

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 July, 2018 (Report No. 3)

Commission File No. 001-35932

ARCTURUS THERAPEUTICS LTD.

(Translation of registrant's name into English)

10628 Science Center Drive, Suite 250

San Diego, California 92121

(Address of principal executive office)

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 x

Form 40-F o

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

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

Other Events

On July 20, 2018, Arcturus Therapeutics Ltd. (the “Company”) published a notice (the “Notice”) that the Annual and Extraordinary General Meeting of Shareholders (the “Meeting”) will be held on Friday, August 24, 2018, at 10:00 a.m., Pacific Time, at 4655 Executive Drive, Suite 700, San Diego, CA 92121. In connection with the Meeting, the Company furnishes the following documents:

1. A copy of the Notice and Proxy Statement with respect to the Meeting (the “Proxy Statement”), describing the proposals to be voted upon at the Meeting, the procedure for voting in person or by proxy at the Meeting, and various other details related thereto, attached hereto as Exhibit 99.1;
2. A copy of Appendix A to the Proxy Statement, the proposed Amended and Restated Compensation Policy for Company Office Holders, attached hereto as Exhibit 99.2;
3. A copy of Appendix B to the Proxy Statement, the proposed Company 2018 Omnibus Equity Incentive Plan, attached hereto as Exhibit 99.3; and
4. A form of Proxy Card whereby holders of ordinary shares of the Company may vote at the Meeting without attending in person, attached hereto as Exhibit 99.4.

Exhibits

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| 99.1 | Notice and Proxy Statement dated July 27, 2018 for the Annual and Extraordinary General Meeting of Shareholders to be held on Friday, August 24, 2018 (“ <u>Proxy Statement</u> ”) |
| 99.2 | Appendix A to the Proxy Statement: Amended and Restated Compensation Policy for Company Office Holders |
| 99.3 | Appendix B to the Proxy Statement: Company 2018 Omnibus Equity Incentive Plan |
| 99.4 | Form of Proxy Card |

SIGNATURE

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.

ARCTURUS THERAPEUTICS LTD.

By: /s/ Joseph E. Payne

Name: Joseph E. Payne

Title: Chief Executive Officer

Date: July 27, 2018

ARCTURUS THERAPEUTICS LTD.

10628 Science Center Drive, Suite 200, San Diego, CA 92121

Tel: (858) 900-2660

July 27, 2018

NOTICE OF ANNUAL AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 24, 2018

Notice is hereby given that an Annual and Extraordinary General Meeting (the “**Meeting**”) of the Shareholders of Arcturus Therapeutics Ltd. (the “**Company**”), will be held on Friday, August 24, 2018, at 10:00 am (Pacific Time), at the offices of the Company’s U.S. legal counsel, Dentons US LLP, located at 4655 Executive Drive, Suite 700, San Diego, CA 92121, for the following purposes:

1. To approve the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018 and to authorize the board of directors of the Company (the “**Board**”) to determine its compensation.
 2. To approve an amended and restated Compensation Policy for the Company’s Office Holders.
 3. To approve the adoption of the Arcturus Therapeutics Ltd. 2018 Omnibus Equity Incentive Plan.
 4. To approve the re-election as directors of the Company, until the next annual general meeting of the Company, of each of the following currently serving directors: Mr. Joseph Payne, Dr. Peter Farrell, Mr. Andy Sassine, Dr. Magda Marquet and Mr. James Barlow.
 5. To approve the compensation terms for Dr. Peter Farrell as Chairman of the Board, and the compensation terms of Dr. Magda Marquet and Mr. James Barlow, as directors of the Company.
 6. To approve the compensation terms for Mr. Andy Sassine, as director of the Company, and as interim Chief Financial Officer.
 7. To approve and ratify the compensation terms for Mr. Joseph Payne, as Director of the Company, President and Chief Executive Officer of the Company.
 8. To approve and ratify the compensation terms for Dr. Padmanabh Chivukula, as Chief Scientific Officer and Chief Operating Officer of the Company.
 9. To review and discuss the Company’s financial statements of the Company for the fiscal year ended December 31, 2017.
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Board Recommendation

The Board recommends that you vote “FOR” Proposals 1-8

Who Can Vote

You are entitled to vote at the Meeting if you were a shareholder of record at the close of business on Friday, July 20, 2018. You are also entitled to vote at the Meeting if you held ordinary shares of the Company (“**Ordinary Shares**”) through a bank, broker, or other nominee that is one of our shareholders of record at the close of business on Friday, July 20, 2018, or which appear in the participant listing of a securities depository on that date. Shareholders whose Ordinary Shares are held in “street name” through a bank, broker, or other nominee will be able to either direct the registered record holder of their shares on how to vote such shares or to obtain a legal proxy from the registered record holder to enable such “street name” holder to participate in and vote such shares at the Meeting (or to appoint a proxy to do so).

Quorum

As of the close of business on the record date, Friday, July 20, 2018, we had 10,743,888 Ordinary Shares issued and outstanding. Each Ordinary Share outstanding as of the close of business on that date is entitled to one vote upon the proposal to be presented at the Meeting. Under our Articles of Association, the Meeting will be properly convened if at least two shareholders attend the Meeting in person or sign and return proxies, provided that they hold shares representing at least one-third (1/3) of our outstanding number of Ordinary Shares. If a quorum is not present within an hour from the time scheduled for the Meeting, the Meeting will be adjourned for one week (to Friday, August 31, 2018 at the same time and place). At such adjourned meeting, the presence of any two shareholders in person or by proxy (regardless of the number of shares held by them) will constitute a quorum.

Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. A “broker non-vote” occurs when a bank, broker, or other holder of record holding shares for a beneficial owner attends the Meeting, but does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. It is important for a shareholder that holds Ordinary Shares through a bank or broker to instruct its bank or broker on how to vote its shares, if the shareholder wants its shares to count toward the vote on a particular proposal.

Vote Required for Approval of Proposals 1, 3, 4, 5, and 6

The affirmative vote of the holders of a majority of the voting power present or represented at the Meeting in person or by proxy and voting thereon (which excludes abstentions) is necessary for the approval of Proposals 1, 3, 4, 5 and 6. Apart from the purpose of determining a quorum, broker non-votes will not be counted as present and are not entitled to vote, and will furthermore not be treated as a vote “FOR” or a vote “AGAINST” the proposal. Abstentions are also not treated as a vote “FOR” or a vote “AGAINST” the proposal.

