

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of: June 2015

Commission file number: 001-35932

ALCOBRA LTD.

(Translation of registrant's name into English)

Amot Investment Building

2 Weizman St. 9th Floor

Tel Aviv 6423902 Israel

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(7): _____

Attached hereto and incorporated by reference herein are the Registrant's Notice of Meeting, Proxy Statement and Proxy Card for the Annual General Meeting of Shareholders to be held on July 13, 2015, or the Meeting.

Only shareholders of record who hold Ordinary Shares, nominal value NIS 0.01, of the Registrant at the close of trading on the Nasdaq Global Market on June 8, 2015, will be entitled to notice of and to vote at the Meeting and any postponements or adjournments thereof.

The Notice of Meeting and Proxy Statement attached to this Form 6-K of the Registrant are incorporated by reference into the Registration Statements on Form F-3 (File No. 333-197411) and Form S-8 (File No. 333-194875) of the Company, filed with the Securities and Exchange Commission, to be a part thereof from the date on which this report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibit No.

- 99.1 Notice of Meeting, Proxy Statement and Proxy Card for the Annual General Meeting of Shareholders to be held on July 13, 2015
 - 99.2 Amendment to the Compensation Policy for Company Office Holders (Exhibit A to the Proxy Statement)
 - 99.3 2010 Incentive Option Plan (Exhibit B to the Proxy Statement)
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SIGNATURES

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

Alcobra Ltd.
(Registrant)

By /s/ Dr. Yaron Daniely
Name: Dr. Yaron Daniely

Chief Executive Officer and President

Date: June 3, 2015



**ALCOBRA LTD.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that an Annual General Meeting of the Shareholders of Alcobra Ltd. ("**Company**") will be held on Monday, July 13, 2015, at 10:00 am (Israel Time), at the offices of the Company's counsel (Zysman, Aharoni, Gayer & Co.) at "Beit Zion", 41-45 Rothschild Blvd., 8th Fl., Tel Aviv 6578401, Israel ("**Meeting**"), for the following purposes:

1. To present the financial statements of the Company for the fiscal year ended December 31, 2014.
2. Re-appointment of Kost, Forer, Gabbay & Kasierer (a member of Ernst & Young Global) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 and to authorize the Company's Board of Directors to determine its compensation.
3. Re-election of the following Company's current serving directors: Mr. Howard B. Rosen, Dr. Yaron Daniely, Dr. Aharon Schwartz, Mr. Daniel E. Geffken and Mr. Arieh Ben Yosef.
4. Election of Dr. Joao Siffert as a Director and approval of his remuneration terms.
5. Approval of an amendment to the Compensation Policy for Company Office Holders.
6. Approval of the Company's Option Plan.
7. Approval of a grant of options to Dr. Yaron Daniely, the Company's CEO and President and a director.
8. Approval of a grant of options to Mr. Arieh Ben Yosef, a director of the Company.

Record Date and Right to Vote

Subject to the provisions of Israeli law and the Company's Articles of Association ("**Articles**"), only shareholders of record as of the close of trading on the Nasdaq Global Market on June 8, 2015 ("**Record Date**") are entitled to attend and vote at the Meeting and any adjournments or postponements thereof. You are also entitled to notice of the Meeting and to vote at the Meeting if you held ordinary shares of the Company par value NIS 0.01 per share ("**Ordinary Shares**") through a bank, broker or other nominee which was one of the Company's shareholders of record at the close of business on the Record Date.

A shareholder whose Ordinary Shares are registered in his, her, or its favor with a member of a stock exchange and which are included in the Ordinary Shares registered in the register of shareholders of the Company under the name of such member of a stock exchange, shall be required to prove ownership of such Ordinary Shares as of the Record Date by providing the Company, before the time appointed for holding the Meeting, with proof of ownership, issued by a member of a stock exchange, or a copy of the shareholder's Identification Card, passport, or Incorporation Certificate if such shareholder is registered in the register of shareholders of the Company.

Legal Quorum

Under the Articles, no business may be transacted at any shareholders meeting unless a quorum is present when the meeting begins. The quorum required for a meeting is the presence, in person or by proxy or by a voting deed, of at least two shareholders, holding in the aggregate at least one third of the issued and outstanding Ordinary Shares as of the Record Date (“**Quorum**”). If within an hour from the time appointed for holding a meeting a Quorum is not present, the meeting shall be dissolved and it shall stand adjourned to the same day in the next week (or the business day following such day, if such day is not a business day) at the same time and place and two shareholders then present at such adjourned meeting, in person or by proxy or by a voting deed, shall constitute a Quorum.

Abstentions are counted in determining if a Quorum is present.

Proxy

You can vote your shares by attending the Meeting or by completing and signing a proxy card. Attached is the proxy card for the Meeting that is being solicited by our Board of Directors. If you are voting by proxy, please follow the instructions on the proxy card. We encourage all shareholders to vote by proxy, even if attending the Meeting.

We are mailing copies of this invitation and the proxy card to our shareholders of record as of the Record Date, and we will solicit proxies primarily by mail and e-mail. The original solicitation of proxies by mail and e-mail may be further supplemented by solicitation by telephone, mail, e-mail and other means by certain of our officers, directors and employees (who will not receive additional compensation for these services). We will bear the cost of external solicitors and of the solicitation of the proxy cards, including postage, printing and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of our Ordinary Shares.

We will not be able to count a proxy card unless we receive it, accompanied by a copy of (a) the shareholder's Identification Card, passport, or Incorporation Certificate (if applicable), with respect to a shareholder who is registered in the register of shareholders of the Company, and (b) with proof of ownership, as specified above, with respect to a shareholder whose shares are registered under the name of a member of a stock exchange.

We will not be able to count a proxy card unless we receive it at our principal executive offices at 2 Weizman Street, Tel-Aviv, Israel 6423902, or at our transfer agent, Continental Stock Transfer & Trust, at 17 Battery Place, New York, NY 10004 in the enclosed envelope, by Friday, July 10, 2015 at 10:00 am Israel time, which is Friday, July 10, 2015 at 3 am Eastern standard time.

If you sign and return the enclosed proxy card, your shares will be voted in favor of all of the proposed resolutions, whether or not you specifically indicate a “FOR” vote, unless you specifically abstain or vote against a specific resolution. On all matters considered at the Meeting, abstentions will be treated as neither a vote “FOR” nor “AGAINST” the matter, although they will be counted in determining if a Quorum is present.

Disclosure Regarding Compensation

New regulations under the Israeli Companies Law of 1999, (the “**Companies Law**”) require that the Company provides its shareholders with certain information about the compensation granted to the Company’s five most highly compensated officers during or with respect to the year ended December 31, 2014. Such information can be found under Item 6.B. of the Company’s Annual Report on Form 20-F for the year ended December 31, 2014 filed with the Securities and Exchange Commission on February 27, 2015.

By order of the Board of Directors,

/s/ Mr. Howard B. Rosen

Mr. Howard B. Rosen
Chairman of the Board of Directors



ALCOBRA LTD.
TEL-AVIV, ISRAEL

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to the holders of ordinary shares, NIS 0.01 nominal value per share (“**Ordinary Shares**”), of Alcobra Ltd. (“**Company**”) in connection with the solicitation by the Board of Directors of proxies for use at the Annual General Meeting of Shareholders, or at any adjournment thereof, pursuant to the accompanying Notice of Annual General Meeting of Shareholders. The meeting will be held on Monday, July 13, 2015, at 10:00 am (Israel Time), at the offices of the Company's counsel (Zysman, Aharoni, Gayer & Co.) at "Beit Zion", 41-45 Rothschild Blvd., 8th Fl., Tel Aviv 6578401, Israel (“**Meeting**”).

SOLICITATION OF PROXIES

The agenda for the Meeting is as follows:

1. To present the financial statements of the Company for the fiscal year ended December 31, 2014.
2. Re-appointment of Kost, Forer, Gabbay & Kasierer (a member of Ernst & Young Global) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 and to authorize the Company's Board of Directors to determine its compensation.
3. Re-election of the following Company's current serving directors: Mr. Howard B. Rosen, Dr. Yaron Daniely, Dr. Aharon Schwartz Mr. Daniel E. Geffken and Mr. Arie Ben Yosef.
4. Election of Dr. Joao Siffert as a Director and approval of his remuneration terms.
5. Approval of an amendment to the Compensation Policy for Company Office Holders.
6. Approval of the Company's Option Plan.
7. Approval of a grant of options to Dr. Yaron Daniely, the Company's CEO and President and a director.
8. Approval of a grant of options to Mr. Arie Ben Yosef, a director of the Company.

ITEM 1 – PRESENTATION OF 2014 FINANCIAL STATEMENTS

The Company's financial information for the year ended December 31, 2014 is available on the Company's website at the following address:
<http://www.alcobra-pharma.com/secfiling.cfm?filingID=1144204-15-12776&CIK=1566049>

The contents of the Company's website are not part of this proxy. At the Meeting, the Company will review the audited consolidated financial statements for the year ended December 31, 2014 and will answer appropriate questions relating thereto.

No vote will be required regarding this item.

ITEM 2 – RE-APPOINTMENT OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company's Audit Committee and Board of Directors recommend that the Company's shareholders re-appoint Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global, as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015, and authorize the Company's Board of Directors to determine its compensation.

It is proposed that the following resolution be adopted at the Meeting:

“RESOLVED, to re-appoint Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 and to authorize the Company's Board of Directors to determine its compensation.”

The affirmative vote of a majority of the shares voting on the matter is required to approve this resolution.

The Company's Board of Directors unanimously recommends that you vote “FOR” the proposal included in this Item.

ITEM 3 – RE-ELECTION OF DIRECTORS

The Company's Articles of Association provide that other than external directors (who shall be elected and serve in office in accordance with the provisions of the Israeli Companies Law of 1999, the “**Companies Law**”), the directors in the Company shall be elected at an Annual Meeting and shall serve in their office until the next Annual Meeting following one year from their election or until they cease to serve in their office in accordance with the provisions of the Articles of Association or applicable law, whichever is the earlier.

As required by the Companies Law, all director candidates have declared in writing that they possess the requisite skills and expertise, as well as sufficient time, to perform their duties as a director of the Company.

Biographical information about each of the candidates is provided below.

Howard B. Rosen has served on our Board since the closing of our initial public offering in May 2013 and as our Chairman since February 2014. Since 2008, Mr. Rosen has served as a consultant to several companies in the biotechnology industry. He has also served as a lecturer at Stanford University in Chemical Engineering since 2008 and in Management since 2011. Mr. Rosen has served as the interim CEO of AcetRx Pharmaceuticals, Inc. (Nasdaq: ACRX), a company developing products for pain relief, since April 2015. Mr. Rosen previously served as interim President and Chief Executive Officer of Pearl Therapeutics, Inc., a company focused on developing combination therapies for the treatment of highly prevalent chronic respiratory diseases, from June 2010 to March 2011. From 2004 to 2008, Mr. Rosen was Vice President of Commercial Strategy at Gilead Sciences, Inc., a biopharmaceutical company. From 2003 until 2004, Mr. Rosen was President of ALZA Corporation, a pharmaceutical and medical systems company that merged with Johnson & Johnson, a global healthcare company, in 2001. Prior to that, from 1994 until 2003, Mr. Rosen held various positions at ALZA Corporation. Mr. Rosen is a member of the board of directors of AcetRx Pharmaceuticals, Inc. (Nasdaq: ACRX), and a number of private biotechnology companies as follows: Entrega, Inc., Kala Pharmaceuticals, Inc. and ALDEA Pharmaceuticals. Previously, Mr. Rosen served on the board of directors of a number of public companies, as follows: Pharsight Corporation, a company focused on providing software products and consulting services to biopharmaceutical companies that was acquired by Tripos International in 2008 and CoTherix, Inc., a biopharmaceutical company that was acquired by Actelion Pharmaceuticals Ltd. in 2007. Mr. Rosen holds a B.S. in Chemical Engineering from Stanford University, an M.S. in Chemical Engineering from the Massachusetts Institute of Technology and an M.B.A. from the Stanford Graduate School of Business.

