestricted cash in excess of the greater of (A) Five Million Dollars ($5,000,000), or (B) as reasonably calculated by Bank, the average monthly amount of Borrower's Monthly Cash Burn for the full twelve (12) calendar months immediately preceding the date of determination, multiplied by twelve (12). For purposes of this Agreement, " **Monthly Cash Burn** " shall mean, for each calendar month (each, a " **Reference Month** "), as reasonably calculated by Bank, the difference between (a) the amount of Borrower's unrestricted cash measured on the last day of the Reference Month, and (b) the amount of Borrower's unrestricted cash measured on the last day of the calendar month immediately preceding the Reference Month;

(i) no Indebtedness will be incurred, assumed, or would exist with respect to Borrower or its Subsidiaries as a result of the contemplated transaction, other than Permitted Indebtedness, and no Liens will be incurred, assumed, or would exist with respect to the assets of Borrower or its Subsidiaries as a result of the contemplated transaction, other than Permitted Liens; and

(j) any Person whose capital stock is acquired or any Subsidiary that acquires assets in such contemplated transaction shall, contemporaneously with the consummation of the transaction, unless otherwise agreed to by Bank in writing in its sole discretion, become a co-borrower or guarantor (as determined by Bank in its sole discretion) hereunder and shall grant a Lien in all of its assets to Bank, all on documentation acceptable to Bank in its sole discretion.

" **Permitted Indebtedness** " is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred and discharged in the ordinary course of business; and

(e) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (d) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

" **Permitted Investments** " are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate (but specifically excluding any future Investments in any Subsidiaries unless otherwise permitted hereunder);

(b) Investments in Ltd's Subsidiary, Wixpress Brazil Servicos De Internet Ltda, after the Effective Date for the ordinary and necessary current operating expenses of such Subsidiary, in an aggregate amount not to exceed One Hundred Fifty Thousand Dollars ($150,000.00) per fiscal year; and

(c) Investments consisting of Cash Equivalents.

(d) Allocation and distribution by Ltd of bonuses shares pro-rata to all existing shareholders pursuant to the Ltd's Articles of Association.

" **Permitted Liens** " are:

(a) Liens existing on the Effective Date as follows:

i. Hapoalim Fixed Charges, subject to the provisions of Section 4.3.

ii. charges in favor of Bank Leumi created by Ltd on a cash deposit in its account maintained with Bank Leumi, limited to the aggregate amount of $750,000, to secure Ltd's obligations in connection with FX activity with Bank Leumi.

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided (i) that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder and/or under any other applicable law, and (ii) such Liens have no priority over any Liens in favor of Bank;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than One Hundred Thousand Dollars ($100,000.00) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment; and

(d) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase; and

(e) Second ranking Liens, which may be unlimited in amount, subordinated (pursuant to a subordination, intercreditor or other similar agreements in form and substance satisfactory to Bank) to Bank's security interests granted hereunder and under the applicable Loan Documents, securing Subordinated Debt in the principal aggregate amount of up to Ten Million Dollars ($10,000,000.00).

" **Person** " is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

" **Prime Rate** " is, with respect to any day, the "Prime Rate" as quoted in the Wall Street Journal print edition on such day (or, if such day is not a day on which the Wall Street Journal is published, the immediately preceding day on which the Wall Street Journal was published).

" **Reconciliation Period** " is each calendar month.

" **Registered Organization** " is any "registered organization" as defined in the Code or any other applicable law with such additions to such term as may hereafter be made.

" **Requirement of Law** " is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

" **Responsible Officer** " is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

" **Restricted License** " is any material license or other agreement with respect to which Borrower is the

licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with Bank's right to sell any Collateral.

" **SEC** " shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

" **Securities Account** " is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

" **Subordinated Debt** " is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank, including without limitations, such indebtedness in the principal aggregate amount of up to Ten Million Dollars ($10,000,000.00) secured by second ranking security interest which may be unlimited in amount but subordinated to Bank's security interests granted hereunder and under the applicable Loan Documents (in each case, pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

" **Subsidiary** " is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

" **SVB Control Agreement** " is that certain Securities Account Control Agreement by and among SVB Securities, Apex Clearing Corporation, Inc and Bank.

" **Trademarks** " means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

" **Transfer** " is defined in Section 7.1 of this Agreement.

" **Unused Revolving Line Facility Fee** " is defined in Section 2.4(b) of this Agreement.

" **Warrant** " is that certain Warrant to purchase Ltd's Preferred E Shares dated June 24, 2013, executed by Ltd in favor of Bank, as amended, modified or restated from time to time.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER

WIXPRESS LTD.

By: /s/ Nir Zohar /s/ Lior Shemesh
Name: Nir Zohar & Lior Shemesh
Title: Chief Operating Officer/ Chief Financial Officer

WIX.COM, INC.