Vote Required for Approval of Proposals 2, 7 and 8

The affirmative vote of the holders of a majority of the voting power present or represented at the Meeting in person or by proxy and voting thereon (which excludes abstentions) is necessary for the approval of Proposals 2, 7 and 8. Furthermore, under the Companies Law, the approval of such proposal requires that either (i) said majority include more than half of the voting power of the non-controlling and non-interested shareholders who are present in person or by proxy and who vote on such proposal; or (ii) the total votes cast in opposition to the proposal by the non-controlling and non-interested shareholders does not exceed 2% of all the voting power in the Company. Each shareholder voting at the Meeting or prior thereto by means of the accompanying proxy card is required to notify us if he, she, or it has a Personal Interest in connection with Proposals 2, 7 and 8, as a condition for his or her vote to be counted for the required majority with respect to Proposals 2, 7 and 8. If any shareholder casting a vote in connection hereto does not notify us if he, she, or it has a Personal Interest with respect to Proposals 2, 7 and 8, his, her or, its vote with respect to Proposals 2, 7 and 8 will be considered as having a Personal Interest in these Proposals, and his, her, or its vote will not be counted for the required majority for the approval of Proposals 2, 7 and 8. For this purpose, "Personal Interest" is defined as (1) a shareholder's personal interest in the approval of an act or a transaction of the Company, including (i) the personal interest of his or her relative which includes for these purposes any members of his/her (or his/her spouse's) immediate family or the spouses of any such members of his or her (or his/her spouse's) immediate family, and (ii) a personal interest of a body corporate in which a shareholder or any of his/her aforementioned relatives serves as a director or the chief executive officer, owns at least 5% of its issued share capital or its voting rights, or has the right to appoint a director or chief executive officer; but (2) excluding a personal interest arising solely from the fact of holding shares in the Company or in a body corporate. A shareholder will also be deemed to have a Personal Interest if it provides a proxy to another person who in turn has a Personal Interest (excluding certain circumstances). If you do not have a Personal Interest in the above matter being presented to the shareholders, you may assume that using the form of proxy enclosed herewith will not create a Personal Interest.

We are unaware of any shareholder that would be deemed to be a controlling shareholder of our Company as of the current time for purposes of the vote on Proposals 2, 7 and 8.

How You Can Vote

You can vote your shares by attending the Meeting, by completing and signing a physical proxy card or voting instruction form, or by voting electronically, depending on your status as a shareholder, as described below.

Shareholders of Record

If you are a shareholder of record, that is, your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, these proxy materials will be sent directly to you by our transfer agent. You can vote your shares by (i) attending the Meeting; (ii) completing, signing, and returning a proxy card; or (iii) voting through the internet by going to www.cstproxyvote.com to complete an electronic proxy card. The form of proxy card that was mailed to you and that can be completed, signed, and returned in the envelope that was enclosed with it provides the primary means for authorizing the voting of your Ordinary Shares without attending the Meeting in person.

If you are a shareholder of record and have lost or misplaced the proxy card mailed to you, you may print a copy of the proxy card from the following website hosted by our transfer agent, Continental Stock Transfer & Trust Company, at <http://www.cstproxy.com/arcturusrx/egm2018>, and you may complete and sign that proxy card (indicating the name of the record shareholder holding your Ordinary Shares) and return it to our transfer agent via email at proxy@continentalstock.com or via fax to 212-509-5152, or via mail. If voting by mail, the proxy must be received by our transfer agent (Continental Stock Transfer & Trust Company, 1 State Street, 30th Floor, New York, NY 10004-1561) no later than 11:59 p.m. Eastern Daylight Time on Thursday, August 23, 2018, to be validly included in the tally of Ordinary Shares voted at the Meeting. Alternatively, if you are a record holder of shares and are delivering, mailing, or e-mailing your proxy to our registered offices in Israel (to our Israeli legal counsel, Barnea Jaffa Lande & Co Law Offices, 58 HaRakevet St., Electra City Tower, Tel Aviv 6777016, Israel, 21st Floor, telephone +972-3-640-6400 or email mail@barlaw.co.il, with a copy to IR@arcturusrx.com), it must be received by 4:00 p.m. Israel time (6:00 a.m. Pacific Time) on the date of the Meeting (August 24, 2018) to be validly included in the tally of Ordinary Shares voted. We reserve the right to require further identifying information from you if you submit your proxy card in this manner. You may change your mind and cancel your proxy card by sending us written notice, by signing and returning a proxy card with a later date, or by voting in person or by proxy at the Meeting.

We will not be able to count a proxy card unless we receive it at our registered offices in Israel by 4:00 p.m. Israel time (6:00 a.m. Pacific Time) on the date of the Meeting (August 24, 2018), or unless our registrar and transfer agent receives it in the enclosed envelope, no later than 11:59 p.m. Eastern Daylight Time, on Thursday, August 23, 2018.

Shareholders Holding in “Street Name”

If your Ordinary Shares are held in a brokerage account or by a trustee or nominee, you are considered to be the beneficial owner of shares held in “street name,” and these proxy materials are being forwarded to you together with a voting instruction form by the broker, trustee, or nominee, or by an agent hired by the broker, trustee, or nominee. Please complete the enclosed voting instruction form to direct your broker, trustee, or nominee on how to vote your shares. Beneficial owners may be able to utilize the control number appearing on their voting instruction form to submit their voting instruction to their brokers, trustees, or nominees by other means, including via the internet (at www.proxyvote.com), if so indicated in the enclosed voting instructions. All votes should be submitted by 11:59 p.m. Eastern Daylight Time, on Thursday, August 23, 2018 (or such earlier deadline as may be indicated in the enclosed voting instructions), in order to be counted toward the tally of Ordinary Shares voted at the Meeting. Alternatively, if you wish to attend the Meeting and vote in person, you must obtain a “legal proxy” from the broker, trustee, or nominee that holds your shares, giving you the right to vote the shares at the Meeting, and you must also present at the Meeting a brokerage or other account statement evidencing your ownership of your shares as of the record date.

Completing Your Proxy Card or Voting Instruction Form

If you provide specific instructions (by marking a box) with regard to the proposal, your shares will be voted as you instruct. If you are a record shareholder and sign and return your proxy card without giving specific instructions with respect to the proposal, your shares will be voted in favor of the proposal, in accordance with the recommendation of the Board. If you sign and return your proxy card, the persons named as proxies will furthermore vote at their discretion on any other matters that may properly come before the Meeting. However, if you are a beneficial (“**street**”) owner of shares and do not specify how you want to vote in your voting instruction form, your broker will not be permitted to instruct the depositary to cast a vote with respect to that proposal (commonly referred to as a “broker non-vote”). Brokers that hold shares in “street name” for clients typically have authority to vote on “routine” proposals even when they have not received instructions from beneficial owners. Our proxy statement is prepared in compliance with the Companies Law, rather than the rules applicable to domestic U.S. reporting companies. If you do not indicate your voting instructions, and your broker does not exercise its voting discretion, the shares held by you will be included in determining the presence of a quorum at the Meeting, but will not be considered “present” for the purpose of voting on the proposal. Such shares have no impact on the outcome of the voting on the proposal. If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how your shares should be voted so that you thereby participate in the voting on this important matter.