Dr. Yaron Daniely became our President and Chief Executive Officer and a Director in March 2010. Immediately prior to joining us and since 2007, Dr. Daniely was the President and Chief Executive Officer of NanoCyte, Inc., a company that develops transdermal delivery technologies based in Caesarea, Israel. Before NanoCyte and from 2004, Dr. Daniely was the General Manager of Gamida Cell—Teva Joint Venture Ltd., a joint venture company that acquired an exclusive license to develop and commercialize a Phase 3-stage cell therapy product for treatment of Leukemia and Lymphoma based in Jerusalem, Israel. From 2003-2007, Dr. Daniely also served as the Vice President of Business Development of Gamida Cell Ltd., and engaged in several licensing and financial transactions for the Company. In addition, he is a director of Bioblast Ltd, a private company incorporated in Israel. Dr. Daniely holds a B.Sc. degree in Biological Sciences from Florida International University, and holds a Ph.D. from the Sackler Institute of Graduate Biomedical Sciences at the New York University School of Medicine. Following his doctoral program, Dr. Daniely served as an NIH Visiting Fellow in its Cell Biology section and a Postdoctoral Fellow in the Department of Molecular Cell Biology at The Weizmann Institute for Science in Israel. Subsequently, he received an Executive M.B.A. from the Technion, Israel Institute of Technology.

Dr. Aharon Schwartz joined our Board as Chairman in January 2013, serving as our chairman until February 2014. He retired from Teva Pharmaceutical Industries Ltd where he served in a number of positions from 1957 through 2011, the most recent being Vice President, Head of Teva Innovative Ventures from 2008. He is also the chairman of the board of directors of BioLineRx Ltd., BioCancell Therapeutics Inc., CureTech Ltd. and several other biotechnology companies. Dr. Schwartz received his Ph.D. in organic chemistry from the Weizmann Institute, his M.Sc. in organic chemistry from the Technion Institute of Technology and a B.Sc. in chemistry and physics from the Hebrew University of Jerusalem. He has received a second Ph.D in the History and Philosophy of Science from the Hebrew University.

Daniel E. Geffken has served on our Board of Directors since our initial public offering in May 2013. Since October 2011, he has been Managing Director of Danforth Advisors, LLC, a management consulting firm that provides financial and strategic support to emerging life science companies. Mr. Geffken has also been the chief financial officer or chief operating officer of eight companies, four of which were U.S. public reporting companies and six of which were life science companies. He has a B.S. in Economics from The Wharton School, University of Pennsylvania, and a M.B.A. from Harvard Business School.

Arieh Ben Yosef joined the Alcobra Board in May 2014. Mr. Ben Yosef has served as a director of Insuline Medical Ltd. (TASE: INSL) since October 2010, which is focused on improving the performance of current insulin treatment methods. From August 2000 to July 2014, Mr. Ben Yosef served as a director of Microwave Networks Inc., a provider of microwave communications products and services. From 2006 to 2012, Mr. Ben Yosef was employed by Teledata Networks Ltd., a global provider of access network products and solutions for Telecom Service Providers, in the positions of Chief Financial Officer, Executive Vice President for Finance & Operations and later on as the General Manager of the company. From 2000 to 2004, Mr. Ben Yosef served as the President of Elisra Inc. and from 1998 to 2000 as the CFO of Tadiran Electronic Industries Inc. Mr. Ben Yosef holds a M.B.A. from the Hebrew University of Jerusalem.

Mr. Udi Gilboa, who has served as a director of the Company since 2008, has decided not to stand for re-election.

It is therefore proposed that the following resolution be adopted at the Meeting:

“RESOLVED, to re-elect Mr. Howard B. Rosen, Dr. Yaron Daniely, Dr. Aharon Schwartz, Mr. Daniel E. Geffken and Mr. Arie Ben Yosef to serve as directors of the Company until the next Annual Meeting, or until they cease to serve in their office in accordance with the provisions of the Company's Articles of Association or any law, whichever is the earlier.”

The affirmative vote of a majority of the shares voting on the matter is required to approve such resolution where the election of each director shall be voted separately.

The Company's Board of Directors unanimously recommends that you vote “FOR” the proposal included in this Item.

ITEM 4 – ELECTION OF DR. JOAO SIFFERT AS A DIRECTOR AND APPROVAL OF HIS REMUNERATION TERMS

The company's Articles of association provide that other than external directors (who shall be elected and serve in office in strict accordance with provisions of the Companies Law) the directors in the Company shall be elected at an Annual Meeting and shall serve in their office until the next Annual Meeting following one year from their election, or until they cease to serve in their office in accordance with the provisions of the Articles of Association or any law, whichever is earlier.

As required by the Companies Law, the director candidate has declared in writing that he possesses the requisite skills and expertise, as well as sufficient time, to perform his duties as a Director in the Company.

The proposed compensation to Dr. Joao Siffert will be a cash compensation of \$30,000 per year, payable quarterly at the end of the quarter and 15,000 options issued under Alcobra's 2010 Incentive Option Plan. The options will be issued under the following terms: (i) the exercise price per Option shall be \$7.60 (the last known closing price of the Company's shares on NASDAQ on June 2, 2015); (ii) the Vesting Commencement Date (as defined in the Plan) shall be the date of the Meeting, (iii) the options shall vest quarterly over a four year period; and (iv) all other terms and conditions shall be as set forth in the Plan. In addition, Dr. Siffert will be entitled to travel and other expenses relating to his service as a Board member. The proposed compensation terms of Dr. Siffert are consistent with the Company's compensation policy.

Biographical information about the candidate is provided below.

Dr. Siffert serves as the executive vice president research & development and chief medical officer at Avanir Pharmaceuticals, Inc. a biopharmaceutical company focused on bringing innovative medicines to patients with central nervous system disorders of high unmet medical need. Dr. Siffert joined Avanir in August 2011 and has led therapeutic development programs in dementia, depression, neuropathic pain, migraine and Parkinson's disease. Dr. Siffert previously served as vice president and chief medical officer at Ceregene, Inc., a biotechnology company focused on the development of neurotrophic gene therapies for Alzheimer's and Parkinson's diseases. Prior to this position he served as the chief medical officer at Avera Pharmaceuticals, a CNS specialty pharma company. Prior to joining Avera, Dr. Siffert held positions with Pfizer as the worldwide medical team leader of Lyrica and Neurontin focusing in areas of pain and epilepsy and as medical director for Relpax. He was instrumental in the Phase 3b/4 program development and global launch of Lyrica.

Prior to Pfizer, Dr. Siffert held academic positions at Beth Israel Medical Center, where he served as director of the Adult Neuro-Oncology program, and Albert Einstein College of Medicine, where he was assistant professor of neurology. During his tenure at Beth Israel, Dr. Siffert was actively involved in clinical research of novel therapies for patients with brain and spinal cord tumors. He completed residencies in pediatrics at New York University School of Medicine and in neurology at Harvard Medical School.

Dr. Siffert was certified by the American Board of Neurology and Psychiatry in 1996. He holds an M.D. degree from the University of São Paulo School of Medicine as well as an M.B.A. degree from Columbia University Graduate School of Business.

It is therefore proposed that the following resolution be adopted at the Meeting:

“**RESOLVED**, to elect Dr. Joao Siffert to serve as a director of the Company until the next Annual Meeting following one year from his election, or until he ceases to serve in his office in accordance with the provisions of the Company's Articles of Association or any law, whichever is the earlier, and to approve his remuneration terms in connection with his office as a director, as provided for in the proxy statement this proxy card relates to”.

ITEM 5 – AMENDMENT TO THE COMPENSATION POLICY FOR COMPANY OFFICE HOLDERS

Pursuant to the Israeli Companies Law, all public Israeli companies, including companies whose shares are publicly-traded only outside of Israel, such as Alcobra Ltd., are required to adopt a written compensation policy for their executives, which addresses certain items prescribed by the Israeli Companies Law and serves as a flexible framework for executive compensation. Accordingly, on February 17, 2014, the Company's shareholders approved the compensation policy for the Company's directors and officers (the “**Compensation Policy**”). Recently, the Board of Directors and the Compensation Committee approved, subject to shareholder approval, amendments to the Compensation Policy. The purpose of the amendments is to address the changing legal and business environment where the Company operates. A marked copy of the Compensation Policy indicating the amendments is attached hereto as **Exhibit A**.

It is proposed that the following resolution be adopted at the Meeting:

“**RESOLVED**, that the amended and restated compensation policy for the Company's directors and officers, in the form attached hereto as **Exhibit A** is hereby approved.”

The affirmative vote of a majority of the shares voting on the matter is required to approve this resolution, providing either (i) included in such majority is at least a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding for such purpose any abstentions; or (ii) the total number of shares held by non-controlling disinterested shareholders specified in clause (i) who voted against the election does not exceed two percent (2%) of the voting rights in the Company.¹

¹ In connection with your vote, you are asked to indicate on the enclosed proxy card whether you are a controlling shareholder or have a personal interest in the election of the external director and additional resolutions above (excluding a personal interest that is not related to a relationship with a controlling shareholder). Under the Companies Law, in general, a person will be deemed to be a controlling shareholder if the person has the power to direct the activities of the company, other than by reason of being a director or other office holder of the company, and you are deemed to have a personal interest if any member of your immediate family or their spouse has a personal interest in the adoption of the proposal. In addition, you are deemed to have a personal interest if a company, other than Alcobra Ltd. that is affiliated with you has a personal interest in the adoption of the proposal. Such company is a company in which you or a member of your immediate family serves as a director or chief executive officer, has the right to appoint a director or the chief executive officer, or owns 5% or more of the outstanding shares. However, you are not deemed to have a personal interest in the adoption of the proposal if your interest in such proposal arises solely from your ownership of the Company's shares, or to a matter that is not related to a relationship with a controlling shareholder.

The Company's Board of Directors unanimously recommends that you vote "FOR" the proposal included in this Item.

ITEM 6 – APPROVAL OF THE COMPANY'S STOCK INCENTIVE PLAN

Generally, the Company is not required by the Companies Law or otherwise, to approve the adoption or amendment of plans for the equity compensation of its employees, directors and other parties. However, in order for the Company to issue options that qualify as incentive stock options ("ISO") under the U.S. Internal Revenue Code, the Company's shareholders are required to approve the equity plan that allows for such issuance. At the Meeting, shareholders will be asked to approve the Company's 2010 Incentive Option Plan (the "**Plan**"), as amended to include an appendix that allows for the issuance of ISOs. The Plan has not been approved before by the Company's shareholders.

It is proposed that the following resolution be adopted at the Meeting:

"RESOLVED, to approve the Plan, attached hereto as **Exhibit B**, which will be submitted to the shareholders in order to ensure that certain awards granted under the Plan that are intended to qualify as incentive stock options so qualify under the U.S. Internal Revenue Code."

The affirmative vote of a majority of the shares voting on the matter is required to approve such resolution where the election of each director shall be voted separately.

The Company's Board of Directors unanimously recommends that you vote "FOR" the proposal included in this Item.

ITEM 7 – GRANT OF OPTIONS TO DR. YARON DANIELY, THE COMPANY'S CEO AND PRESIDENT AND A DIRECTOR

The Board of Directors and the Compensation Committee approved the issuance of additional options to Dr. Yaron Daniely, subject to shareholders' approval. Dr. Daniely serves as the Company's Chief Executive Officer (the "**CEO**") and Director. The Compensation Committee and the Board of Directors believe it to be in the best interests of the Company to grant to Dr. Daniely options to purchase 400,000 ordinary shares of the Company. With respect to such options: (i) the exercise price per Option shall be \$5.63 (the last known closing price of the Company's shares on NASDAQ on March 31, 2015); (ii) the Vesting Commencement Date (as defined in the Plan) shall be March 31, 2015, and the options shall vest over a four year period; (iii) in the event of a Transaction (as such term is defined in the Plan) all remaining unvested options will become fully vested; and (iv) all other terms and conditions shall be as set forth in the Plan. All unvested options previously granted to Dr. Daniely will be cancelled.