By: /s/ Nir Zohar /s/ Adam Fisher
Name: Nir Zohar & Adam Fischer
Title: Directors

BANK

SILICON VALLEY BANK

By: /s/ Kate Leland
Name: Kate Leland
Title: Director

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles (including payment intangibles), accounts (including health-care receivables), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and any license rights and agreements, now owned or hereafter acquired; and any copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, now owned or later acquired; any patents, trademarks, service marks and applications therefor; trade styles, trade names, any trade secret rights, including any rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; and any claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

EXHIBIT B

SPECIALTY FINANCE DIVISION
Compliance Certificate

I, an authorized officer of WIXPRESS LTD. and WIX.COM, INC. (jointly and severally, individually and collectively, "Borrower") certify under the Loan and Security Agreement (as amended, the "Agreement") between Borrower and Silicon Valley Bank ("Bank") as follows for the period ending (all capitalized terms used herein shall have the meaning set forth in the Agreement):

Borrower represents and warrants as follows:

For any Account related to any of the Eligible Collections, all statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing such Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All statements and items on each Borrowing Base Certificate and in the financial statements delivered pursuant to Section 6.2(a)(i) and the statements of Borrower's Eligible Collections delivered pursuant to Section 6.2(d) are and shall be true and correct in all respects. All sales and other transactions underlying or giving rise to each such Account shall comply in all material respects with all applicable laws and governmental rules and regulations. Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose Accounts are related to any Eligible Collections. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all such Account are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms. Borrower is the owner of and has the legal right to sell, transfer, assign and encumber each such Account, and there are no defenses, offsets, counterclaims or agreements for which the Account Debtor may claim any deduction or discount.

Additionally, Borrower represents and warrants as follows:

Borrower and each Subsidiary is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to cause a Material Adverse Change. The execution, delivery and performance of the Loan Documents have been duly authorized, and do not conflict with Borrower's organizational documents, nor constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which or by which it is bound in which the default could reasonably be expected to cause a Material Adverse Change.

Borrower has good title to the Collateral, free of Liens except Permitted Liens. All inventory, if applicable, is in all material respects of good and marketable quality, free from material defects.

Inc is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Inc is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to cause a Material Adverse Change. None of Borrower's or any Subsidiary's properties or assets have been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each Subsidiary has timely filed all required tax returns and paid, or made adequate provision to pay, all material taxes, except those being contested in good faith with adequate reserves under GAAP. Borrower and each Subsidiary has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all government authorities that are necessary to

continue its business as currently conducted except where the failure to obtain or make such consents, declarations, notices or filings would not reasonably be expected to cause a Material Adverse Change.

The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered.

All other representations and warranties in the Agreement are true and correct in all material respects on this date, and Borrower represents that there is no existing Event of Default.

Sincerely,

WIXPRESS LTD.	WIX.COM, INC.
_____	_____
Signature	Signature
_____	_____
Title	Title
_____	_____
Date	Date

EXHIBIT C
Advance Request Transmittal

Client Name: **Wixpress Ltd. and Wix.com Inc.**

Date Submitted: _____ **Transmittal #:** _____

Invoice #	Customer Name	Customer Address	Invoice Date	Invoice Amount
			Gross Total	**$0.00**
			Advance Rate	**100%**
			Net Cash Advance	**$0.00**

Comments:

The Borrower ("Borrower") named on this Invoice Transmittal ("Transmittal"), hereby delivers this Transmittal to Silicon Valley Bank ("Bank") pursuant to a Loan and Security Agreement between Borrower and Bank ("Agreement"). By forwarding this Transmittal along with copies of the invoices listed herein, Borrower is requesting Bank to make advances ("Advances") based on such receivables in accordance with the terms of the Agreement and hereby represents and warrants that the request has been made by an authorized representative of Borrower with full right, power and authority to deliver this Transmittal to Bank. Borrower acknowledges that such Advances (together with all fees, interest and other charges associated with such Advances) shall be repaid in accordance with the terms of the Agreement. Borrower hereby ratifies and reaffirms all of its representations and warranties in the Agreement, including, without limitation, Borrower's representations set forth in Section 5.3 thereof.

For SVB Use Only	
Date	
AM Approval	
PM/TL Approval	
SCO Approval	

Disbursement Instructions	
SVB DDA #	
Wire To	
ABA #	
Account #	

EXHIBIT D

BORROWING BASE CERTIFICATE

Borrower: WIXPRESS LTD. AND WIX.COM, INC.
Lender: Silicon Valley Bank
Commitment Amount: $10,000,000.00

ELIGIBLE COLLECTIONS/COLLECTIONS BASE

(A) The aggregate amount of Eligible Collections (i.e., Collections in consideration for services via online payments provided by or through Borrower for the immediately preceding calendar month, which Collections are in compliance with Section 5.3, provided that Collections of each of Ltd and Inc shall be counted only once for the purpose of calculation of the "Eligible Collections" hereunder.. $_____

(B) COLLECTIONS BASE (100% of line (A)) $_____

BALANCES

(C) Maximum Loan Amount $10,000,000.00

(D) Present balance of Advances $_____

(E) Remaining amount available to borrow ((1) Lesser of line (B) and line (C) minus (2) line (D)) $_____

Explanatory comments:

_____

_____

_____

The undersigned represents and warrants that this is true, complete and correct, and that the information in this Borrowing Base Certificate complies with the representations and warranties in the Loan and Security Agreement between the undersigned and Silicon Valley Bank.

COMMENTS:

WIXPRESS LTD.

By: _____
Authorized Signer

Date:_____

BANK USE ONLY

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

WIX.COM, INC.