Revocation of a Proxy or Voting Instruction

Shareholders may revoke the authority granted by their execution of proxies at any time before the effective exercise thereof by filing with us a written notice of revocation or a duly-executed proxy bearing a later date, or by voting in person at the Meeting. If you hold your shares in “street name,” please follow the enclosed instructions provided by your broker, trustee, or nominee (or its agent) in order to revoke or change your vote.

Solicitation of Proxies

Proxies are being distributed to shareholders on or about July 23, 2018. Certain officers, directors, employees, and agents of the Company, none of whom will receive additional compensation therefor, may solicit proxies by telephone, email, or other personal contact. We will bear the cost for the solicitation of the proxies, including postage, printing, and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of shares. The full text of the proposed resolution, together with the form of proxy card for the Meeting, may also be viewed beginning on Sunday, July 22, 2018, at the registered Israeli offices of the Company (at the address provided above), from Sunday to Thursday (excluding holidays), 10:00 a.m. to 5:00 p.m. Israel time (12:00 a.m. to 7:00 a.m. Pacific Time).

Voting Results

The final voting results will be tallied by the chairman or secretary of the Meeting based on the information provided by the Company’s transfer agent or otherwise, and the overall results of the Meeting will be published following the Meeting in a Report of Foreign Private Issuer on Form 6-K that we will furnish to the SEC.

Availability of Proxy Materials

Copies of this notice of the Meeting, the Proxy Statement, and the proxy card for the Meeting are available at the following website hosted by our transfer agent, Continental Stock Transfer & Trust Company, <http://www.cstproxy.com/arcturusrx/egm2018>. The contents of that website are not a part of this Proxy Statement.

In addition, a copy of this notice of the Meeting, the Proxy Statement and its exhibits, the proxy card for the Meeting and the directors declarations, also be viewed beginning on Sunday, July 22, 2018, at the registered Israeli offices of the Company (at the address provided above), from Sunday to Thursday (excluding holidays), 10:00 a.m. to 5:00 p.m. Israel time (7:00 a.m. Pacific Time). Our telephone number at our registered Israeli offices appears above.

Disclosure Regarding Compensation

Regulations promulgated under 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, 2017. Such information can be found under Item 6.B. of Company’s Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC (the “SEC”) on May 14, 2018, as amended and filed with the SEC on July 10, 2018.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of Ordinary Shares as of July 20, 2018, by:

- each person or entity known by us to own beneficially 5% or more of our outstanding shares;
- each of our directors and executive officers individually; and
- all of our executive officers and directors as a group.

The beneficial ownership of Ordinary Shares is determined in accordance with the rules of the SEC, and generally includes any Ordinary Shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem shares subject to options or warrants that are currently exercisable or exercisable within 60 days of July 20, 2018, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person. However, we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of shares beneficially owned is based on 10,743,888 Ordinary Shares outstanding as of July 20, 2018.

Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the Ordinary Shares listed below have sole investment and voting power with respect to such shares.

	Ordinary Shares Beneficially Owned	
	Number	Percentage
5% or Greater Shareholders		
Craig Willett ⁽¹⁾	866,342	8.1%
Bradley Sorenson ⁽²⁾	692,392	6.4%
Amir Efrati, as portfolio manager of each of Brosh Capital Partners L.P. and Exodus Management Israel Ltd., which serves as the general partner of Brosh Capital Partners L.P. ⁽³⁾	569,179	5.3%
Directors and Executive Officers		
Joseph E. Payne ⁽⁴⁾	1,465,097	13.6%
Padmanabh Chivukula	732,548	6.8%
Andy Sassine	237,596	2.2%
Peter Farrell	86,452	*
Magda Marquet	20,500	*
James Barlow	10,000	*
All directors and executive officers as a group (six persons)	2,552,193	23.8%

* Represents beneficial ownership of less than 1% of our outstanding Ordinary Shares

- (1) Based on a Schedule 13D filed with the SEC on February 7, 2018. Consists of (i) 108,282 Ordinary Shares held directly by Mr. Willett, (ii) 280,810 Ordinary Shares held by DUR Holdings, LC, (iii) 294,113 Ordinary Shares held by Phoenician Enterprises, Ltd., and (iv) 183,137 Ordinary Shares held by 6-W Discretionary Trust. Mr. Willett is the president of Elizann, Inc., which is the manager of DUR Holdings, LC, and therefore Mr. Willett may be deemed to have voting and investment power with respect to the securities held by DUR Holdings, LC. Mr. Willett is the general partner of Phoenician Enterprises, Ltd. and therefore may be deemed to have voting and investment power with respect to the securities held by Phoenician Enterprises, Ltd. Mr. Willett is the trustee of 6-W Discretionary Trust and therefore may be deemed to have voting and investment power with respect to the securities held by 6-W Discretionary Trust.

- (2) Based solely, on a Schedule 13D filed with the SEC on May 24, 2018. Consists of (i) 658,366 Ordinary Shares, (ii) presently-exercisable options to purchase 7,669 Ordinary Shares, and (iii) call options to purchase an aggregate of an additional 26,357 Ordinary Shares. The shareholder may own additional shares that would not have been required to have been subsequently reported.
- (3) Based on a Schedule 13D filed with the SEC on April 30, 2018. Mr. Efrati as the portfolio manager of each of Brosh Capital Partners L.P. and Exodus Management Israel Ltd., an Israeli corporation, which serves as the general partner of Brosh and because of the Power of Attorney Agreement between him and two individuals, may be deemed the beneficial owner of the: (i) 453,863 Shares owned by Brosh; (ii) 33,185 Shares held in the Exodus Managed Account; and (iii) 82,131 Shares owned by such individuals. Mr. Efrati disclaims beneficial ownership of the Shares beneficially owned by Brosh, the Exodus Managed Account, and the two individuals.
- (4) Includes 366,274 Ordinary Shares which are subject to repurchase by the Company pursuant to an Ordinary shares Purchase Agreement, dated March 4, 2013, as amended on September 27, 2017, by and between Mr. Payne and the Company.