The Compensation Committee and the Board of Directors concluded that grant of the options provided for above does not comply with the Company's compensation policy. However, upon further consideration, taking into account the Company's goals, size and nature of activity, and Dr. Daniely's experience, responsibilities, contribution to the company and expertise, it was concluded that the proposed grant of options is reasonable, appropriate and consistent with the best interest of the Company.

In making its recommendation, the Compensation Committee and the Board of Directors considered various factors, including, among other things, (a) Dr. Daniely's education, skills, expertise, professional experience and achievements; (b) Dr. Daniely's position, responsibilities and previous compensation arrangements; and, to the extent applicable, (c) the ratio between the average salary and the median salary of such employees and the effect of such differences on work relations within the Company.

It is proposed that the following resolution be adopted at the Meeting:

“RESOLVED, to grant Dr. Daniely an amount of 400,000 options under the Plan. With respect to such options: (i) the exercise price per Option shall be \$5.63 (the last known closing price of the Company's shares on NASDAQ on March 31, 2015); (ii) the Vesting Commencement Date (as defined in the Plan) shall be March 31, 2015, and the options shall vest over a four year period; (iii) in the event of a Transaction (as such term is defined in the Plan) all remaining unvested options will become fully vested; and (iv) all other terms and conditions shall be as set forth in the Plan.”

The affirmative vote of a majority of the shares voting on the matter is required to approve this resolution, providing either (i) included in such majority is at least a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding for such purpose any abstentions; or (ii) the total number of shares held by non-controlling disinterested shareholders specified in clause (i) who voted against the election does not exceed two percent (2%) of the voting rights in the Company.²

The Company's Board of Directors unanimously recommends that you vote “FOR” the proposal included in this Item.

ITEM 8 – GRANT OF OPTIONS TO MR. ARIEH BEN YOSEF, A DIRECTOR

The Board of Directors and the Compensation Committee approved the issuance of additional options to Mr. Arie Ben Yosef, who serves as director in the Company, subject to shareholders approval. The Compensation Committee and the Board of Directors believe it to be in the best interests of the Company to grant to Mr. Ben Yosef options to purchase 10,000 ordinary shares of the Company. With respect to such options: (i) the exercise price per Option shall be \$5.63 (the last known closing price of the Company's shares on NASDAQ on March 31, 2015); (ii) the Vesting Commencement Date (as defined in the Plan) shall be March 31, 2015, (iii) the options shall vest over a four year period; and (iv) all other terms and conditions shall be as set forth in the Plan.

The Compensation Committee and the Board of Directors believe the proposed grant of options to be fair and reasonable and in the best interests of the Company. The proposed compensation for Mr. Ben Yosef is in line with the Compensation Policy.

It is proposed that the following resolution be adopted at the Meeting:

² See footnote 1 above.

“RESOLVED, to grant Mr. Ben Yosef an amount of 10,000 options under the Plan. With respect to such options: (i) the exercise price per Option shall be \$5.63 (the last known closing price of the Company's shares on NASDAQ on March 31, 2015); (ii) the Vesting Commencement Date (as defined in the Plan) shall be March 31, 2015, and the options shall vest over a four year period; and (iii) all other terms and conditions shall be as set forth in the Plan. Notwithstanding, such grant of options shall not become effective unless and until Mr. Ben Yosef signs all requisite documentation required under the Plan and applicable law.”

The affirmative vote of a majority of the shares voting on the matter is required to approve such resolution.

The Company’s Board of Directors unanimously recommends that you vote “FOR” the proposal included in this Item.

ALCOBRA LTD.

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby appoints Dr. Yaron Daniely, Chief Executive Officer, Dr. Tomer Berkovitz, Chief Financial Officer, and Ms. Irena Katsman, VP of Finance, and each of them, agents and proxies of the undersigned, with full power of substitution to each of them, to represent and to vote on behalf of the undersigned all the Ordinary Shares of Alcobra Ltd. (the "**Company**") which the undersigned is entitled to vote at the 2015 Annual General Meeting of Shareholders (the "**Annual Meeting**") to be held at the offices of the Company's counsels (Zysman, Aharoni, Gayer & Co.) at "Beit Zion", 41-45 Rothschild Blvd., 8th Fl., Tel Aviv, Israel, on July 13, 2015, at 10:00 a.m (Israel time), and at any adjournments or postponements thereof, upon the following matters, which are more fully described in the Notice of Annual General Meeting of Shareholders and Proxy Statement relating to the Annual Meeting.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned. If no direction is made with respect to any matter, this Proxy will be voted FOR such matter. Any and all proxies heretofore given by the undersigned are hereby revoked.

(Continued and to be signed on the reverse side)

**ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
ALCOBRA LTD.**

July 13, 2015

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. To re-appoint Kost, Forer, Gabbay & Kasierer (a member of Ernst & Young Global) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015, and to authorize the Company's Board of Directors to determine its compensation.

FOR **AGAINST** **ABSTAIN**

2. To re-elect five (5) members to the Board of Directors to act as directors of the Company until the next annual meeting, or until they cease to serve in their office in accordance with the provisions of the Company's Articles of Association or any law, whichever is the earlier, as follows:

a. To re-elect Mr. Howard B. Rosen to serve as a director.

FOR **AGAINST** **ABSTAIN**

b. To re-elect Dr. Yaron Daniely to serve as a director.

FOR **AGAINST** **ABSTAIN**

c. To re-elect Mr. Arie Ben Yosef to serve as a director.

FOR **AGAINST** **ABSTAIN**

d. To re-elect Dr. Aharon Schwartz to serve as a director.

FOR **AGAINST** **ABSTAIN**

e. To re-elect Mr. Daniel E. Geffken to serve as a director.

FOR **AGAINST** **ABSTAIN**

3. To elect of Dr. Joao Siffert as a Director and approval of his remuneration terms.

FOR **AGAINST** **ABSTAIN**

4. To approve an amendment to the Compensation Policy for Company Office Holders.

FOR **AGAINST** **ABSTAIN**

5. To approve the Company's Option Plan.

FOR **AGAINST** **ABSTAIN**

6. To approve grant of options in an amount of 400,000 to Dr. Yaron Daniely, CEO of the Company.

FOR **AGAINST** **ABSTAIN**

7. To approve grant of options in an amount of 10,000 to Mr. Arie Ben Yosef, a director of the Company.

FOR **AGAINST** **ABSTAIN**

In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

By signing this Proxy, the undersigned hereby declares not to be a "Controlling Shareholder" or have a "Personal Interest", as such terms are defined in the Israeli Companies Law, 1999, with respect to any of the proposals above.

Note: Please contact the Company if you have any questions or reservations with respect to the declaration above.

NAME

SIGNATURE

_____, 2015
DATE

NAME

SIGNATURE

_____, 2015
DATE

Please sign exactly as your name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, trustee or guardian, please give full title as such. If the signed is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Exhibit A

~~January 6, 2014~~

[], 2015

Alcobra Ltd.

(hereinafter: the "Company")

Amended and Restated Compensation Policy for Company Office Holders

(hereinafter: the "Policy" and/or the "Compensation Policy")

1. **The Objective of the Document**

The objective of this document is to define and describe the Company's office holder compensation policy as required by Amendment No. 20 to the Israeli Companies Law – 1999 (hereinafter: "**Amendment 20**" and the "**Companies Law**", respectively).

It is emphasized that this Compensation Policy does not grant rights to the Company's office holders, and the adoption of this Compensation Policy in itself does not grant the right to any office holder of the Company to receive any of the compensation components described herein. The compensation amounts and components that an office holder will be entitled to receive will be only those that are specifically approved for the office holder by the Company's authorized bodies, and subject to the provisions of any applicable law.

If an office holder should receive compensation that is less than the compensation contemplated in this Compensation Policy, this will not be considered a deviation or exception from this policy, and thus shall not require receiving approval of the general shareholders' meeting that would otherwise be required for approving terms of service and employment that deviate from the compensation policy.

The Compensation Policy will apply to compensation approved as from the date of adoption of the policy by the Company's general shareholders' meeting.

The masculine form is used in this policy for convenience purposes only and it refers to both women and men equally.

2. **Definitions**

"Office Holder" – defined in the Israeli Companies Law from time to time and correct as to the adoption date of this Policy – Chairman of the Board, Directors, CEO, Deputy General Manager, Chief Officers, any person performing such function in the Company even if under a different title and managers directly subordinate to the CEO.

"Senior Staff" – the Company's Chief Officers and those performing management functions directly subordinate to the CEO.

"Fixed Component" – payments in respect to employment or services that are provided, that does not depend on variables that are unknown at the time that the payment is determined. This component includes salary, pension, severance pay, annual paid vacation, loss-of-work-capacity insurance, employer National Insurance contributions, signing bonus and tax gross-ups.

"Variable Component" – payments that depend on variables that are unknown at the time that the payment is determined. This component includes annual bonus, special cash incentives, options and equity-based payments that are performance based.

"Severance Grants" – payment or any other benefit awarded to an office holder in relation to the termination of his position at the Company. These payments do not relate to severance payments required by applicable law.

"Advance Notice Period" – the period after which the termination or the end of service agreement will become effective.

"Equity-based Payment" – options, restricted shares, restricted stock units (RSU) and any other equity based payments settled with the Company's shares.

3. Background

On December 12, 2012, Amendment 20, which sets forth obligations with respect to the adoption of a compensation policy for office holders in Israeli public companies or private companies which issued bonds to the public entered into effect.

Pursuant to the Companies Law, this Compensation Policy will be brought to the approval of our shareholders and, once adopted, and unless determined otherwise by our Board of Directors, shall serve as our Compensation Policy for the three years period commencing as of its adoption by our shareholders.

4. The Objective of the Compensation Policy

The purpose of the proposed Compensation Policy is to help in achieving the goals and work plans of the Company, including for the long term, by:

- 4.1 Creating a reasonable and appropriate set of incentives for the Company's office holders while taking into consideration, inter alia, the Company's characteristics, business activity, risk management policy and work relations.
- 4.2 Providing the tools necessary for recruiting, motivating and retaining talented and skilled office holders in the Company, who will be able to contribute to the Company and maximize its profits over the long term.
- 4.3 Putting an emphasis on performance based compensation, and tying the office holders to the Company and its performance, by matching the office holders' compensation to their contribution to achieving the Company's goals and maximizing its profits, from a long-term point of view and with consideration of their position.
- 4.4 Creating proper balance between the various compensation components (such as fixed versus variable components and short-term versus long-term).

The combination of the various compensation components described in this document is intended to create a balance and appropriate ratio between fixed compensation and variable compensation so as to create a performance based compensation system that promotes the Company's goals and corresponds with its risk management policy.

5. Parameters for Examining the Compensation terms

Presented hereunder are the parameters that will be considered by the Company when examining the compensation terms of the Company's office holders:

- 5.1 The office holder's education, skills, expertise, professional experience and achievements.
- 5.2 The office holder's position and level of responsibility and previous employment agreements.
- 5.3 The office holder's contribution to the Company's performance, profits and stability.
- 5.4 The level of responsibility borne by the office holder due to his position in the Company.
- 5.5 The need of the Company to retain the office holder in view of the office holder's special skills, knowledge and/or expertise.
- 5.6 The ratio between the Fixed Components and the Variable Components of such compensation terms and its compatibility with this Compensation Policy.

6. Ratio between the Office Holders' Compensation and Compensation of other Company Employees

When determining the compensation terms of the Company's office holders, one of the aspects that will be examined is the ratio between the terms of service of each one of the Company's office holders and the average and median cost of employment of the Company's employees (including contract workers) and such ratio's effect on work relations in the Company, all as further detailed in the Companies Law. In the course of preparing the Compensation Policy described hereunder, the Compensation Committee and Board of Directors examined the ratio between the total compensation of office holders that derives from the adoption of this policy and the average and median cost of employment of the Company's employees. The Compensation Committee and Board of Directors determined that these ratios are reasonable and are not expected to have a negative effect on work relations in the Company.