By: _____
Authorized Signer

Date:_____

Exhibit 10.6

100 North Riverside Plaza, 8 th Floor
Chicago, IL 60606
Tel: 1-866-467-8929
Web: www.hostway.com

M ANAGED S ERVER S ERVICE A GREEMENT

Customer wishes Hostway to provide the products and services as set forth in this Agreement (including any Order Forms executed between the Parties) and Hostway is willing to provide such products and services under the terms and conditions specified in this Agreement.

Section A: Contact Information

Agreement Date:	September 1, 2013
Agreement is between:	Hostway Services, Inc.("Hostway"), a Delaware Corporation of 100 North Riverside Plaza, 8 th Floor, Chicago, IL 60606 Email: sales@hostway.com Telephone: 312-236-2125 Facsimile: 312-236-1958
and Customer:	Wix.com Ltd.
Company Name	
Street Address	10 West 18 th St.
City, State, Zip	New York, NY 10011
Telephone	
Email	

Section B: General

1. Definitions

   a. "Fees" shall mean the amount payable by Customer to Hostway for the provision of the Managed Servers and Services as described in each Order Form.

   b. "Internet Network" shall mean a communications network running the TCP/IP and other Internet protocols.

   c. "Managed Server" and "server" shall mean the machine(s) listed in Section C and further specified in the Order Forms attached to this Agreement.

   d. "Order Form" shall mean in general any document agreed to between the Parties describing the specifications and configurations of the Managed Servers, the Services, and also the Fees.

   e. "Services" shall mean any or all services provided by Hostway as described in Section C and further specified in the Order Forms attached to this Agreement.

2. Payment

The Fees for the Managed Servers and Services ordered will be set forth in each Order Form. Hostway shall invoice Customer monthly on the first of each month for the cumulative Fees owing under all current Order Forms for that month, and Customer shall pay invoices within thirty (30) days from the date of such invoice. All payments under this Agreement are subject to Hostway's billing policy located at http://www.hostway.com/legal/terms_of_use.html. It is clarified that no changes to the Fees shall apply without the prior written consent of Customer.

3. Term and Termination

   3.1 *Term and Renewal of Agreement.* The term of this Agreement shall commence upon the Agreement Date above and continue for one (1) calendar year ("Term"). Upon expiration, this Agreement shall automatically renew for successive one-year terms (each also referred to as a "Term"), until Customer provides Hostway with of written notice of non-renewal at least sixty (60) days' prior to the expiration of the then-current Term.

   3.2 *Order Term* . Each Order Form may have its own term, including independent termination provisions and early termination fees. The Parties agree that the termination of any particular Order Form for any reason by either Party shall not terminate this Agreement. In the event that either Party elects to terminate this Agreement prior to the expiration of any particular Order Form, the Parties agree to extend the Term of the applicable provisions of this Agreement only to the extent necessary to complete the term of that Order Form unless the Parties mutually agree to terminate that Order Form concurrently with the Agreement.

3.3 *Termination for Convenience* . Either Party may terminate this Agreement at any time upon provision of one hundred and eighty (180) days written notice to the other Party.

3.4 *Termination for Cause*. Either Party may terminate this Agreement immediately upon written notice to the other Party, in the event the other Party is in material breach of any provision of this Agreement, and fails to cure such breach to the non-breaching Party's reasonable satisfaction within thirty (30) days after the non-breaching demands its cure.

/s/ N.Z. Customer Initials /s/ S Hostway Initials

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

100 North Riverside Plaza, 8 th Floor
Chicago, IL 60606
Tel: 1-866-467-8929
Web: www.hostway.com

3.5 *On Termination*. Upon expiration or termination of this Agreement, Customer must immediately discontinue use of the Managed Servers and the Services and relinquish use of the IP addresses and server names assigned to Customer by Hostway, including but not limited to pointing the DNS for Customer's domain name(s) away from Hostway's nameservers. Hostway shall have no obligation to provide any transition services to Customer. At all times throughout the Term, Hostway owns all right and title to the Managed Servers and the Services, and Customer acknowledges that at the end of the Term Hostway shall not transfer ownership of any hardware equipment to Customer. It shall be Customer's sole responsibility, and Hostway shall not be responsible for, the removal of all Customer data from the Managed Servers on or before the effective date of expiration or termination of this Agreement. Hostway reserves the right to delete any Customer's data that is left remaining on the Managed Servers for more than thirty (30) days after termination.

4. End-user Relations

Customer is responsible for the activities of its customer base or end-users. If an end-user violates the terms of this Agreement or the TOU (further described below), Hostway shall notify Customer thereof in writing reasonably describing the violation. Any complaints received by Hostway about an end-user will be forwarded to Customer for action in accordance with the terms of this Paragraph 4. Customer shall cure or direct the relevant end-user to cure the violation within the cure period specified by Hostway in such notice ("Cure Period"), such Cure Period to be commercially reasonable given the nature of the violation. If the violation is not cured within the relevant Cure Period, Customer agrees to suspend or terminate (as applicable) that end-user's access to the Managed Server or Services until the violation has ended. In the event of illegal activity, any activity that exposes Hostway to legal risk, or any activity that endangers the security of Hostway's network persisting beyond the relevant Cure Period, Hostway reserves the right to suspend or terminate Customer's account with written notice, or take any other action as Hostway may deem appropriate.