Sincerely,

/s/ Dr. Peter Farrell

Dr. Peter Farrell

Chairman of the Board of Directors

ARCTURUS THERAPEUTICS LTD.

10628 Science Center Drive, Suite 200, San Diego, CA 92121

Tel: (858) 900-2660

PROXY STATEMENT

ANNUAL AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to the holders of ordinary shares, NIS 0.07 nominal value per share (“**Ordinary Shares**”), of Arcturus Therapeutics Ltd. (“**Company**”) in connection with the solicitation by the Board of Directors (the “**Board**”) of proxies for use at the Annual and Extraordinary General Meeting of Shareholders, or at any adjournment thereof, pursuant to the accompanying Notice of Annual and Extraordinary General Meeting of Shareholders. The meeting will be held on Friday, August 24, 2018, at 10:00 am (Pacific Time) at the offices of the Company’s U.S. legal counsel, Dentons US LLP, located at 4655 Executive Drive, Suite 700, San Diego, CA 92121.

This Proxy Statement, the attached Notice of Annual and Extraordinary General Meeting of Shareholders and the enclosed Proxy Card are being mailed to shareholders on or about July 25, 2018.

Agenda

The agenda for the Meeting is as follows:

1. To approve the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018 and to authorize the Board to determine its compensation.
2. To approve an amended and restated Compensation Policy for the Company’s Office Holders.
3. To approve the adoption of the Arcturus Therapeutics Ltd. 2018 Omnibus Equity Incentive Plan.
4. To approve the re-election as directors of the Company, until the next annual general meeting of the Company, of each of the following currently serving directors: Mr. Joseph Payne, Dr. Peter Farrell, Mr. Andy Sassine, Dr. Magda Marquet and Mr. James Barlow.
5. To approve the compensation terms for Dr. Peter Farrell as Chairman of the Board, and the compensation terms of Dr. Magda Marquet and Mr. James Barlow, as directors of the Company.
6. To approve the compensation terms for Mr. Andy Sassine, as director of the Company, and as interim Chief Financial Officer.
7. To approve and ratify the compensation terms for Mr. Joseph Payne, as Director of the Company, President and Chief Executive Officer of the Company.
8. To approve and ratify the compensation terms for Dr. Padmanabh Chivukula, as Chief Scientific Officer and Chief Operating Officer of the Company.
9. To review and discuss the Company’s financial statements of the Company for the fiscal year ended December 31, 2017.

We are not aware of any other matters that will come before the Meeting. If any other matters are presented properly at the Meeting, the persons designated as proxies intend to vote upon such matters in accordance with their best judgment and the recommendation of the Board.

ITEM 1

APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS AND TO AUTHORIZE THE BOARD TO DETERMINE ITS COMPENSATION

Background

Following the merger between the Company (which was then called Alcobra Ltd.), and Arcturus Therapeutics, Inc., that was completed on November 15, 2017, the Company shifted its principal executive offices from Israel to San Diego, California, where Arcturus Therapeutics, Inc. has historically operated, but the Israeli auditing firm Kost, Forer, Gabbay and Kasierer, a member of Ernst & Young Global, which we refer to as E&Y Israel, continued to serve as our independent auditors for the fiscal year ended December 31, 2017, and their service will end on the day of the meeting.

Because of the aforesaid change of business place, and the end of the service period of E&Y Israel, the Company's Audit Committee and Board recommends to appoint Ernst & Young LLP to serve as the Company's independent auditors for the fiscal year ended December 31, 2018, and for such additional period until the next annual general meeting, and to authorize the Board to determine its compensation.

Ernst & Young LLP is an affiliate of E&Y Israel, has offices in San Diego and, prior to the merger with Alcobra Ltd., had historically provided audit services to Arcturus Therapeutics, Inc.

Fees Paid to Independent Auditors in Last Two Fiscal Years

Such information can be found under Item 16C of the Company's Annual Report on Form 20-F for the year ended December 31, 2017 filed with the SEC on May 14, 2018, as amended and filed with the SEC on July 10, 2018.

Proposed Resolution

We are proposing the adoption by our shareholders of the following resolution at the Meeting pursuant to this Item 1:

"RESOLVED, to approve the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018 and to authorize the board of directors of the Arcturus Therapeutics Ltd. to determine its compensation."

Recommendation

The Board unanimously recommends that you vote "FOR" the proposals included in this Item.

ITEM 2

AMENDED AND RESTATED COMPENSATION POLICY FOR THE COMPANY'S 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 the Company, 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 and director compensation. Accordingly, on February 17, 2014, the Company's shareholders approved the compensation policy for the Company's directors and officers (the "**Compensation Policy**"), which was further amended on July 13, 2015 and on July 20, 2016. Recently, the Board and the compensation committee of the Board (the "**Compensation Committee**") reviewed in depth the terms of the Compensation Policy and approved certain amendments thereto.

As mentioned under Item 1 of this Proxy Statement, pursuant to the completion of the merger on November 15, 2017, the Company's course of business changed, an absolute majority of its senior management and board of directors was replaced, and the Company's principal executive offices shifted from Israel to San Diego, California. In light of these changes, the Compensation Committee and the Board approved proposed changes to the Company's Compensation Policy to address this shift in operations and the expected compensation needs of its directors and officers. A marked copy of the Compensation Policy identifying the proposed amendments is attached hereto as **Appendix A**.

Proposed Resolution

We are proposing the adoption by our shareholders of the following resolution at the Meeting pursuant to this Item 2:

"RESOLVED, that the Amended and Restated Compensation Policy for the Arcturus Therapeutics Ltd. Office Holders in the form attached to this Proxy Statement as **Appendix A** is hereby approved."

Recommendation

The Board unanimously recommends that you vote "FOR" the proposal included in this Item.

ITEM 3

ADOPTION OF THE ARCTURUS THERAPEUTICS LTD. 2018 OMNIBUS EQUITY INCENTIVE PLAN

The Board intends to approve and adopt the Arcturus Therapeutics Ltd. 2018 Omnibus Equity Incentive Plan (the "**2018 Plan**"), attached as **Appendix B** to this Proxy Statement, prior to the Meeting.

The Company is not required by the Companies Law or otherwise, to approve the adoption 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 share 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 2018 Plan.

A general description of the principal terms of the 2018 Plan is set forth below. This description is qualified in its entirety by the terms of the 2018 Plan, a copy of which is attached to this Proxy Statement as Appendix B and is incorporated by reference herein.