7. The Compensation Terms – General

- 7.1 The compensation terms proposed to an office holder of the Company will be determined with reference to the existing compensation terms of other Company office holders and may take into consideration the compensation terms for office holders in similar positions in comparable companies (operating in a similar industry, with similar financial performance and market cap).
- 7.2 The Company will be permitted to grant the office holders (all or part) a compensation plan that includes a salary and related benefits, commissions (for office holders filling certain positions), a cash award (bonus) and/or equity-based payment.
- 7.3 Furthermore, the Company may provide arrangements for the termination of work relations, which will take into account accepted industry practice and the Company's customary practices on this matter as detailed in Paragraph 8 hereunder.
- 7.4 Regarding compensation paid to office holders in New Israeli Shekels, the USD:ILS conversion rate would be calculated on a monthly basis.

8. The Fixed Component

8.1 General

- 8.1.1 The base salary¹ constitutes fixed compensation the purpose of which is to compensate the office holder for performing his position in the Company and for performing the ongoing duties required by his job.
The base salary of the office holder will be determined in the negotiation regarding his employment with the Company, according to the parameters detailed in Paragraphs 4 and 5 above, and may take into consideration the existing salary terms of other Company office holders, as well as reference to accepted salary terms in the market and industry for office holders holding similar positions in comparable companies.
- 8.1.2 In this document "management fees" or "salary cost" mean the Company's cost of employment with regards to the fixed component, including related benefits as mentioned in Paragraph 8.3, including any tax or other deductions required of the Company in connection with the employment, and excluding accounting provisions in respect of past commitments and VAT.
- 8.1.3 The maximum base salary costs are detailed below based on a full time position (100%) assumption. The maximum salary cost of CEO or senior staff (please note that this does not include the Chairman of the Board) who is a part time employee of the Company, should be adjusted taking into consideration such partial position and its effects.

¹ Base Salary - The office holder's salary, excluding related benefits as described in section 8.3.

8.2 **Base salary**

Chairman of the Board

8.2.1 The monthly salary cost/monthly management fees of the Chairman of the Board (including related benefits as detailed in Paragraph 8.3 and excluding bonuses and equity compensation) shall not exceed US\$ 6 thousand.

The Company's CEO

8.2.2 The monthly salary cost/monthly management fees of the CEO (including related benefits as detailed in Paragraph 8.3 and excluding bonuses and equity compensation) shall not exceed US\$ 45 thousand.

Senior Staff

8.2.3 The monthly salary cost/monthly management fees of each senior staff officer (including related benefits as detailed in Paragraph 8.3 and excluding bonuses and equity compensation) shall not exceed US\$ 35 thousand.

Changes in the salary terms of the office holders mentioned above will be made according to the provisions and approvals required by law.

8.3 **Related Benefits**

The Chairman of the Board, CEO and senior staff will be entitled to social benefits as provided under law. In addition, their salary package can include additional benefits, such as a car (including grossing up the related tax), an annual paid vacation that is longer than that prescribed in the law, health insurance, etc. These benefits will be as accepted in the Company on the date of approving the compensation policy, and may be examined from time to time and be adjusted by the compensation committee subject to such approvals required by law.

8.4 **Sign-on bonus**

CEO and senior staff may be eligible, in connection with their nomination, to receive a sign-on bonus, at the discretion of the Compensation Committee and the Board of Directors, which shall not exceed 3 monthly salaries (on a base salary basis). **Signing bonus, as to be granted to the office holder, shall be considered as part of the fixed components, given that is not contingent on achieving goals.**

9. **Advance Notice and Severance Terms**

9.1 **Advance Notice**

9.1.1 The advance notice period for termination of employment will be determined on an individual basis with CEO, each senior staff members and the Chairman of the Board, with reference to the parameters detailed in Paragraph 5 above and to the advance notice periods prescribed in employment agreements of the other office holders and the advance notice periods accepted in the market and industry for office holders holding similar positions.

9.1.2 As regards to senior staff who on the date of approving the compensation policy have personal employment agreements that refer to the advance notice period, there will be no change in this period as provided in their employment agreements. In any event, the advance notice period of each senior staff, CEO and the Chairman of the Board are limited to 3 months.

9.2 **Severance Grants**

9.2.1 The Company's Board of Directors will be permitted to approve compensation terms which include award of Severance Grants as indicated hereunder.

9.2.2 The entitlement to a Severance Grant, in terms of CEO and the senior staff monthly salaries, shall not exceed 12 monthly salaries (on a base salary basis).

9.2.3 The Severance Grants will be discussed by the Compensation Committee that will provide its recommendation to the Board of Directors, both of which will consider the following:

- The office holder is employed or provides services to the Company for at least two years.
- Throughout his period of employment the office holder has made a significant contribution to advancing the Company's business.
- The office holder is not leaving the Company's employment under circumstances justifying the non-payment of severance pay and upon termination of employment the office holder shall have entered into a general release agreement, where he releases the Company from all claims..
- The Company's CEO (or Chairman of the Board in the event of the CEO retiring) recommendation regarding payment of a severance grant.
- The compensation terms awarded to such office holder throughout the terms of employment or services.
- The Company's performance throughout the terms of office holder's employment or services.

10. **The Variable Component**

10.1 **The annual cash bonus (hereinafter: "bonus")**

- 10.1.1 The Company is permitted to grant a bonus to the CEO and senior staff as part of their compensation package.
- 10.1.2 The entitlement to a bonus will be determined according to measureable criteria (hereinafter: the "**measureable bonus**") and qualitative criteria (hereinafter: the "**discretionary component**").
- 10.1.3 CEO or senior staff who has worked for less than one full calendar year and at least 4 months during the calendar year will be entitled to a proportionate annual bonus according to his period of employment, insofar as he is entitled to a bonus.
- 10.1.4 The measurable bonus shall be composed of general measureable parameters based on the Company's performance (hereinafter: the "**company parameters**") and specific measureable parameters tailored for the CEO and each of senior staff of the Company (hereinafter: the "**specific parameters**").
The company parameters' weight of the total measurable bonus will be at least 30%.
- 10.1.5 The company parameters will be established and approved by the Board of Directors for each applicable year, and may include, inter alia:
 - The initiation or completion of clinical trials.
 - The completion of an in-license or an out-license deal.
 - The execution of commercial cooperation deals.
 - The approval to market a new product.
 - The commencement of a revenue stream.
 - The realization of expense budget targets or cash Flow.
- 10.1.6 The specific parameters for the senior staff, the CEO will be determined by the CEO, Chairman of the Board and the Compensation Committee, respectively.
- 10.1.7 The parameters (company and specific) and there weights for each of the relevant office holder will be determined for each applicable year, at the beginning of the year and not later than March 31st. These parameters will be based the company strategic business plan objectives, and each office holder main responsibilities and contribution for achieving this objectives during the following year.

Measurable Bonus Amounts

- 10.1.8 The maximum measurable bonus is limited as follows:

Position	CEO	Senior Staff
Maximum measurable bonus (on a monthly base salary basis)	8	6

The Discretionary Component Bonus (For the CEO and Senior Staff)

- 10.1.9 The CEO and each senior staff will be entitled to an annual bonus that will be determined by the Compensation Committee, while taking into consideration their performance in that year. The criteria that will be used to determine the eligibility to a bonus in respect to this component will include, inter alia:
- The superior's evaluation of the personal contribution to the Company's performance, achieving its objectives.
 - The superior's evaluation of the quality of the performance.
 - A material change in the duties.
 - Compliance with internal procedures, legal and/or regulatory objectives.
 - The office holder's level of responsibility.
- 10.1.10 The discretionary component bonus shall not exceed 2 monthly salaries (on a base salary basis). The total annual bonus (the measurable bonus and the discretionary component bonus) shall not exceed the amounts mentioned in section 10.1.8 above.

Bonus Adjustments

- 10.1.11 After receiving the compensation committee's recommendation, the Company's Board of Directors has the authority to reduce the variable cash compensation components mentioned above in this document, at its full and exclusive discretion, if the circumstances are found to justify such a reduction

Repayment of Compensation Granted on the Basis of Incorrect Financial Information (Clawback)

- 10.1.12 An office holder will be required to return to the Company any surplus amounts that he was paid as part of his employment terms, if they were paid on the basis of information that was found to be incorrect and was restated in the Company's financial statements. It is clarified that a restatement following a change in an accounting policy or the first time adoption of an accounting policy shall not result in the Company demanding from the office holder to return bonus amounts that were paid.
- 10.1.13 The amount of the surplus payments will be determined according to the difference between the amount that was actually received by the office holder and the amount that would have been received according to the amended data restated in the Company's financial statements.

10.2 Equity-based Payment

- 10.2.1 The Company reserves the right to grant equity-based payment, according to the equity compensation plans that were and will be adopted from time to time and subject to any relevant law.
- 10.2.2 The Company's office holders who are Israeli citizens may be granted options to purchase its shares in accordance with the requirements of Section 102 of the Israeli Income Tax Ordinance, as may be amended from time to time.
- 10.2.3 The annual economic value of the equity-based payment will be calculated by dividing the fair value of the benefit (based on financial models used for financial reporting purposes) at the grant date by the number of years until the vesting of the last tranche (linear division) (the "Annual Economic Value"). This value shall not exceed 8 monthly salaries for the CEO (on a base salary basis), 6 monthly salaries for each existing senior staff member (on a base salary basis) and US\$ 100,000 for the Chairman of the Board.
Determination of Annual Economic Value of equity-based payment shall be made disregarding any equity based payment granted prior to the adoption of the Compensation Policy.
- 10.2.4 **Sign-On equity-based payment** - The Company reserves the right to grant an additional equity-based payment for a newly-hired senior staff member that shall not exceed an Annual Economic Value of US\$ 500,000. A period of 4 years from the grant date will be required until the full vesting of such grant.
- 10.2.5 The Compensation committee and the board of directors have decided not to limit the benefit at the exercise date since according to its approach the matter impairs the option grant rational.

- 10.2.6 For each equity-based payment that does not include performance-based vesting (and other than Sign-On equity-based payment as described in section 10.2.4), a period of at least 3 years from the grant date will be required until the full vesting, and the exercise period of the first portion will be no less than one year. Moreover, the Company shall be permitted to adopt a policy of annual grants with each portion vesting after at least two years.
- 10.2.7 The Company has the right to define other specific performance terms (other than service period) in relation to the equity-based payment for each office holder, including specific performance-based vesting conditions (without defining specific service period).
- 10.2.8 Additional terms including eligibility upon termination, eligibility for accelerated vesting upon pre-defined events such as M&A or change of control events, adjustments for cash dividends, stock split, etc., will be consistent with the definitions of the equity-based compensation plans that were or will be adopted by the Company, with reference to the accepted terms in the market in regard to these plans.

11. Ratio between the Fixed Compensation Components and the Variable Components

- 11.1 The ratio between the variable components and the fixed component shall not exceed the following:

Chairman	CEO	Senior staff ²
2.5	1.25	1.0

12. Directors' Remuneration (Other than the Company's Chairman of the Board)³

- 12.1 The remuneration of the Company's external directors ~~and independent directors (as defined by Israeli law)~~ will be determined according to the Companies Regulations (Rules Concerning Remuneration and Expenses for an External Director) – 2000 (hereinafter: “**the Remuneration Regulations**”), and ~~will include an annual remuneration, remuneration for participation in meetings of the Board of Directors and/or its committees, and any other benefit (including reimbursement of expenses) that is granted to directors by law, and in case, shall not include equity-based payment, when permissible under applicable law, may include equity-based payment limited to an annual value of US\$ 100,000.~~
- 12.2 The Company's non-external ~~and non-independent~~ directors ~~shall, other than the Chairman of the Board of Directors and any director who also serves as an officer, may receive a fixed payment and remuneration that will be determined pursuant to the Remuneration according and limited to the terms defined in the applicable law.~~ Regulations, as if they were external directors (reference to the Remuneration Regulations is made as a benchmark reference, and not as a legal requirement). In addition, ~~they may be~~ each such director may be eligible for equity-based payment limited to an annual value of US\$ 100,000.