5. Terms of Use

Under this Agreement, Customer shall comply with Hostway's current Terms of Use ("TOU") located at http://www.hostway.com/legal/terms_of_use.html (or such other URL as Hostway may designate) as amended, modified or updated from time to time by Hostway in its sole reasonable discretion, and which is incorporated in this Agreement by reference. Notwithstanding any term of the TOU to the contrary, Hostway shall notify Customer of any material amendment, modification, or update to the TOU, and Customer shall have one hundred and eighty (180) days from the date of such notification ("TOU Grace Period") to review the amended terms, during which time Hostway agrees that those amended terms shall not apply to Customer unless those terms are to be made effective immediately as mandated by statute or order from an authoritative body of competent jurisdiction. During the TOU Grace Period, if Customer does not agree with the amended, modified, or updated terms of the TOU, Customer may terminate this Agreement in its entirety upon thirty (30) days' notice. If Customer does not provide Hostway with a notice of termination within the TOU Grace Period as provided herein, then Customer will be deemed to have agreed to the amendments. Hostway does not intend to systematically monitor the content which is submitted to, stored on or distributed or disseminated by Customer or its end-users via the Services to ensure compliance with the terms of the TOU. Accordingly, Customer agrees that it shall be Customer's responsibility to ensure that its end-users comply with the terms of the TOU. In the event of any inconsistencies between this Agreement and the TOU, the terms of this Agreement shall govern. Any provision that is described in the TOU but that is not addressed in this Agreement shall be governed by the terms of the most current version of the TOU online.

6. IP Address Ownership

If Hostway assigns Customer an Internet Protocol address for Customer's use, the right to use that Internet Protocol address shall belong only to Hostway, and Customer shall have no right to use that Internet Protocol address except as permitted by Hostway in its sole discretion in connection with the Services during the Term. Hostway shall maintain and control ownership of all Internet Protocol numbers and addresses that may be assigned to Customer by Hostway, and Hostway reserves the right to change or remove any and all such Internet Protocol numbers and addresses, in its sole and absolute discretion.

7. Ownership of Customer Data

Hostway acknowledges that Customer expressly reserves the right to migrate any data, including websites, hosted on the Managed Servers to any third party provider of Customer's choice at any time at Customer's sole discretion, and Hostway agrees that it will not assert any ownership or other rights over such data.

Section C: Services Provided

1. Managed Servers and Services

During the Term, Hostway shall provide to Customer, subject to the terms and conditions of this Agreement and the TOU, the Managed Server (s) and Services described in any Order Form that is executed under and attached to this Agreement. Any subsequent Order Form executed between the Parties shall reference this Agreement and be incorporated herein. The Parties hereby ratify all Order Forms or agreements for Managed Servers or Services executed prior to the Agreement Date and currently in effect, and the Parties hereby agree that all such previously

executed Order Forms or agreements for Managed Servers or Services shall also be governed by the terms of this Agreement and shall be incorporated into this Agreement by reference.

2. Support Services

2.1 *Service Level Agreement.* Hostway shall provide the Services in accordance with the Service Level Agreement ("SLA") located at http://www.hostway.com/managed-servers/sla.html (or such other URL as Hostway may designate) as amended, modified or updated from time to time by Hostway in its sole reasonable discretion, and which is incorporated in this Agreement by reference. Notwithstanding the above or any term of the SLA to the contrary, Hostway shall notify Customer of any material amendment, modification, or update to the SLA, and Customer shall have one hundred and eighty (180) days from the date of such notification ("SLA Grace Period") to review the amended terms, during which time Hostway agrees that those amended terms shall not apply to Customer unless those terms are to be made effective immediately as mandated by statute or order from an authoritative body of competent jurisdiction, or the Parties agree to effect those terms at a mutually agreed upon date. During the SLA Grace Period, if Customer does not agree with the amended, modified, or updated terms of the SLA, Customer may terminate this Agreement in its entirety upon thirty (30) days' notice. If Customer does not provide Hostway with a notice of termination within the SLA Grace Period as provided herein, then Customer will be deemed to have agreed to the amendments. The capitalized terms in this Section C, Paragraph 2 shall have the same meaning as defined in the SLA. Nothing in the SLA shall release Hostway from its undertaking to act upon its disaster recovery plans as presented to Customer

/s/ N.Z. Customer Initials /s/ S Hostway Initials

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

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2.2 *Help Desk* . Customer shall have telephone, email and fax access to Hostway's support helpdesk 24/7. The helpdesk shall be used by the Customer to submit problem reports and by Hostway to provide technical support and answer specific information requests. Hostway shall appoint a senior Network Operations Engineer as Customer's point of contact to coordinate Customer's maintenance/upgrades and troubleshooting requests. However, Customer agrees to follow Hostway's ordinary support procedures.

2.3 *Response and Resolution Times* . Notwithstanding any term to the contrary in the SLA, the following sets forth the required deadlines for timely handling of any Hardware Issue or a Network Issue reported to Hostway by Customer:

Initial Response	Status Updates	Maximum Resolution Time
• Immediately, if reported to Hostway by phone • Within 30 minutes of notification to Hostway if reported by email or trouble ticket	Every 30 minutes from Initial Response until resolved (unless otherwise agreed by Customer)	1 hour from Initial Response by Hostway (unless otherwise agreed by Customer)

For clarity, "Initial Response" shall mean only an acknowledgement of the Hardware Issue or Network Issue as reported to Hostway by Customer.