Summary of the 2018 Plan

General

The 2018 Plan will cover the grant of awards to our employees (including officers), non-employee consultants and non-employee directors and those of our affiliates. For purposes of the 2018 Plan, our affiliates include any corporation, partnership, limited liability company, joint venture or other entity, with respect to which we, directly or indirectly, own either (i) shares of a corporation possessing more than fifty percent (50%) of the total combined voting power of all classes of shares entitled to vote, or more than fifty percent (50%) of the total value of all shares of all classes of shares of such corporation, or (ii) an aggregate of more than fifty percent (50%) of the profits interest or capital interest of any non-corporate entity. We expect that the Compensation Committee will administer the 2018 Plan. In addition, the full Board must serve as the committee with respect to any awards to our non-employee directors.

The Company currently maintains one equity incentive plan known as the 2010 Incentive Option Plan (the “**2010 Plan**”). As of July 20, 2018, options to purchase approximately 590,000 Ordinary Shares under the 2010 Plan are outstanding and available for exercise and approximately 77,000 Ordinary Shares remain available for grant under the 2010 Plan.

Up to a maximum of 1,100,000 shares of our Ordinary Shares may be delivered in settlement of awards granted under the 2018 Plan. Up to a maximum of 1,100,000 Ordinary Shares may be issued under the 2018 Plan pursuant to the exercise of incentive share options. The shares delivered to settle awards made under the 2018 Plan may be authorized and unissued shares or treasury shares, including Ordinary Shares repurchased by us for purposes of the 2018 Plan. If any Ordinary Shares subject to any award granted under the 2018 plan (other than a substitute award as described below) are forfeited or otherwise terminated without delivery of such Ordinary Shares (or if such Ordinary Shares are returned to us due to a forfeiture restriction under such award), the Ordinary Shares subject to such awards will again be available for issuance under the 2018 Plan. If any Ordinary Shares subject to an award are retained by the Company and applied as payment in connection with the exercise price or the payment of applicable tax withholding, such retained shares will not be treated as having been delivered for purposes of determining the maximum number of Ordinary Shares available for grant under the 2018 Plan and will be available for future grants. Upon settlement of any share appreciation rights, or SARs, the number of Ordinary Shares underlying the portion of the SARs that is exercised will be treated as having been delivered for purposes of determining the maximum number of Ordinary Shares available for grant under the 2018 Plan and shall not again be treated as available for issuance under the 2018 Plan.

If a dividend or other distribution (whether in cash, Ordinary Shares or other property), recapitalization, forward or reverse share split, subdivision, consolidation or reduction of capital, reorganization, merger, consolidation, scheme of arrangement, split-up, spin-off or combination involving us or repurchase or exchange of our Ordinary Shares or other securities, or other rights to purchase Ordinary Shares or our other securities or other similar transaction or event affects our Ordinary Shares such that the Compensation Committee determines that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits (or potential benefits) provided to grantees under the 2018 Plan, the Compensation Committee will make an equitable change or adjustment as it deems appropriate in the number and kind of securities subject to awards (whether or not then outstanding) and the related exercise price relating to an award in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2018 Plan.

Types of Awards

The 2018 Plan permits the granting of any or all of the following types of awards to all grantees:

- share options, including incentive share options, or ISOs;
- share appreciation rights, or SARs;
- restricted shares;
- deferred share and restricted share units;
- performance units and performance shares;
- dividend equivalents;
- bonus shares; and
- other share-based awards.

Generally, awards under the 2018 Plan are granted for no consideration other than prior and future services. Awards granted under the 2018 Plan may, in the discretion of the Compensation Committee, be granted alone or in addition to, in tandem with or in substitution for, any other award under the 2018 Plan or other plan of ours; provided, however, that if an SAR is granted in tandem with an ISO, the SAR and ISO must have the same grant date and term and the exercise price of the SAR may not be less than the exercise price of the ISO. The material terms of each award will be set forth in a written award agreement between the grantee and the Company.

Share Options and SARs

The Compensation Committee is authorized to grant SARs and share options (including ISOs except that an ISO may only be granted to an employee of the Company or one of the Company's subsidiaries). A share option allows a grantee to purchase a specified number of shares of our Ordinary Shares at a predetermined price per share (the "**exercise price**") during a fixed period measured from the date of grant. An SAR entitles the grantee to receive the excess of the fair market value of a specified number of shares on the date of exercise over a predetermined exercise price per share. The exercise price of an option or an SAR will be determined by the Compensation Committee and set forth in the award agreement, but the exercise price may not be less than the fair market value of an Ordinary Share on the grant date. The term of each option or SAR is determined by the Compensation Committee and set forth in the award agreement, except that the term may not exceed 10 years. Options may be exercised by payment of the purchase price through one or more of the following means: (i) payment in cash (including personal check or wire transfer), (ii) with the approval of the Committee by delivering Ordinary Shares previously owned by the grantee, or (iii) with the approval of the Compensation Committee, by delivery of Ordinary Shares acquired upon the exercise of such option or by delivering restricted shares. The Compensation Committee may also permit a grantee to pay the exercise price of an option through the sale of Ordinary Shares acquired upon exercise of the option through a broker-dealer to whom the grantee has delivered irrevocable instructions to deliver sales proceeds sufficient to pay the purchase price to the Company. The grant of ISOs are contingent upon shareholder approval of the 2018 Plan within 12 months of its adoption by the Board.

Restricted Shares

The Compensation Committee may award restricted shares consisting of Ordinary Shares which remain subject to a risk of forfeiture and may not be disposed of by grantees until certain restrictions established by the Compensation Committee lapse. The vesting conditions may be service-based (i.e., requiring continuous service for a specified period) or performance-based (i.e., requiring achievement of certain specified performance objectives) or both. A grantee receiving restricted shares will have all of the rights of a shareholder, including the right to vote the shares and the right to receive any dividends, except as otherwise provided in the award agreement. Upon termination of the grantee's affiliation with us during the restriction period (or, if applicable, upon the failure to satisfy the specified performance objectives during the restriction period), the restricted shares will be forfeited as provided in the award agreement.

Restricted Shares Units and Deferred Shares

The Compensation Committee may also grant restricted shares unit awards and/or deferred share awards. A deferred shares award is the grant of a right to receive a specified number of Ordinary Shares at the end of specified deferral periods or upon the occurrence of a specified event, which satisfies the requirements of Section 409A of the Internal Revenue Code. A restricted share unit award is the grant of a right to receive a specified number of Ordinary Shares upon lapse of a specified forfeiture condition (such as completion of a specified period of service or achievement of certain specified performance objectives). If the service condition and/or specified performance objectives are not satisfied during the restriction period, the award will lapse without the issuance of the shares underlying such award.