² The ratio calculation does not take into account the theoretical maximum value of the Sign-On equity-based payment as described in section 10.2.4.

³ Following the proposed revisions, this section 12 will read as follows:

- 12.1 The remuneration of the Company's external directors will be determined according to the Companies Regulations (Rules Concerning Remuneration and Expenses for an External Director) – 2000 (hereinafter: “**the Remuneration Regulations**”), and, when permissible under applicable law, may include equity-based payment limited to an annual value of US\$ 100,000.
- 12.2 The Company's non-external directors, other than the Chairman of the Board of Directors and any director who also serves as an officer, may receive remuneration that will be determined pursuant to the Remuneration Regulations, as if they were external directors (reference to the Remuneration Regulations is made as a benchmark reference, and not as a legal requirement). In addition, each such director may be eligible for equity-based payment limited to an annual value of US\$ 100,000.

13. **Release, Indemnification and Insurance of Office Holders**⁴

13.1 **Insurance of Directors and Office Holders**

Directors and office holders will be covered by a ~~directors~~directors' and ~~officers~~officers' liability insurance policy ("the Policy") that will be acquired and maintained by the Company according to the provisions of ~~the applicable~~ law ~~from time to time~~. The ~~terms of the policy~~Policy shall provide for ~~coverage~~limits of liability of up to US\$ ~~35~~100 million (per claim and in the aggregate ~~for the insurance period~~), provided that the annual premium shall not exceed ~~the higher of US\$ 250~~500,000 ~~or 2% of the limits of liability of the Policy~~. By way of example, ~~such insurance coverage may include insurance coverage with respect to specific events, such as public offerings, or with respect to periods of time following which the then existing insurance coverage may cease to apply, such as "run-off" policy.~~

13.2 **Release and Indemnification Letters to Directors and Office Holders**

The Company may provide release and indemnification letters to the directors and office holders according to the version approved from time to time by the authorized bodies of the Company. The overall amount of the indemnification to the Office holders shall not exceed a percentage of the Company's equity as specified in the Company's articles (25% on the date of drafting the policy) according to the most recent financial statements issued before the actual date of paying the indemnification.

⁴ Following the proposed, section 13.1 will read as follows:

13.1 **Insurance of Directors and Office Holders**

Directors and office holders will be covered by a directors' and officers' liability insurance policy ("the Policy") that will be acquired and maintained by the Company according to the provisions of applicable law. The Policy shall provide for limits of liability of up to US\$ 100 million (per claim and in the aggregate for the insurance period), provided that the annual premium shall not exceed the higher of US\$ 500,000 or 2% of the limits of liability of the Policy. By way of example, such insurance coverage may include insurance coverage with respect to specific events, such as public offerings, or with respect to periods of time following which the then existing insurance coverage may cease to apply, such as "run-off" policy.

Alcobra Ltd.**The 2010 Incentive Option Plan****1. PURPOSE OF THE PLAN**

The purpose of this 2010 Incentive Option Plan (the "**Plan**") is to advance the interests of Alcobra Ltd. (the "**Company**") and its shareholders by attracting and retaining the best available personnel for positions of substantial responsibility, providing additional incentive to employees, office holders and service providers and promoting a close identity of interests between those individuals and entities and the Company.

2. DEFINITIONS

As used herein, the following definitions shall apply:

- 2.1. "**Administrator**" means the Board or the Committee, as shall administer the Plan, as set forth herein.
- 2.2. "**Articles**" mean the Company's Articles of Association, as amended from time to time.
- 2.3. "**Board**" means the Board of Directors of the Company.
- 2.4. "**Committee**" means the Company's compensation committee, or in the case there is no such committee, a committee appointed in order to administer the Plan, and until such committee is appointed, the Board.
- 2.5. "**Companies Law**" means the Israeli Companies Law 5759 - 1999.
- 2.6. "**Employee**" means: (I) any person, employed by the Company or employed by any Related Entity; and (II) any Office Holder (as such term is defined in the Companies Law), officer or Director of the Company or a Related Entity.
- 2.7. "**Exercise Price**" means the price that is to be paid in order to exercise an Option.
- 2.8. "**Group**" means the Company and the Related Entities taken together.
- 2.9. "**IPO**" means an initial public offering of the Company's Shares.
- 2.10. "**Option**" means an option to purchase a Share according to the provisions of this Plan.
- 2.11. "**Option Grant**" means a single grant of Options to a certain Participant as determined by the Board or the Committee.

Alcobra Ltd. – 2010 Incentive Option Plan

- 2.12. "Option Grant Letter Agreement" means the notice letter attached to this Plan as Exhibit A.
- 2.13. "Participant" means a person or entity that has been granted Options.
- 2.14. "Related Entity" means any parent or subsidiary of the Company. In addition, Related Entity shall include any business, corporation, partnership, limited liability company or other entity in which the Company, or the Company's parent or a subsidiary holds a substantial ownership and/or interest, directly or indirectly, and is determined by the Board to be a Related Entity.
- 2.15. "Service Provider" means a person or entity who is engaged by the Company or any Related Entity to render services (e.g., consulting services, advisory services, development services, marketing and sale services or any other services, including suppliers) to the Company or a Related Entity.
- 2.16. "Share" means the Company's Ordinary Share of NIS 0.01 par value, or that was issued following an exercise of an Option.
- 2.17. "Total Option Amount" means the amount of Options granted to a Participant in a single Option Grant.

3. ADMINISTRATION OF THE PLAN

- 3.1. Subject to the provisions of the Plan, any applicable law, the Articles and any other binding commitments taken by the Company, the Board or the Committee shall have the power and authority to administer the Plan. Such power and authority shall include, but not be limited to: (i) approval of Option Grants and the determination of the terms and provisions of respective Option Grants, including, the vesting schedules of the Options; the Exercise Price thereof; provisions concerning the time or times when and the extent to which Options may be exercised; the nature and duration of restrictions as to transferability; or any other special conditions relating to an Option Grant; (ii) the acceleration of any Participant's right to exercise Options, in whole or in part; (iii) the interpretation of the provisions of the Plan; (iv) altering, amending or rescinding any resolution or act previously taken by the Committee; and (v) the determination of any other matter which is necessary or desirable for, or incidental to, the administration of the Plan, as set forth in the Plan.
- 3.2. Notwithstanding the above, the Board shall have the power and authority to take any act the Committee is empowered and authorized to take, and to alter amend or rescind any act or resolution taken by the Committee.

Alcobra Ltd. – 2010 Incentive Option Plan

- 3.3. The Committee shall consist of such number of directors as may be appointed by the Board.
- 3.4. The Board shall have the exclusive discretion and power to grant Options. Such power may be delegated by the Board to the Committee subject to the provisions of the Companies Law.
- 3.5. All Committee resolutions and decisions, including the interpretation and construction of any provision of the Plan, shall be final and conclusive unless otherwise determined by the Board.
- 3.6. No member of the Board or of the Committee shall be held liable for any act or determination made in good faith with respect to the Plan or any Option Grant.

4. SHARES RESERVED FOR THE PLAN

- 4.1. Subject to adjustments, as set forth in Section 9 below, a total of 2,118,531 Ordinary Shares, of NIS 0.01 par value each, from the Company's authorized share capital shall be reserved and subject to the Plan (the "**Reserved Shares**").
- 4.2. Until termination of the Plan the Company shall at all times reserve sufficient number of Ordinary Shares in its authorized share capital to cover for all Reserved Shares that were not issued.
- 4.3. Without derogating from Section 4.2 above:
 - 4.3.1. The Company need not reserve Shares with respect to Options that terminated, expired or were canceled for any reason prior to exercise thereof.
 - 4.3.2. In the case that there are certain Reserved Shares, which remain unissued and which are not subject to outstanding Options, then the Board may resolve that such Reserved Shares shall cease to be reserved.

5. DESIGNATION OF PARTICIPANTS; OPTION GRANTS

- 5.1. The Board may grant Option Grants to the following persons and entities:
 - 5.1.1. Employees.
 - 5.1.2. Service Providers and their employees.
- 5.2. Unless determined otherwise by the Board or Committee, a Participant shall not be required to pay any consideration for an Option Grant.

Alcobra Ltd. – 2010 Incentive Option Plan

6. VESTING; EXERCISE PERIOD

- 6.1. Unless determined otherwise by the Committee or Board, upon approval of the Option Grant or thereafter, Options underlying an Option Grant shall vest over four years, commencing on the vesting commencement date (the "**Vesting Commencement Date**") as determined by the Committee.
- 6.2. The vesting schedule of each Option Grant shall be as determined by the Committee. However, unless determined otherwise by the Committee or Board, upon approval of the Option Grant or thereafter, the following shall apply:
- 25% of the Total Option Amount shall vest on the first anniversary of the Vesting Commencement Date, and additional 6.25% of the Total Option Amount shall vest on the last day of each three months period immediately after the first anniversary of the Vesting Commencement Date.
- In the case that as a consequence of the vesting schedule mentioned above a fraction of vested Option is created, then such fraction shall be rounded up or down, as determined by the Board.
- 6.3. Notwithstanding anything to the contrary in this Plan, all Options shall terminate and not bestow any rights on their owner after ten years from the date the Options were granted. All Options that have not been exercised by such date shall expire immediately and the Participants shall not have any claim against the Company with respect thereto.
- 6.4. The period within which Options are exercisable shall be called the "**Exercise Period**". Options which have not been exercised during the Exercise Period shall expire immediately, and will be automatically returned to the Options pool and may be re-allocated.

7. TERMINATION OF EMPLOYMENT WITH THE GROUP

In the event that the Participant is an Employee at the time of the Option Grant, whose employment with the Group was subsequently terminated, for whatever reason but subject to Section 7.6 (including but not limited to (i) dismissal of a Participant or (ii) a Participant's resignation, or (iii) death of a Participant or (iv) disability of a Participant), then the following provisions shall apply:

- 7.1. The date on which employment was terminated under applicable labor laws, or, in the case an Employee is not an employee under applicable labor laws the date in which such Employee ceases to be an Employee as defined in the Plan, shall be deemed the date in which such Employee's employment was terminated ("**Employment Termination Date**").
- 7.2. On the Employment Termination Date all Options that are not vested shall immediately expire.

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7.3. In the event that the Participant's termination of employment is not due to the Participant's death (but does include termination due to Disability), then the Participant will be entitled to exercise all, or part of, the vested Options that have not expired, for a period of thirty (30) days after the Employment Termination Date. After such thirty days period, all unexercised Options will automatically expire.

For purposes of this Section 7.3, "Disability" shall mean the inability in 100%, due to illness or injury, to engage in any gainful occupation for which the individual is suited by education, training or experience, which condition continues for at least six (6) months.

7.4. Notwithstanding the above, in the event of termination of employment due to the Participant's death or Disability, the Participant (if applicable) or Participant's estate, or other person who acquired the right to exercise the Options by way of bequest or inheritance, may, but only within six (6) months after the date of such death or the Employment Termination Date (in the case of Disability), exercise all, or part of, the vested Options that have not expired. After such six (6) months period, all unexercised options shall automatically expire.

7.5. Notwithstanding Section 7.3 above, all Options granted to a certain Employee (whether vested or unvested) will immediately expire if the termination of the Participant's employment is due to Participant's breach of his/her employment agreement (whether written or oral) including without limitation, a breach of non compete obligations, or breach of his/her fiduciary duties towards the Company or a Related Entity as determined by the Committee or the Board, in their sole discretion, or in the case that competent court or other authority resolves that such employee is not entitled to discharge compensation.

7.6. For the purposes of this Plan, the Committee or Board is authorized to determine if and when a Participant terminated his/her employment with the Company, and due to what reason, subject to the provisions of Israeli labor laws with respect to Israeli employees.

7.7. The Committee or the Board shall be entitled, prospectively and retroactively, to extend the periods in which Options (either vested or unvested) do not expire and remain exercisable after the Employment Termination Date.