2.4 *Day Credits* . Notwithstanding any term to the contrary in the SLA, this Section C, Paragraph 2.4 sets forth the calculation of Day Credits in the event Customer experiences a Hardware Issue or Network Issue.

(a) *Definitions* . For the purposes of this Section C, Paragraph 2.4, the following definitions shall apply:

i. "Day Credit" shall mean 1/30 th of the monthly Fee for the particular Managed Server or the particular Service that is not Operational.

ii. "Operational" shall mean that Customer's Server responds to a ping-test initiated by a mutually agreed upon third-party service provider.

(b) *Hardware Issue.* In the event that Hostway does not resolve a Hardware Issue within the Maximum Resolution Time described above, Hostway shall issue a Day Credit to Customer for every [***] from the time of Hostway's Initial Response that the affected Managed Server(s) are not Operational until the time that the Hardware Issue is resolved subject to the limits described in Subsection (d) below. For clarity, down time (ie. where the Server is not Operational) experienced during scheduled maintenance is expressly excluded from eligibility for Day Credits.

(c) *Network Issue* . In the event of any Network Issue, Hostway shall issue a Day Credit to Customer for every [***] from the time of Hostway's Initial Response that the Managed Servers are unable to transmit and receive data until the time that the Network Issue is resolved subject to the limits described in Subsection (d) below. For clarity, down time experienced during scheduled maintenance is expressly excluded from eligibility for Day Credits. Customer warrants that it understands and agrees that Hostway is not responsible in any way for any connectivity issues arising from outside of Hostway's network, and that a failed ping-test from any third party service provider is not conclusive of a Network Issue as defined under this Section C, Paragraph 2.4 or in the SLA. Customer may report a failed ping-test to Hostway pursuant to the support procedures described above, but if Hostway's independent investigation discovers that the failure resulted from connectivity issues outside of Hostway's network, then any down time (ie. where the Server is not Operational) experienced by Customer as a result of such connectivity issue will not be eligible for Day Credits. Nothing in the above shall release Hostway from its undertaking to act upon its disaster recovery plans as presented to Customer.

(d) *Limitation on Day Credits* . In the event of a Hardware Issue or Network Issue, Hostway shall issue a Day Credit in accordance with the calculation described above up to a maximum value of $[***] in a particular calendar month ("Maximum Value"). Customer agrees that this limit represents the total combined value of Day Credits that are available to Customer for both Hardware Issues and Network Issues experienced in that particular month. Hostway and Customer agree that in the event that the total fees paid by Customer to Hostway in a particular calendar month exceed $[***], then the Maximum Value shall increase to an amount to be agreed upon by the Parties. Any Day Credits issued pursuant to this Paragraph 2.4 shall be posted to Customer's account and applied against Customer's next invoice(s).

2.5 *Emergency Maintenance.* Notwithstanding any term to the contrary in the SLA, emergency maintenance shall not be excluded from the calculation of outages or from the times that the Customer's Server is not Operational.

2.6 *Scheduled Maintenance.* Hostway shall provide Customer with a minimum of seven (7) days' prior written notice of any scheduled maintenance such that the scheduled maintenance shall be performed with Customer's consent (including with respect to the time and duration of the scheduled maintenance), which consent shall not be unreasonably withheld. Customer agrees that down time resulting from scheduled maintenance shall not be eligible for Day Credits.

2.7 *Network/Hardware Resources* . Hostway shall provide Customer at all times with network and hardware resources at the service levels described in Exhibit A to this Agreement.

3. Modifications to the Services

Hostway reserves the right as described in the TOU to modify the Services, and/or any software, application, program, data, hardware, equipment, or portions or components thereof, used to provide the Services at its sole discretion, provided that such modification shall maintain the service level of the Services as described in the relevant Order Form. Notwithstanding any term of the TOU to the contrary, Hostway shall notify Customer at least one hundred and eighty (180) calendar days prior to the date that any material modification to the Services shall come into effect as against Customer, unless otherwise agreed upon in writing between the Parties. In the event that Customer does not agree with the modification to the Services, Customer may terminate this Agreement in its entirety upon thirty (30) days' notice (provided however that during the one hundred and eighty (180)day notice period the modifications to the Services will not apply to Customer). If Customer does not provide Hostway with a notice of termination within the one hundred and eighty (180) day notice period as provided herein, then Customer will be deemed to have agreed to the modifications.

/s/ N.Z. Customer Initials /s/ S Hostway Initials

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

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Section D: Additional Terms

1. Limitations on Services

Each Party represents and warrants that it is permitted and entitled to carry traffic or otherwise perform its obligations hereunder, and that doing so shall not conflict with any condition imposed upon it by an agreement between that Party and any third party with whom that Party connects.