Restricted share units and deferred share awards carry no voting or other rights associated with share ownership until the shares underlying the award are delivered in settlement of the award. The award agreement will provide whether grantees may receive dividend equivalents with respect to restricted share units or deferred share, and if so, whether such dividend equivalents are distributed when credited or deemed to be reinvested in additional shares of restricted share units or deferred share.

Performance Units

The Compensation Committee may grant performance units, which entitle a grantee to cash or shares conditioned upon the fulfillment of certain performance conditions and other restrictions as specified by the Compensation Committee and reflected in the award agreement. The initial value of a performance unit will be determined by the Compensation Committee at the time of grant. The Compensation Committee will determine the terms and conditions of such awards, including performance and other restrictions placed on these awards, which will be reflected in the award agreement.

Performance Shares

The Compensation Committee may grant performance shares, which entitle a grantee to a certain number of Ordinary Shares, conditioned upon the fulfillment of certain performance conditions and other restrictions as specified by the Compensation Committee and reflected in the award agreement. The Compensation Committee will determine the terms and conditions of such awards, including performance and other restrictions placed on these awards, which will be reflected in the award agreement.

Bonus Shares

The Compensation Committee may grant fully vested Ordinary Shares as bonus shares on such terms and conditions as specified in the award agreement.

Dividend Equivalents

The Compensation Committee is authorized to grant dividend equivalents which provide a grantee the right to receive payment equal to the dividends paid on a specified number of Ordinary Shares. Dividend equivalents may be paid directly to grantees or may be deferred for later delivery under the 2018 Plan. If deferred such dividend equivalents may be credited with interest or may be deemed to be invested in Ordinary Shares or in other property. No dividend equivalents may be granted in conjunction with any grant of share options or SARs.

Other Share-Based Awards

In order to enable us to respond to material developments in the area of taxes and other legislation and regulations and interpretations thereof, and to trends in executive compensation practices, the 2018 Plan authorizes the Compensation Committee to grant awards that are valued in whole or in part by reference to or otherwise based on our securities. The Compensation Committee determines the terms and conditions of such awards, including consideration paid for awards granted as share purchase rights and whether awards are paid in shares or cash.

Merger, Consolidation or Similar Corporate Transaction

If there is a merger or consolidation of us with or into another corporation or a sale of substantially all of our shares, or, collectively, a Corporate Transaction, and the outstanding awards are not assumed by surviving company (or its parent company) or replaced with economically equivalent awards granted by the surviving company (or its parent company), the Compensation Committee will cancel any outstanding awards that are not vested and not forfeitable as of the consummation of such Corporate Transaction (unless the Compensation Committee accelerates the vesting of any such awards or the terms of such awards provide for automatic acceleration) and with respect to any vested and non-forfeitable awards, the Compensation Committee may either (i) allow all grantees to exercise options and SARs within a reasonable period prior to the consummation of the Corporate Transaction and cancel any outstanding options or SARs that remain unexercised upon consummation of the Corporate Transaction, or (ii) cancel any or all of such outstanding awards (including options and SARs) in exchange for a payment (in cash, or in securities or other property) in an amount equal to the amount that the grantee would have received (net of the exercise price with respect to any options or SARs) if the vested awards were settled or distributed or such vested options and SARs were exercised immediately prior to the consummation of the Corporate Transaction. If an exercise price of the option or SAR exceeds the fair market value of our Ordinary Shares and the option or SAR is not assumed or replaced by the surviving company (or its parent company), such options and SARs will be cancelled without any payment to the grantee.

Amendment to and Termination of the 2018 Plan

The 2018 Plan may be amended, altered, suspended, discontinued or terminated by the Board without further shareholder approval, unless such approval of an amendment or alteration is required by law or regulation or under the rules of any share exchange or automated quotation system on which the Ordinary Shares are then listed or quoted. Thus, shareholder approval will not necessarily be required for amendments which might increase the cost of the 2018 Plan or broaden eligibility. Shareholder approval will not be deemed to be required under laws or regulations that condition favorable treatment of grantees on such approval, although the Board may, in its discretion, seek shareholder approval in any circumstance in which it deems such approval advisable. No ISOs may be awarded after any amendment to the 2018 Plan that either broadens eligibility or increase the number of shares available for delivery in the form of ISOs unless such amendment is approved by our shareholders within 12 months of the date the Board approves the adoption of such amendment.

In addition, subject to the terms of the 2018 Plan, no amendment or termination of the 2018 Plan may materially and adversely affect the right of a grantee under any award granted under the 2018 Plan.

Unless earlier terminated by the Board, the 2018 Plan will terminate when no shares remain reserved and available for issuance or, if earlier, on August 24, 2028.

Proposed Resolution

We believe that equity based-compensation is an important component of overall compensation in order to attract and retain the long-term service of the best personnel, while providing our personnel additional incentive to promote the success of our business.

It is therefore proposed that at the Meeting, the following resolution be adopted pursuant to this Item 3:

“RESOLVED, that the Arcturus Therapeutics Ltd. 2018 Omnibus Equity Incentive Plan, attached as Appendix B to this Proxy Statement, be, and hereby is, approved and adopted.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposal included in this Item.

ITEM 4

RE-ELECTION OF DIRECTORS

The Company’s Amended and Restated Articles of Association (the “**AOA**”) provide that other than external directors¹, the directors of the Company shall be elected at an Annual Meeting or an Extraordinary Meeting, or by a Board resolution, and shall serve in their office until the next Annual Meeting or until they cease to serve in their office in accordance with the provisions of the AOA or applicable law, whichever is the earlier.

Therefore, and although four of the current five serving directors (Dr. Peter Farrell, Mr. Andy Sassine, Dr. Magda Marquet and Mr. James Barlow) were recently elected to serve as directors of the Company, pursuant to our AOA and the Companies Law, all of our serving Directors of the Company are up for re-election in the Meeting.

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.

¹ According to regulations under the Companies Law, the Company adopted a corporate governance exemption that enables it not to appoint external directors as members of the Board, and accordingly we no longer have external directors as members of the Board.

Biographical information about the candidates for re-election is provided below.

About Mr. Joseph Payne

Joseph E. Payne, is the President and Chief Executive Officer of Arcturus Therapeutics Ltd. He has served on Arcturus Therapeutics, Inc.'s Board since March 2013 and on the Company's Board since November 2017. He brings with him an exceptional track record of ushering novel therapeutics to the clinic including targeted RNA medicines utilizing lipid-mediated delivery technologies. Joseph's background includes over 20 years of successful drug discovery experience at Merck Research Labs, DuPont Pharmaceuticals, Bristol-Myers Squibb, Kalypsys, and Nitto as evidenced by over 40 publications and patents, and several investigational new drug (IND) clinical candidates. His academic training includes a Bachelor's Degree in Chemistry, magna cum laude from Brigham Young University, a Master of Science in Synthetic Organic Chemistry from the University of Calgary and Executive Training Certification from MIT Sloan School of Management.