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8. TERMINATION OF ENGAGEMENT WITH THE GROUP

In the event that a Participant is not an Employee, and the agreement of such Participant with the Group is terminated, then, unless otherwise specified in the Option Grant Letter Agreement, or otherwise determined by the Committee, on the date of such termination, all Options that have not vested by then shall expire and the vested options shall remain exercisable as specified in sections 7.3, 7.4 or 7.5, as the case may be, which shall apply *mutatis mutandis* to such Participant (where if such Participant has more than one agreement with the Group, then the foregoing shall apply to the Options underlying the terminated agreement or issued in connection therewith).

9. ADJUSTMENTS

9.1. Merger, Sale of the Company or Sale of the Company's Assets.

In the event of a merger of the Company into another corporation, in a way that the Company shall no longer continue to exist as a legal entity subsequent to such merger, the sale of all, or substantially all of the Company's issued and outstanding shares to a third party or the sale of all, or substantially all of the assets of the Company (each of them, a "**Transaction**"), then the following provisions shall apply:

9.1.1. Each outstanding Option shall be assumed by, or an equivalent option shall be substituted by the successor corporation or a parent or subsidiary of the successor corporation.

9.1.2. In the event that the successor corporation does not agree to assume the Options or to substitute them with equivalent options, the Committee may in lieu of such assumption or substitution, provide for the Participant to have the right to exercise the Options as to all, or part of the Shares, including certain Shares as to which it would not otherwise be exercisable.

9.1.3. In addition to Section 9.1.2 above, and if Section 9.1.1 does not apply, the Committee may notify the Participants that all Options that are exercisable shall remain so for a period of no less than seven (7) days from the date of such notice, and that all Options will terminate upon the expiration of such period. In any case, the Committee may condition the termination of all said Options upon consummation of the Transaction.

9.2. Bonus Shares

In the event that the Company issues any of its shares as bonus shares to all its shareholders, on a pro rata basis, then the number of Shares received upon exercise of certain Options shall be increased to the number of Shares the Participant would have held after the issuance of the bonus shares had such Participant exercised such Options immediately before the issuance of the bonus shares.

9.3. Reorganization; Separation

If the Company is separated, reorganized, or consolidated with another corporation (other than as part of a Transaction) while Options which were not yet exercised remain outstanding under this Plan, the Company shall use reasonable efforts to maintain the rights of each Participant through such separations, reorganizations or consolidations, or compensate the Participant for such event in lieu of the Options such Participant holds. The Committee, at its sole discretion, shall determine what steps shall be taken according to this section 9.3.

9.4. Changes in Capitalization

If the outstanding shares of the Company shall at anytime be changed or exchanged by declaration of a share split, reverse share split, combination or reclassification of Ordinary Shares, or any other increase or decrease in the number Company's Ordinary Shares effected without receipt of consideration by the Company from the shareholders, then the number, class and kind of Shares subject to this Plan or subject to any Options therefore granted, and the Exercise Prices of the Options, shall be appropriately and equitably adjusted so as to maintain the proportionate number of Shares without changing the aggregate Exercise Prices of the Options (except in case the Exercise Price is equal to the par value of the shares, in which case the Exercise Price will be increased respectively). However no adjustment shall be made by reason of the distribution of subscription rights on outstanding shares, or conversion of securities into shares of the Company.

9.5. Other terms and conditions

9.5.1. The allocation of each Option Grant hereunder is subject to the relevant Participant's agreement to sign any document he/she is required to sign pursuant to the provisions of this section 9. If a Participant refuses to sign any such documents, the Committee or Board may determine that the Options held by the Participant or by a trustee for such Participant's benefit shall immediately expire.

9.5.2. Such adjustments as mentioned in this Section 9 shall be made by the Committee, whose determination in such respect shall be final, binding and conclusive.

9.5.3. Anything herein to the contrary notwithstanding, if prior to an IPO, there is a bona fide offer to purchase all or substantially all of the issued and outstanding shares of the Company, or upon a reorganization separation or the like, all or substantially all of the shares of the Company are to be exchanged for securities of another company, then each Participant shall be obliged to sell or exchange (in accordance with the value of such Participant's Options and Shares pursuant to the terms of such transaction) as the case may be, any Shares such Participant purchases hereunder, in accordance with the instructions issued by the Board in connection with such transaction, which will be given according to a policy of the Board concerning all of the Participants under the Plan.

10. ASSIGNABILITY AND SALE OF OPTIONS

No Option shall be assignable, transferable, given as collateral, hypothecated pledged or encumbered and no right with respect to the Options shall be given to any third party whatsoever, and during the lifetime of each Participant, each and all of such Participant's rights to purchase Shares hereunder shall be exercisable only by such Participant.

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11. TERM AND EXERCISE OF OPTIONS

- 11.1. Options shall be exercised by a Participant by giving written notice to the Company, in the form substantially attached hereto as **Exhibit B** or such other form(s) and method as may be determined by the Company from time to time (the “**Exercise Notice**”).
- 11.2. The Exercise Price and applicable withholding taxes, if any, shall be payable upon the exercise of the Option in either: (i) cash or by check; (ii) by delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company or the Trustee; or (iii) Payment may be made by any other method approved or accepted by the Committee in its discretion, which may include procedures for net exercise.
- 11.3. The Exercise Price will be paid in NIS, or if the Exercise Price is fixed in U.S. dollars, in U.S. dollars or in accordance with the representative rate of exchange of the U.S. dollar, last published by the Bank of Israel at the time of actual payment, or as provided for by the Company.
- 11.4. Each Participant will be entitled to exercise, upon signing the Exercise Notice and any additional documents as required by the Company, and paying the Exercise Price, all, or part of the Options that are vested at the Exercise Period.
- 11.5. Options shall not be deemed exercised unless: (I) the Company receives duly signed Exercise Notice including all relevant details; and (II) the Company receives the Exercise Price.
- 11.6. The Options may be exercised only to purchase whole Shares, and in no case may a fraction of a Share be purchased. If any fractional Shares would be deliverable upon exercise, such fraction shall be rounded up or down, to the nearest whole number. Half of a Share will be rounded up.
- 11.7. Each Option granted under this Plan shall be exercisable during the Exercise Period. Subject to adjustments, as set forth in Section 9 above, the exercise of one Option shall entitle the Participant to hold one Share.
- 11.8. Without derogating from any restrictions mentioned hereinabove, the exercise of the Options is being subject to the following terms, restrictions and conditions as may be in effect on the time of the exercise of the Options is requested: (i) any applicable law or regulation; (ii) any order or limitation set by any stock exchange in which the Company’s securities may be traded (e.g., blackout periods, and lock up after an IPO); and (iii) any limitation undertaken by the Company with respect of the shares of the Company, including limitations set forth by Company’s underwriters. Such period of restriction of sale or exercise shall not be counted as part of the applicable exercise period.

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- 11.9. Notwithstanding the foregoing, starting as of the Employment Termination Date of a certain Participant and during the period that the vested Options are exercisable, the Company shall be entitled (subject to the provisions of applicable law) to purchase the vested Options held by such Participant by sending the Participant a purchase notice (the "**Purchase Notice**"). The purchase price of each Option shall be the Market Value of an Ordinary Share less the Exercise Price of the Option. The Market Value of an Ordinary Share shall be determined as follows: (i) in case the Company's shares are listed on a stock exchange, the Market Value shall be the average price of the Shares during 5 days prior to the Purchase Notice; or (ii) in case the Company's shares are not traded, the Market Value shall be the value determined in good faith unanimously by the Board and in the event the Board members are unable to reach an agreement with respect to the Market Value within 10 days of the Purchase Notice to the Participant, the Board will refer to an external expert. The Committee or the Board shall be entitled to establish further processes for the purchase of the Options as set forth above, provided, however, that if the Company receives the Participant's Exercise Notice prior to the receipt of the Purchase Notice from the Company, then the Company's right to purchase the said Options shall become null and void and the Participant may exercise the vested Options pursuant to their terms.

12. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

- 12.1. No Participant shall have any of the rights or privileges of a shareholder of the Company with respect to any of the Shares, unless and until, following exercise, the registration of the Participant as holder of such Shares in the Company's register of members is duly completed.
- 12.2. The rights and obligations attached to the Shares will be as set forth in the Articles. The Shares may be subject to rights of first refusal, co-sale rights and other rights specified in the Articles.
- 12.3. The Participant waives any of the following rights to the extent such rights are attached to the Shares: (i) pre-emptive rights in relation to issuance of new securities in the Company; (ii) rights of first refusal in relation with any sale of shares of the Company; (iii) co-sale rights in relation with any sale of shares of the Company.

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- 12.4. Unless provided otherwise by the Committee, until an IPO, all voting rights, and rights to receive information from the Company with respect to the Shares shall be granted to the Board or as determined by the Board, in accordance with **Exhibit C** attached hereto.
- 12.5. Without derogating from any restrictions mentioned hereinabove, by accepting an Option Grant, each Participant agrees that the sale or disposal of Shares is subject to the following terms, restrictions and conditions as may be in effect on the time when such sale or disposal is requested: (i) any applicable law or regulation; (ii) any order or limitation set by any stock exchange in which the Company's securities may be traded (e.g., blackout periods, and lock up after an IPO); and (iii) any limitation undertaken by the Company with respect of the shares of the Company, including limitations set forth by Company's underwriters.
- 12.6. Until an IPO the Company shall have the authority to endorse upon the certificate or certificates representing the Shares such legends referring to the foregoing restrictions, and any other applicable restrictions, as it may deem appropriate (and which do not violate the Participant's rights according to this Agreement).
- 12.7. By accepting an Option Grant, each Participant agrees that in the case of an IPO or after registering the Company's securities for trading, to sign any document and approve any resolution or restriction upon the Shares, or modify the terms of allocation of the Shares, if such Participants signature or approval or such restriction or modification were reasonably required, in the Committee's discretion, in order to facilitate the Company in meeting all the underwriters and stock exchange demands and all applicable securities and corporate laws and regulations.
- 12.8. The Participant shall not sell, pledge, transfer or otherwise dispose of any Shares in transactions which violate, according to the Company's sole discretion, any applicable laws, rules and regulations, or the Articles.
- 12.9. No transfer of Shares shall be effective if the Committee determines that the transferee is a competitor of the Company (either directly or indirectly).
- 12.10. Notwithstanding anything to the contrary in this Section 12, as long as Shares are held by a trustee for the benefit of a Participant (if applicable) the Shares shall not be sold, pledged, transferred or otherwise disposed of, by the Participant until an IPO, or until such time or event as determined by the Committee, either individually or with respect to all Participants.

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13. TERM OF THE PLAN

This Plan shall be effective as of January 1, 2010, which is the day it was adopted by the Board and shall terminate when all the Options are exercised into Shares or expired in accordance with the provisions of this Plan or such other date as shall be determined by the Board, which date shall be no later than January 1, 2020.

14. AMENDMENTS; TERMINATION

14.1. The Board may, at any time and from time to time, amend, alter or terminate the Plan, provided, however, that the rights of the Participants shall not be adversely affected, unless such Participants agreed to such amendment, alteration or termination.

14.2. The Plan may be terminated at any time by an action of the Board, but any such termination will not terminate any Options granted under this Plan, which are then outstanding, without the consent of the Participant that is holding such Options.

15. BINDING EFFECT

The provisions of the Plan shall be binding upon the heirs, executors, administrators, and successors of the Participants.

16. GOVERNMENT REGULATIONS AND OTHER RESTRICTIONS

16.1. This Plan, the Option Grant Letter Agreements, the grant and exercise of Options hereunder, the obligation of the Company to issue the Shares, and any other act or obligation of the Company or any related individual or entity acting in connection with this Plan are all subject to the Articles, 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 any Participant.