2. Limitation of Liability

To the maximum extent permitted by applicable law, in no event, and under no theory of law or equity, will either Party (including, without limitation, its executives, directors, officers, attorneys, managers, employees, consultants, contractors, agents, parent companies, subsidiaries, affiliates, third-party providers, merchants, licensors, or the like) be liable for any consequential, special, incidental, punitive or indirect damages of any kind arising out of any use of, or any inability to use, any Hostway services even if such Party has been advised of the possibility of such damages. In addition, Hostway expressly disclaims any and all liability for loss of domain names, any business or personal loss including data loss, revenues decrease, expenses increase, costs of substitute products and/or Hostway services. All claims and causes of actions arising in connection with Hostway or Hostway's services are permanently barred unless the claim or cause of action is commenced within [***] after Customer became aware of or should reasonably have become aware of the basis of the claim, regardless of any statutory limitation period allowing for a longer period. Notwithstanding anything to the contrary in this Agreement or the TOU, each Party's maximum liability under this Agreement for all damages, losses, costs and causes of actions from any and all claims (whether in contract, tort, including negligence, quasi-contract, statutory or otherwise) shall not exceed the actual dollar amount paid by Customer for the Services which gave rise to such damages, losses and causes of actions during [***] period prior to the date the damage or loss occurred or the cause of action arose. However, the Parties agree that this limitation of liability shall not apply to a Party's obligations under Paragraph 3: Indemnification below. The terms of this Paragraph shall survive any termination of this Agreement.

3. Indemnification

3.1 *By Customer*. Customer agrees to protect, defend, hold harmless, and indemnify Hostway, any third party entity related to Hostway (including, without limitation, third party vendors), and Hostway's its directors, officers, managers, employees, parent companies, subsidiaries, and affiliates from and against any and all liabilities, losses, costs, judgments, damages, third party claims, or causes of actions, including, without limitation, any and all legal fees and expenses, arising out of or resulting in any way from the Customer's use of the Services.

3.2 *By Hostway* . Hostway agrees to protect, defend, hold harmless, and indemnify Customer, including its directors, officers, managers, and employees, from and against any claim, action, penalty, cost or expense (including reasonable legal attorneys' fees) arising from a third-party claim of intellectual property infringement against the Customer as a direct result of the Services as such Services are provided by Hostway to Customer. For clarity, Hostway's indemnification obligations under this Paragraph shall not apply in the event that the alleged infringement was caused by Customer's modification of the Services or Customer's combination of the Services with any other product, services, or support materials, and such claim or action would not have arisen but for that modification or combination, or in the event that the alleged infringement was caused by any data uploaded to the Services by Customer or its end-users.

3.3 *Indemnification Procedure.* Upon becoming aware of any circumstance or legal action subject to indemnification under this Agreement ("Claim"), the indemnified party shall give prompt written notice of the Claim to the indemnifying party no later than fifteen (15) business days before the date that the response to the Claim is due; provided, however, that failure to give such notice will not relieve the indemnifying party of its obligations hereunder. The indemnifying party shall, at its option, settle or defend the Claim at its sole expense and with its counsel, which must be reasonably satisfactory to the indemnified party. The indemnified party will cooperate in all reasonable respects with the indemnifying party and its legal representatives in the investigation, trial, and defense of the Claim and any appeal; provided, however, that the indemnified party may, at its own expense and with written notice to the indemnifying party, participate, through its own legal representatives or otherwise, in the investigation, trial, and defense of the Claim and any subsequent appeal. The indemnifying party shall not enter into any settlement of the Claim that admits fault or that involves a remedy or obligation other than payment of money by the indemnifying party without the express written consent of the indemnified party, which consent shall not be unreasonably withheld or delayed. The indemnified party shall not admit fault in any Claim and/or make any payments with respect to such Claim without the prior written consent of indemnifying party.

4. Disclaimer

Except as provided in this Agreement, the Services are provided on an as is, as available basis without warranties of any kind, either express or implied, including, but not limited to, warranties of merchantability, fitness for a particular purpose. Hostway expressly disclaims any representation or warranty that the Services will be error-free, secure or uninterrupted. No oral advice or written information given by Hostway, its employees, licensors or the like, will create a warranty; nor may Customer rely on any such information or advice. Hostway and its partners and suppliers will not be liable for any cost or damage arising either directly or indirectly from any transaction or use of the Services between Customer and any end-user or other third party.

5. Limited Warranties

Hostway warrants that all Services shall be provided: (i) by competent, appropriately qualified and skilled personnel, in a timely, professional, workperson-like manner; (ii) in compliance with all applicable laws, rules, and regulations; (iii) in accordance with industry standards; and (iv) in accordance with the service levels set forth in this Agreement and the SLA. Customer agrees to use all Services and any information obtained through or from Hostway, at Customer's own risk. Customer acknowledges and agrees that Hostway exercises no control over, and accepts no responsibility for, the content of the information passing through Hostway's host computers, network hubs and points of presence or the Internet. Hostway does not make any warranties as to the results that may be obtained from the use of the Services or as to the accuracy, reliability or content of any information, services or merchandise contained in or provided through the Services. Hostway is not liable, and expressly disclaims any liability, for the content of any data transferred either to or from Customer or stored by Customer or any of Customer's end-users via the Services. The terms of this section shall survive any termination of this Agreement.