About Dr. Peter Farrell

Dr. Peter Farrell is the founder, former long-term CEO and current Chairman of ResMed Inc. (NYSE:RMD). Dr. Farrell has been Chairman and a director of ResMed since 1989, when the company began as a management buyout of sleep technology from Baxter Healthcare. Peter was previously Foundation Director of the University of New South Wales (UNSW) Graduate School for Biomedical Engineering (1978-89) while simultaneously serving as Vice President of Research & Development for Baxter Healthcare in Tokyo (1984-89). Dr. Farrell served on the board of directors of NuVasive, Inc., a company focused on the surgical treatment of spine disorders. Dr. Farrell serves on the board of trustees of The Scripps Research Institute in La Jolla and is Chairman of the Boston-based POC NMR diagnostic company, WaveGuide. Dr. Farrell is a fellow or honorary fellow of several professional bodies, including the US National Academy of Engineering. He was inducted as 1998 San Diego Entrepreneur of the Year for Health Sciences, 2001 Australian Entrepreneur of the Year and 2005 US National Entrepreneur of the Year for Health Sciences. Peter was appointed to the Executive Council of the division of Sleep Medicine at Harvard Medical School in 1998, was appointed Vice Chairman in 2000 (2000-2010), became Chairman in 2010 and served in that capacity for three years. He is on various academic advisory boards including that of the UCSD Jacobs School of Engineering, where he was named the 2012 Gordon Fellow, the UCSD Rady School of Management and the MIT Dean of Engineering's Advisory Council. Peter holds a B.E. with honors in chemical engineering from the University of Sydney, an SM in chemical engineering from MIT, a PhD in bioengineering from the University of Washington, Seattle, and a DSc from UNSW for research which resulted in improved treatment for both hemodialysis and peritoneal dialysis patients.

About Mr. Andy Sassine

Andy Sassine serves on the Board of Directors of Nasdaq listed ICAD Inc. and Nasdaq listed Gemphire Therapeutics, Inc.(GEMP). ICAD Inc. is a leading provider of advanced image analysis, workflow solutions and radiation therapy for early detection and treatment of cancer. Gemphire Therapeutics, Inc. is a clinical-stage biopharmaceutical company focused on delivering and commercializing therapies for the treatment of cardiovascular disease and Non-alcoholic steatohepatitis. He also is Chairman of the Board of privately held ComHear Inc., a digital audio software and device company. Mr. Sassine previously served on the board of Acorn Energy, Inc, CNS Response, Inc. and FluoroPharma Medical, Inc., (FMPI). Mr. Sassine served in various positions at Fidelity Investments from 1999 to 2012, including, most recently as Portfolio Manager. Between 2004 and 2011, he managed the Fidelity Small Cap Stock Fund, the Fidelity International Small Cap Opportunities Fund and the Fidelity Advisor International Small Cap Opportunities Fund. Mr. Sassine joined Fidelity as a high yield research analyst, covering the Telecommunications, Satellite, Technology, Defense and Aerospace, and Restaurant Industries and in 2001, joined the international group as a research analyst covering small and mid-cap international stocks. Prior to joining Fidelity, he served as a vice president in the Acquisition Finance Group at Fleet National Bank. Mr. Sassine has been a member of the Henry B. Tippie College of Business, University of Iowa Board of Advisors since 2009 and served on the Board of Trustees at the Clarke Schools for Hearing and Speech between 2009 and 2014. Mr. Sassine earned a Bachelor of Arts degree at the University of Iowa in 1987 and an MBA from the Wharton School at the University of Pennsylvania in 1993.

About Mr. James Barlow

James Barlow is a member of the Board of Directors of North American Health Care, Inc., a privately held company that provides contractual services to facilities specializing in post-acute care, subacute care, short and long-term rehabilitation, and skilled nursing in the United States. Mr. Barlow is a C-level financial executive with more than 30 years of experience leading teams in the successful strategic achievement of financial and operational goals, and expertise in domestic and international operations (5 continents, 23 countries), financial planning, forecasting and reporting, restructurings, business development and integrations, treasury and investor relations. As an Executive Officer (Principal Accounting Officer) at Allergan, Inc., he oversaw financial due diligence, integration and structuring for more than 100 asset purchases, sales, business combinations and licensing transactions, the spin-off of Advanced Medical Optics, the \$3.3 billion acquisition of Inamed and more than \$4.5 billion in other transactions. He ensured consistent application of corporate policies and procedures and alignment with global reporting and corporate compliance requirements, made recommendations globally to improve financial operations and participated in robust financial planning/forecasting activities. Mr. Barlow received a Bachelor of Science degree in Accounting, graduating magna cum laude, from Brigham Young University and a Master of Accountancy, graduating with honors - high distinction, from Brigham Young University. He is a certified public accountant (inactive).

About Dr. Magda Marquet

Dr. Magda Marquet is the co-founder and co-CEO of Alma Life Sciences, an investment and consulting firm with a portfolio of over twenty companies in the areas of diagnostics, digital health and pharmaceuticals, Chairman and co-Founder of Althea, an Ajinomoto company, and Co-founder of AltheaDx, a precision medicine company. She has three decades of experience in the biotechnology industry in the US and Europe. Prior to starting Althea, Dr. Marquet held management positions at Vical Inc., Amylin Pharmaceuticals, Protein Polymer Technologies, Syntro Corporation and Transgene. She currently serves as a Board member for Sente, Independa and Portable Genomics. She is also co-Chairman of the Advisory Board of MD Revolution. Dr. Marquet was Chairman of BIOCOM (2013-2014) and is Chair of the Board of Visitors of the UCSD Moores Cancer Center. She serves as a Director of the Economic Development Corporation (EDC-Executive Committee) and of the Kyoto Symposium Organization. She is also a member of the UCSD Biological Sciences Dean Leadership Council and an advisor for the Chopra Foundation. Dr. Marquet holds a Ph.D in Biochemical Engineering from INSA/University of Toulouse, France. Dr. Marquet has received numerous awards throughout her career including the 2005 Regional Ernst & Young Entrepreneur of the Year Award in the Life Sciences category, the Athena Pinnacle Award and the Exemplary Service Award from the San Diego Business Journal. She is the first woman inducted in the Connect Entrepreneur Hall of Fame (2016) and the Director of the Year Award recipient (2016-Corporate Governance) from the Corporate Directors Forum.