16.2. By accepting an Option Grant, each Participant agrees not to sell, pledge, transfer or otherwise dispose of any of the Shares such Participant may hold except in compliance with: (I) the United States Securities Act of 1933, as amended, and the rules and regulations thereunder if applicable; and (II) the Israeli Securities Law 5728 – 1968; and (III) any other applicable securities law, regulations or other rules set by any stock exchange in which the Company's securities may be traded; and to further agree that certificates evidencing any of such Shares shall bear appropriate legend to reflect such restrictions. The Company does not obligate itself to register any shares under the United States Securities Act of 1933, as amended or any other securities laws.

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17. TAX CONSEQUENCES, INDEMNIFICATION

- 17.1. Any tax consequences (pursuant to Israeli or any other applicable law that the relevant Participant is subject to), including tax consequences due to adjustments, made in accordance with Section 9 above, arising from the grant or exercise of any Option, the payment for Shares covered thereby, or any other event or act (of the Company or any Participant) relating to the Plan, shall be borne solely by each Participant.
- 17.2. The Company and/or the Board and/or the Committee and/or a trustee for the Plan shall not be required to release any Share certificates or transfer any Shares to a Participant until all required tax payments have been fully made.
- 17.3. The Company may withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. In the case that applicable law requires so, the Company shall deduct taxes at source. Such deduction may be made from any proceeds attributed to the exercise of the Options and sale of Shares, or from any proceeds the Participant is entitled to receive from the Group or other proceeds such Participant owns and are held by the Group, including from Participant's salary or other proceeds he/she is entitled to receive from the Company or a Related Entity. It is explicitly stated herein that each Participant who is an Employee, by accepting an Option Grant agrees to the deduction from his/her salary of any amounts that in the Company's determination are required to be deducted under applicable law in connection with the Plan. In any such case, the Company shall be entitled to offset any amounts due to such Participant on account of such taxes.
- 17.4. In the case that the Company, or any other person on its behalf is required to pay taxes, that under applicable law should have been paid by the Participant, then such Participant shall immediately either pay such tax, or, if such tax was already paid, reimburse the Company, or such other person for the total amount paid.
- 17.5. Neither the Company, nor any Related Entity nor anyone on their behalf, shall give, or be deemed to be giving any Participant, or a potential Participant, advice regarding tax consequences relating to the Plan and issuance of securities thereunder. Each Participant shall rely solely, while considering participation in the Plan, on the advice of such Participant's consultants.

18. CONTINUANCE OF EMPLOYMENT OR ENGAGEMENT

Neither the Plan nor any Option Grant shall be construed to impose any obligation on any entity included in the Group to continue any Participant's employment with it (in the case that the Participant is an Employee) or to maintain any business engagement with such Participant. Nothing in the Plan or in any Option Grant shall confer upon any Participant any right to continue to be employed by the Group or to maintain any other business engagement with it, or restrict the right of any entity included in the Group to terminate such employment or business engagement at any time.

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19. RULES PARTICULAR TO SPECIFIC COUNTRIES

- 19.1. Notwithstanding anything herein to the contrary, the terms and conditions of the Plan may be amended with respect to particular types of Participants as determined by the Board (for example, Israeli employees, employees that are subject to US taxation) by an addendum to the Plan (the “**Appendix**”).
- 19.2. The Company may adopt one or more Appendixes. Each Appendix shall be approved by the Board and as required or advisable under applicable law.
- 19.3. The terms of an Appendix shall govern only with respect to the types of Participants specified in such Appendix.
- 19.4. In the case that the terms and conditions set forth in an Appendix conflict with any provisions of the Plan, the provisions of the Appendix shall govern with respect to Participants that are subject to such Appendix, provided, however, that such Appendix shall not be construed to grant the Participants rights not consistent with the terms of the Plan, unless specifically provided in such Appendix.

20. NON-EXCLUSIVITY OF THE PLAN

- 20.1. The adoption of the 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 Options other than under this Plan, and such arrangements may be either applicable generally or only in specific cases.
- 20.2. The grant of Options hereunder shall neither entitle the recipient thereof to participate, nor disqualify him from participating in, any other grant of Options pursuant to this Plan or any other option or stock plan of the Company.

21. MULTIPLE AGREEMENTS; OTHER CORPORATE ACTIONS

- 21.1. The terms of each Option Grant may differ from other Options Grants granted under the Plan at the same time, or at any other time. The Board may also grant more than one Option Grant to a certain Participant during the term of this Plan, either in addition to, or in substitution for, one or more Option Grants previously granted to such Participant.

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- 21.2. Under no circumstances shall the Plan be construed to grant any right to a Participant, or any other third party, to postpone, delay or affect any corporate action resolved by the Company.

22. GOVERNING LAW & JURISDICTION

This Plan shall be governed by, construed and enforced in accordance with the laws of the State of Israel, without giving effect to the principles of conflict of laws. Any dispute or claim shall be put to the Board's resolution. Subject to the above, the competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matter pertaining to this Plan, and any other issue related to it.

23. NO WAIVER

The failure of the Company or any other party acting on its behalf or assisting it in implementing the Plan to enforce at any time any provisions of the Plan shall not be construed to constitute a waiver of such provision or of any other provision hereof.

24. NOTICES

- 24.1. Any notice, request, demand or other communication required or permitted under the Plan shall be in writing and shall be deemed to have been duly given, made and received only by personal delivery or if sent by certified mail, postage prepaid, return receipt requested, overnight delivery service, facsimile transmission (with confirmation of delivery), or confirmed e-mail to the address of the Company (if sent to the Company), or to the address of the Participant as such was provided by him in the Option Grant Letter Agreement, unless such address is changed by written notice received by the Company.
- 24.2. Except as otherwise set forth herein, any notice sent by mail shall be deemed to be given six days after deposit with the relevant post service; any notice sent by overnight delivery service shall be deemed given the first business day after deposited with the delivery service; and any notice sent by facsimile transmission or e-mail, shall be deemed given when transmitted if sent during normal business hours or if not, on the next business day; and any notice given by personal delivery shall be deemed given on the date of delivery.
- 24.3. In the case a certain Participant changes his or her contact details, in a way that the contact details provided to the Company by him do not enable the Company to provide notices and other communications to such Participant, then such Participant shall be deemed to have waived his or her right to receive any notices, and the Committee shall have the right, in its sole discretion, to take any appropriate action under the circumstances.

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Appendixes

Appendix A: Terms of grant of options to Israeli employees

Appendix B: Terms of Options granted to United States Employees and Service Providers

Exhibits:

Exhibit A: Option Grant Letter Agreement

Exhibit B: Form of Exercise Notice

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Appendix A

Terms of grant of Options to Israeli employees

1. Purpose of the Appendix

- 1.1. This Appendix (the “**Appendix**”) is made as part of the Plan (as defined herein whereas all terms not otherwise defined herein shall have the meaning ascribed to them in the Plan) and pursuant to the provisions of Section 102 of the Income Tax Ordinance (as defined herein).
- 1.2. This Appendix governs grants of Options to Israeli Employees, either by a Trustee, or without a Trustee.

2. Definitions

As used herein, the following definitions shall apply:

- 2.1. “**Capital Gain Method**” means choosing the alternative of capital gain method under Section 102.
- 2.2. “**Eligible Participant**” means any employee as such term is defined in Section 102. Without derogating from the foregoing Eligible Participant shall include any employee or Office Holder (as such term is defined in the Companies Law) of the Company or any Subsidiary except for such persons that are deemed to be ‘*Ba’al Shlita*’ under Section 32 to the Income Tax Ordinance.
- 2.3. “**Deposit Date**” means the date in which options were deposited with the Trustee for the benefit of a certain Participant.
- 2.4. “**Income Tax Authorities**” mean the Israeli income tax authorities that are authorized to give approvals in relation with this Appendix and Option Grants to Eligible Participants.
- 2.5. “**Income Tax Ordinance**” means the Israeli Income Tax Ordinance (New Version) 1961, as amended from time to time.
- 2.6. “**Labor Income Method**” means choosing the alternative of labor income method under Section 102.
- 2.7. “**Participant**” means any Eligible Participant who is granted with Options.
- 2.8. “**Plan**” means the 2010 Incentive Option Plan this Appendix is attached to.
- 2.9. “**Realization Event**” means, with respect to each Option Grant granted to a certain Participant, the earlier to occur of: (I) transfer of Securities from the Trustee to such Participant; or (II) the sale of Shares by the Trustee; or (III) one day before such Participant is no longer an Israeli resident (as provided for in Section 100A to the Income Tax Ordinance).

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- 2.10. **“Release Term”** means: (i) in the case of Capital Gains Method, a period ending twenty four (24) months after the Deposit Date; (ii) In the case of Labor Income Method ‘Release Term’ shall mean a period ending twelve (12) months after the Deposit Date.
- 2.11. **“Section 102”** means Section 102 to the Income Tax Ordinance as amended from time to time, and / or as superseded and any rules regulations or instructions promulgated or enacted under such Section 102.
- 2.12. **“Securities”** mean Options subject to a certain Option Grant and Shares received subsequent exercise of such Options.
- 2.13. **“Tax Method”** means either Capital Gains Method or Labor Income Method.
- 2.14. **“Trust”** means a trust, maintained under the Trust Agreement entered into between the Company and the Trustee for administration of grant of Options under Section 102.
- 2.15. **“Trust Agreement”** means the agreement between the Company and the Trustee as may be in effect from time to time specifying the duties and authorities of the Trustee.
- 2.16. **“Trust Assets”** mean all Securities and other assets held in Trust for the benefit of the Participants pursuant to this Appendix and the Trust Agreement
- 2.17. **“Trustee”** means ESOP Trust Company Ltd. (and any successor Trustee) who was, or shall be appointed by the Board of Directors of the Company and approved by the Income Tax Authorities to hold the Trust Assets.

3. Provisions of the Appendix shall govern

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

4. Selection of Tax Method – Capital Gains Method

The Company chooses the Capital Gain Method (*‘Maslul Revach Hon’*). This choice may be changed in the future, by a Board resolution, provided, however, that the change in selection is permissible under the provisions of Section 102.

5. Holding of Securities by the Trustee

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

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- 5.2. After the Release Term is over, a Participant shall be entitled to instruct the Trustee to transfer the Shares held for such Participant's benefit to such Participant, provided, however, that the Trustee confirms that all applicable tax as set in Section 102 was actually paid and the Trustee holds a confirmation to that effect from Income Tax Authorities.
- 5.3. In the case that the Company distributes dividends, than the amount of dividends with respect of Shares held in Trust shall be paid to the Participants that are the beneficial holders of such Shares, subject to deduction at source of the applicable tax.

6. Provisions governing this Appendix and Plan

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

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

7. Effectiveness of the Appendix.

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

8. Additional limitations

- 8.1. The Company shall not issue Options to a Participant unless such Participant confirmed in writing that he/she is aware of the provisions of Section 102 and the applicable Tax Method, and such Participant agreed in writing to the terms of the Trust Agreement, and that he/she shall not cause a Realization Event to occur before the Release Term is over. The form for the above confirmation shall be determined by the Committee, and shall be attached to the Plan as Exhibit A.

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- 8.2. By accepting an Option Grant, each Participant agrees irrevocably to discharge the Trustee, the Company and any other office holder, employee or agent thereof from any liability with respect of any action or decision duly taken and *bona fide* executed in relation with the Plan, or relating to any Option Grant or Shares.
- 8.3. The Trustee shall use the voting rights vested in any such shares issued upon the exercise of any Options granted under the Plan, in accordance with Exhibit C of the Plan.

9. Grant of Options not by a Trustee

Notwithstanding the above, the Company shall be entitled to allocate Option Grants not according to the Tax Methods, but by direct grant to Participants, provided, however, that the requirements of Section 102 are met.

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Appendix B

Terms of Options granted to United States Employees and Service Providers

1. Purpose of the Addendum

This Addendum (also referred to as the "**Addendum**") is part of the 2010 Incentive Option Plan of Alcobra Ltd. (the "**Plan**"). All terms not otherwise defined herein shall have the meaning ascribed to them in the Plan. This Addendum governs grants of Options to United States Employees and other Service Providers.