/s/ N.Z. Customer Initials /s/ S Hostway Initials

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6. Confidential Information

6.1 *Definition* . The term, " Confidential Information " , shall mean any information relating to, available to, or disclosed pursuant to this Agreement, including, but not limited to, information relating to either Party's products, services and/or service plans, trade secrets, inventions, data, designs, reports, analyses, costs, prices and names, patients, patient information, customer lists, finances, marketing plans, business plans, strategic plans or business opportunities. "Confidential Information" shall not, however, include information that: (i) is or becomes generally known or available by publication, or otherwise through no fault of the receiving Party; (ii) is lawfully known by the receiving Party at the time of disclosure and is not subject to restriction; (iii) is independently developed by the receiving Party; (iv) is lawfully obtained from a third party that rightfully makes such disclosure without breach of a duty of confidentiality; (v) is made generally available by the disclosing Party without restriction on disclosure; or (vi) is required by law to be disclosed by the receiving Party, provided that the receiving Party gives the disclosing Party prompt written notice of such requirement where legally permissible prior to such disclosure and, if requested by the disclosing Party, assists in obtaining an order protecting the information from public disclosure.

6.2 *Nonuse and Nondisclosure.* Each Party agrees not to use any Confidential Information of the other Party for any purpose except for performing their respective obligations pursuant to this Agreement, and, with regard to Customer, in the course of using the Services for their intended purposes. Each Party agrees to limit disclosure of any Confidential Information of the other Party to those agents, business consultants, representatives or employees of the receiving Party who are required to have the information in order to evaluate or engage in discussions concerning the contemplated business relationship, and with regard to Customer, those who may use the Services. Neither Party shall reverse engineer, disassemble or decompile any software or other tangible objects which are provided as the other Party's Confidential Information. Each Party agrees to take reasonable measures to protect the secrecy of and avoid disclosure and unauthorized use of the Confidential Information of the other Party. Neither Party shall remove the other Party's proprietary rights notices on any copies. Each Party shall immediately notify the other Party in the event of any unauthorized use or disclosure of the Confidential Information.

6.3 *Injunctive Relief* **.** Each Party agrees that any violation of this Section 6 may cause irreparable injury to the other Party for which monetary damages would not protect. Each Party agrees that if a court of competent jurisdiction determines that one Party has breached, or attempted or threatened to breach, any of its confidentiality obligations to the other Party, such other Party will be entitled to seek appropriate injunctive relief and other measures restraining further attempted or threatened breaches of such obligations.

7. Authorizations

All undertakings and obligations assumed hereunder by either Party are subject to all applicable existing and future laws, rules and regulations, and are further subject to the issuance and continuance of all necessary governmental licenses, waivers, consents, registrations, permissions and approvals.

8. Force Majeure

No failure or omission by either Party to carry out or observe any of the terms and conditions of this Agreement shall give rise to any claim against the Party in question or be deemed to be a breach of this Agreement if such failure or omission arises from any cause reasonably beyond the control of that Party, such as but not limited to, acts of God, wars, insurrection, civil commotions, riots, national disasters, earthquakes, strikes, fires, floods, water damage, explosions, shortages of labor or materials, labor disputes, transportation problems, accidents, embargoes, or governmental restrictions (a "Force Majeure Event"). Each Party shall give the other notice in the event it experiences a failure or delay due to a Force Majeure Event. Upon such notice, the Party affected by the Force Majeure Event may delay performance hereunder during the pendency of such Force Majeure Event, and shall have no liability for such delays, provided that the affected Party shall make reasonable efforts to mitigate the effect of any Force Majeure Event. Nothing in the above shall release Hostway from its undertaking to act upon its disaster recovery plans as presented to Customer.

9. Relationship of Parties

In their performance hereunder the parties are acting as independent contractors, and nothing contained herein shall be construed to create a partnership, joint venture or other agency relationship between the parties.

10. Inspection Rights

Upon a thirty (30) days advance notice and no more than once per calendar year per data center, Hostway will permit Customer and/or its designated representatives, during normal business hours and at mutually agreeable times, to visit each of Hostway's facilities and review and to make copies of those of Hostway's records and other documentation (including technical data) solely related to Customer's Servers in order to monitor Hostway's performance of the Services and the performance of its undertakings pursuant to this Agreement. Only if Customer so requests in its advance notice to Hostway, Hostway may permit Customer to review records and data that are related to Hostway's common use systems, but Customer shall not be permitted to make any copies or notes regarding the records or data related to those systems.

11. Notices

All notices between the parties required or permitted hereunder shall be effective if hand delivered or sent by post or courier, postage or fees paid, or by facsimile or electronic mail to the addresses specified in Section A: Contact Information.

12. Entire Agreement

This Agreement, including the TOU incorporated herein by reference, represents the entire understanding and agreement between the parties regarding the subject matter hereof and supersedes all other prior and contemporaneous agreements, understandings, negotiations, and discussions between the parties with respect to such subject matter. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, USA, without regard to the conflicts principles thereof.

13. Severability

If any provision of this agreement is held by a court of competent jurisdiction to be contrary to law, the remaining provisions of this Agreement will remain in full force and effect.

14. Amendment

This Agreement may be modified by a written amendment signed by both parties.

15. No Third Party Beneficiaries

Nothing contained in this Agreement shall be deemed to confer any rights in any third party not a signatory to this Agreement.

/s/ N.Z. Customer Initials /s/ S Hostway Initials

*** Confidential treatment has been requested for redacted portions of this exhibit. This copy omits the information subject to the confidentiality request. Omissions are designated as [***]. A complete version of this exhibit has been provided separately to the Securities and Exchange Commission.

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16. Disputes

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Illinois, United States of America, and the courts of the judicial district of county of Cook shall have exclusive jurisdiction in respect of any proceeding in connection with this Agreement.

14. Assignment

The rights and liabilities of the Parties hereto will bind and inure to the benefit of the Parties' respective successors, executors, administrators, and assigns, as the case may be. Customer may not assign or delegate Customer's rights or obligations under this Agreement, either in whole or in part, without Hostway's prior written consent, except such written consent shall not be required where such assignment is to an affiliate of Customer's or to a third party who succeeds to all or substantially all of Customer's business, stock, or assets, and such successor agrees to assume Customer's obligations under this Agreement.

15. Waiver

Any waiver of a breach or provision of this Agreement will extend and apply only to the particular breach or provision of this Agreement so waived and will not limit or affect the rights of the waiving Party in respect of any future breach or any other provision under this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

16. Execution of Agreement

This Agreement may be executed in counterparts and by facsimile, each of which so executed will be deemed to be an original, and such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused their respective authorized representatives to sign this Agreement on their behalf, effective as of the date first written above.

Agreed by:

HOSTWAY SERVICES, INC.

Signature: /s/ Samantha Mak
Name: Samantha Mak
Title: Corporate Counsel
Date:

Agreed by:

WIX.COM LTD.

Signature: /s/ Nir Zohar
Name : Nir Zohar
Title: Chief Operating Officer
Date: September 1, 2013

/s/ N.Z. Customer Initials

/s/ S Hostway Initials

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EXHIBIT A

Network and Hardware Resources

[***]

In addition, the guaranteed aggregate bandwidth of the Servers shall be [***]gpbs with [***]gpbs burst

/s/ N.Z. Customer Initials /s/ S Hostway Initials

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ADDENDUM 1

This Addendum is in addition to, and incorporated as part of, the Managed Server Agreement dated September 1, 2013 ("Agreement") by and between Hostway of 100 North Riverside Plaza, 8 th Floor, Chicago, Illinois 60606 and Wix.com of 10 West, 18 Street, Floor 6, New York, New York 10011 ("Wix"). All terms in this Addendum beginning with capital letters, and/or all undefined terms, shall take on the same definition as in the Agreement or in Hostway's Terms of Use (available online at http://www.hostway.com/legal/terms_of_use.html) ("TOU") as applicable.

Hostway and Wix hereby agree to the following terms and conditions:

1. Discount Structure . Effective as of March 1, 2013 , Hostway agrees to apply the following rates of discount to the monthly fee for each server provisioned to Wix's account:

Server Online Date	Discount
0 Years	[***]
1 Year	[***]
2 Years	[***]
3 Years	[***]

The discount structure described above applies to current, active servers as well as any new servers that may be provisioned following the effective date of this Addendum. For the purposes of this discount structure, the "Server Online Date" shall mean the age of a server calculated from the date on which that particular server was provisioned to Wix, and it does not reflect the physical age of the server. Hostway shall review Wix's account on a biannual basis on January 1 and July 1 (each a "Review Date") to determine the ages of the servers provisioned to Wix. If a server has passed its anniversary date by the Review Date, then Hostway shall adjust that server's monthly fee to reflect the relevant discount described above. The discounts determined hereunder shall be applied from the following month's invoice.

2. No Other Amendments . Except as provided herein this Addendum, all the terms and conditions of the Agreement, the TOU, and all Order Forms shall remain in full force and effect. In the event of any conflict between this Amendment and the Order Form or the TOU, this Amendment shall supersede and control in all respects.

3. Complete Agreement . This Addendum, the Agreement, the TOU, and all the Order Form currently in effect shall together constitute the complete agreement between Hostway and Customer relating to the subject matter hereof and supersedes all other understandings, representations, warranties, and agreements relating hereto, whether verbal, written, or otherwise.

The parties have caused this Addendum to be duly executed by their authorized representatives. This Addendum is effective as of the date of the last signature below.

/s/ N.Z. Customer Initials /s/ S Hostway Initials

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HOSTWAY SERVICES, INC.		**WIX.COM LTD.**	
By:	/s/ Samantha Mak	By:	/s/ Nir Zohar
Name:	Samantha Mak	Name:	Nir Zohar
Title:	Corporate Counsel	Title:	Chief Operating Officer
Date:	2013/09/19	Date:	

__/s/ N.Z.__ Customer Initials __/s/ S__ Hostway Initials

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EXHIBIT 21.1

List of Subsidiaries of Wixpress Ltd.

Name of Subsidiary	Place of Incorporation
Wixpress Brasil Serviços De Internet Ltda.	Brazil
Wix.com, Inc.	Delaware, United States

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 29, 2013, in the Registration Statement (Form F-1) and related Prospectus of Wix.com Ltd. dated October 1, 2013.

October 1, 2013
Tel Aviv, Israel

/s/ Kost Forer Gabbay & Kasierer
Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global