2. Provisions of the Addendum

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

3. Eligibility

The individuals who shall be eligible to receive Option Grants under the Plan that are subject to the provisions of this Addendum shall be employees, directors and other individuals and entities who are United States citizens or who are resident aliens of the United States for United States federal tax purposes (collectively, "**U.S. Persons**"), and who render services to the management, operation or development of the Company or a Subsidiary and who have contributed or may be expected to contribute materially to the success of the Company or a Subsidiary. ISOs (as defined in Section 4 below) shall not be granted to any individual who is not an employee of a corporation for United States federal tax purposes. The term "**Subsidiary**" as used in this Addendum means a corporation or other business entity of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent or more of the total combined voting power of all classes of stock.

4. Terms and Conditions of Options

Every Option granted to a U.S. Person shall be evidenced by a written stock option agreement (the "**Stock Option Agreement**") in such form as the Committee shall approve from time to time, specifying the number of Shares that may be purchased pursuant to the Option, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an incentive stock option ("**ISO**") or a nonqualified stock option ("**NSO**") and such other terms and conditions as the Committee shall approve, and containing or incorporating by reference the following terms and conditions. The Plan and this Addendum shall be administered in such a manner as to permit those Options granted hereunder and specially designated as an ISO to qualify as incentive stock options as described in Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**").

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

(b) Exercise Price. The exercise price of each Option shall be as specified by the Committee in its discretion; provided, however, that the price shall be at least 100 percent of the Fair Market Value (as hereinafter defined) of the Shares on the date on which the Board grants the Option (or shareholders resolution to grant such options, if such resolution is required), which shall be considered the date of grant of the Option for purposes of fixing the price; and provided, further, that the price with respect to an ISO granted to an Employee who at the time of grant owns (directly or under the attribution rules of Section 424(d) of the Code) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or of any Subsidiary shall be at least 110 percent of the Fair Market Value of the Shares on the date of grant of the ISO. For purposes of the Plan, except as may be otherwise explicitly provided in the Plan or in any Stock Option Agreement, the “**Fair Market Value**” of a Share at any particular date shall be determined according to the following rules: (i) if the Shares are not at the time listed or admitted to trading on a stock exchange, the Fair Market Value shall be the closing price of the Shares on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Board and regularly reporting the price of the Shares in such market; provided, however, that if the price of the Shares is not so reported, the Fair Market Value shall be determined in good faith by the Board, which may take into consideration (1) the price paid for the Shares in the most recent trade of a substantial number of shares known to the Board to have occurred at arm’s length between willing and knowledgeable investors, (2) an appraisal by an independent party or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect; or (ii) if the Shares are at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the last known closing price of the Shares when the relevant Option Grant is approved by the Company. Notwithstanding Subsection (ii) above, the Administrator may adopt any other method in order to determine the Fair Market Value of a Share, as long as use of such method will not give rise to adverse tax consequences under Internal Revenue Code Section 409A.

(c) Notice of ISO Stock Disposition. The Participant must notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any Shares issued upon exercise of an ISO before the later of (i) the second anniversary of the date of grant of the ISO or (ii) the first anniversary of the date the shares were issued upon his exercise of the ISO.

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(d) Effect of Cessation of Employment or Service Relationship. The Committee shall determine in its discretion and specify in each Stock Option Agreement the effect, if any, of the termination of the Participant's employment with or performance of services for the Company or any Subsidiary on the exercisability of the Option.

(e) No Rights as Stockholder. A Participant shall have no rights as a stockholder with respect to any Shares covered by an Option until the date of issuance of a stock certificate to him for the Shares. No adjustment shall be made for dividends or other rights for which the record date is earlier than the date the stock certificate is issued, other than as required or permitted by the Plan.

(f) Transferability of Options. Except as permitted by the Committee, and set forth in the terms of a Participant's Stock Option Agreement, an Option shall not be assignable or transferable by the Participant except by will or by the laws of descent and distribution. During the life of the Participant, an Option shall be exercisable only by him, by a conservator or guardian duly appointed for him by reason of his incapacity or by the person appointed by the Participant in a durable power of attorney acceptable to the Company's counsel.

5. Requirements of Law

- (a) The Company shall not be required to transfer Shares or to sell or issue any Shares upon the exercise of any Option if the issuance of such Shares will result in a violation by the Participant or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended from time to time (the "**Securities Act**"), upon the exercise of any Option, the Company will not be required to issue Shares unless the Committee has received evidence satisfactory to it to the effect that the holder of the Option will not transfer such shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that registration is not required. Any determination in this connection by the Committee shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of an Option to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.
- (b) All other provisions of this Addendum and the Plan notwithstanding, this Addendum and the Plan shall be administered and construed so as to avoid any person who receives an Option Grant incurring any adverse tax consequences under Internal Revenue Code Section 409A. The Administrator shall suspend the application of any provisions of the Plan which could, in its sole determination, result in an adverse tax consequence to any person under Internal Revenue Code Section 409A.

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6. Forfeiture for Dishonesty or Termination for Cause

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

(a) the Participant has been engaged in fraud, embezzlement, theft or commission of a felony in the course of his or her employment by or involvement with the Company, a Subsidiary or a parent corporation as defined in Section 424 of the Code or any direct or indirect subsidiary of such parent (an “**Affiliate**”) or has made unauthorized disclosure of trade secrets or other proprietary information of the Company, a Subsidiary, an Affiliate or of a third party who has entrusted such information to the Company, a Subsidiary or an Affiliate; or

(b) the Participant has violated the terms of any employment, noncompetition, nonsolicitation or proprietary information agreement to which he is a party; or

(c) the Participant’s employment or involvement with the Company, a Subsidiary or an Affiliate was terminated for “cause,” as defined in any employment agreement with the Participant, if applicable, or if there is no such agreement, as determined by the Committee, which may determine that “cause” includes among other matters the willful failure or refusal of the Participant to perform and carry out his or her assigned duties and responsibilities diligently and in a manner satisfactory to the Committee;

then the Participant’s right to exercise an Option shall terminate as of the date of such act (in the case of (a) or (b)) or such termination (in the case of (c)), the Participant shall forfeit all unexercised Options and shall be required to sell to the Company or, in the case the Company is not allowed to repurchase its own shares, to a third party approved by the Company, all or any part of the Shares acquired by the Participant prior to such event, at a price equal to the lesser of their Fair Market Value or the amount paid to the Company upon such transfer or exercise. If a Participant whose behavior the Company asserts falls within the provisions of (a), (b) or (c) above has exercised or attempts to exercise an Option prior to consideration of the application of this Section 6 or prior to a decision of the Committee, the Company shall not be required to recognize such exercise until the Committee has made its decision and, in the event any exercise shall have taken place, it shall be of no force and effect (and shall be void ab initio) if the Committee makes an adverse determination, provided, however, that if the Committee finds in favor of the Participant then the Participant will be deemed to have exercised the Option retroactively as of the date he or she originally gave notice of his or her attempt to exercise or actual exercise, as the case may be. The decision of the Committee as to the cause of a Participant’s discharge and the damage done to the Company shall be final, binding and conclusive. No decision of the Committee, however, shall affect in any manner the finality of the discharge of such Participant by the Company. For purposes of this Section 6, reference to the Company shall include any Subsidiary or Affiliate.

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7. Tax Withholding

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

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Exhibit A

Option Grant Letter Agreement

This letter agreement (the “**Agreement**”) is made is made as of _____, 20____, by and among Alcobra Ltd. (the “**Company**”), an Israeli Company with main place of business at [Address], Israel, and _____, an [Israeli citizen], I.D number _____ (the “**Participant**”).

Whereas The Company adopted an Incentive Option Plan (together with applicable Appendixes, the “**Plan**”), a copy of which was reviewed by the Participant; and

Whereas The Company resolved to grant to the Participant an Option Grant, subject to the terms and conditions herein; and

NOW, THEREFORE, it is agreed as follows:

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

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7. Prior to signing this Agreement Participant had the reasonable opportunity to review the Plan and consult with his / her advisors (such advisors shall not include the Company or anyone on the Company's behalf) as Participant deemed fit.
8. Participant hereby confirms that he /she received reasonable opportunity to review the Plan and understand its terms, and that Participant agrees to the terms and provisions of the Plan.
9. The Participant acknowledges and agrees that the Company may be merged, or acquired or sold to a third party, and in such case, by signing this Agreement, the Participant grants the Board, or anyone on behalf of the Board, the right to sign on behalf of such Participant any document or agreement reasonably necessary, in the Board's discretion, in order to consummate such acquisition, merger or sale.
10. Participant hereby confirms that he /she is aware of the provisions of Section 102 (the updated Section 102 is attached hereto as Schedule A) and the applicable Tax Method.
11. Participant shall not exercise shares (as such term is defined in Section 102) before the Release Term.
12. Participant agrees to the terms in the Trust Agreement (attached hereto as Schedule B).

[Sections 10 – 12 are applicable only to grants under Appendix A]

Sincerely yours,

Alcobra Ltd.

[Participant]

By: _____
 Title: _____

Name: _____

Alcobra Ltd. – 2010 Incentive Option Plan

[for consultants]

Option Grant Letter Agreement

This letter agreement (the “**Agreement**”) is made is made as of _____, 20____, by and among Alcobra Ltd. (the “**Company**”), an Israeli Company with main place of business at [Address], Israel, and _____, an [Israeli citizen], I.D number _____ (the “**Participant**”).

Whereas The Company adopted an Incentive Option Plan (together with applicable Appendixes, the “**Plan**”), a copy of which was reviewed by the Participant; and

Whereas The Company resolved to grant to the Participant an Option Grant, subject to the terms and conditions herein; and

NOW, THEREFORE, it is agreed as follows:

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

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5.7. E-mail: _____.

6. The grant is made in accordance with the terms of the Plan.
7. Prior to signing this Agreement Participant had the reasonable opportunity to review the Plan and consult with his / her advisors (such advisors shall not include the Company or anyone on the Company's behalf) as Participant deemed fit.
8. Participant hereby confirms that he /she received reasonable opportunity to review the Plan and understand its terms, and that Participant agrees to the terms and provisions of the Plan.
9. The Participant acknowledges and agrees that the Company may be merged, or acquired or sold to a third party, and in such case, by signing this Agreement, the Participant grants the Board, or anyone on behalf of the Board, the right to sign on behalf of such Participant any document or agreement reasonably necessary, in the Board's discretion, in order to consummate such acquisition, merger or sale.

Sincerely yours,

Alcobra Ltd.

[Participant]

By: _____
Title: _____

Name: _____

Alcobra Ltd. – 2010 Incentive Option Plan

Exhibit B

Form of Exercise Notice

To: Alcobra Ltd. (the "Company")

Attention: **Secretary, CFO**

1. Exercise of Option. Effective as of today, _____, 200_, I the undersigned ("**Participant**") hereby elects to exercise Participant's option to _____ Shares, each 0.01 NIS par value of the Company (hereinafter the: "**Shares**"), under and pursuant to the Company's 2010 Incentive Option Plan (the "**Plan**") and the Option Grant Letter Agreement dated _____, 200_ (the "**Option Agreement**").

2. Delivery of Payment. Participant herewith delivers to the Company the full payment for the Shares/Participant herewith delivers to the Company an irrevocable direction to a securities brokers approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company or to the Trustee][Cross out the irrelevant options], as set forth in the Option Agreement.

3. Representations of Participant. Participant acknowledges that Participant has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Shares, notwithstanding the exercise of the Option. The Shares shall be issued to Participant as soon as practicable after the Option is exercised. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance of the Shares.

5. Waiver of Rights. The Participant hereby waives any of the following rights to the extent such rights are attached to the Shares: (i) pre-emptive rights in relation to issuance of new securities in the Company; (ii) rights of first refusal in relation with any sale of shares of the Company; (iii) co-sale rights in relation with any sale of shares of the Company

5. Tax Consultation. Participant understands that Participant may suffer adverse tax consequences as a result of Participant's purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company or any Related Entity for any tax advice.

Submitted by:
PARTICIPANT

Signature: _____

Print Name: _____

Address:

Alcobra Ltd. – 2010 Incentive Option Plan