If the resolution set forth below is adopted by our shareholders at the Meeting, our Board and committees of the Board will be constituted as follows:

Director	Audit Committee	Compensation Committee	Nominations and Governance Committee
Mr. Joseph Payne			
Dr. Peter Farrell	Member	Member	Chairman
Dr. Magda Marquet	Member	Chairman	
Mr. James Barlow	Chairman	Member	Member
Mr. Andy Sassine			Member

Proposed Resolution

We are proposing the adoption by our shareholders of the following resolution at the Meeting pursuant to this Item 4:

“**RESOLVED**, to approve the re-election as directors of Arcturus Therapeutics Ltd., until the next annual general meeting of Arcturus Therapeutics Ltd., or until they cease to serve in their office in accordance with the provisions of the Arcturus Therapeutics Ltd. Articles of Association or any law, whichever is the earlier, of each of the following currently serving directors: Mr. Joseph Payne, Dr. Peter Farrell, Mr. Andy Sassine, Dr. Magda Marquet and Mr. James Barlow.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposals included in this Item.

ITEM 5

APPROVAL OF THE COMPENSATION TERMS FOR DR. PETER FARRELL AS CHAIRMAN OF THE BOARD, AND THE COMPENSATION TERMS FOR DR. MAGDA MARQUET AND MR. JAMES BARLOW, AS DIRECTORS OF THE COMPANY

The Board seeks to attract and retain qualified members to oversee the management of our company and to ensure that we maintain the highest standards of corporate governance. In order to do so, we must properly compensate our directors for their time and efforts on our behalf. The Compensation Committee and the Board believe that director compensation should be designed to enable us to appropriately attract and incentivize qualified members to the Board, while ensuring that our directors are compensated in a manner that is consistent with market practices.

The Compensation Committee conducted a review of the director cash compensation structure, including a review of the cash remuneration received by directors of other companies that are comparably situated to ours in one or more ways, such as with respect to industry, complexity and/or size. On the basis of that review and comparison, the Compensation Committee concluded that the director terms of compensation should be amended to provide further incentive to the directors by compensating them for their particular contribution, time and efforts as members of the Board or a committee thereof. Accordingly, the Compensation Committee recommended that the compensation structure be revised such that directors would be entitled to an additional annual fee for service on any committee of the Board. Furthermore, the Compensation Committee expressed its view that the Chairman of the Board and of any committee of the Board should also be entitled to an additional annual fee for their additional time and efforts in such capacity.

Consequently, the Compensation Committee recommended, and the Board subsequently approved, subject to shareholder approval, the amendment of the compensation terms (as reflected in the amended and restated Compensation Policy brought for shareholders' approval under item 2 of the Meeting), payable to all members of the Board such that they would be entitled to the following:

Annual fees: An annual fee of (i) \$20,000 for service on the Board; and (ii) \$5,000 for service on each Board Committee for which her or she serves as a member.

Chairman fee: An annual fee of (i) \$15,000 for service as Chairman of the Board (ii) \$5,000 for service as Chairman of a Board Committee.

For your convenience, please see the following chart that details the proposed cash compensation for Dr. Peter Farrell as Chairman of the Board, and for Dr. Magda Marquet and Mr. James Barlow as members of the Board:

	Annual Director fee	Annual Board Committee fee (for each committee)	Annual Chairman of the Board fee	Annual Chairman of a Board Committee fee	Total Annual Director Fees
Dr. Peter Farrell	\$20,000	Governance, Audit and Compensation Committees: \$5,000 + \$5,000+\$5,000	\$15,000	Governance Committee: \$5,000	\$55,000
Dr. Magda Marquet	\$20,000	Audit and Compensation Committees: \$5,000 +\$5,000		Compensation Committee \$5,000	\$35,000
Mr. James Barlow	\$20,000	Compensation, Governance and Audit Committees: \$5,000 + \$5,000+\$5,000		Audit Committee: \$5,000	\$40,000

The directors shall receive additional fees if they are appointed to additional committees (other than the ones on which they already serve), or if they are elected to chair one of the committees.

The fees will be payable quarterly at the end of each quarter (beginning in the quarter that a director is appointed to the Board). In addition, the directors will also be entitled to travel and other expenses incurred in connection with their service on the Board.

Equity Compensation

The Compensation Committee and the Board conducted a review of the equity-based compensation of our currently serving directors, and determined that it would be appropriate and in the Company's best interest to award to our non-employee directors equity-based compensation.

Therefore, in addition to the Cash Compensation, and subject to the approval at the Meeting of the adoption of the 2018 plan (Item 4), it is hereby proposed to grant options to purchase 32,500 Ordinary Shares under the 2018 plan to each of Dr. Peter Farrell, Dr. Magda Marquet and Mr. James Barlow.

Out of each proposed grant, options to purchase 20,000 Ordinary Shares will be considered as an "Inducement Award", options to purchase 10,000 Ordinary Shares will be considered as an "Annual Ongoing Equity Compensation" and options to purchase 2,500 Ordinary Shares will be made as one-time grants to award to our directors for service from May 29, 2018 through the Meeting.

The Inducement Award, the Annual Ongoing Equity Compensation and the one-time grants will have an exercise price per Ordinary Share equal to the closing price of the Company's Ordinary Shares on Nasdaq on the date of the Meeting and such options shall commence vesting on the date of the Meeting (in each case assuming that the proposals included in this Item 5 are approved at the Meeting).

- The "Inducement Award" options shall vest monthly over a two-year period, as provided for by the 2018 Plan, subject to full acceleration in the event of death, disability or change in control. The vested portion of these options shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.
- The Annual Ongoing Equity Compensation options shall vest monthly over a one year period, as provided for by the 2018 Plan, subject to full acceleration in the event of death, disability or change in control. The vested portion of these options shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.
- The one-time grants of options to purchase 2,500 Ordinary Shares shall be fully vested upon grant and shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.

The Compensation Committee and the Board believe the total proposed compensation terms (cash and equity compensation) of the directors are in line with the amended and restated Compensation Policy (subject to its approval under item 4).

For the avoidance of doubt, the approval of the total proposed compensation terms as described in this Item 5, for Dr. Peter Farrell as Chairman of the Board, and for Dr. Magda Marquet and Mr. James Barlow, are also subject to the approval of the Meeting of Proposal 2 - amended and restated Compensation Policy, and Proposal 3 - adoption of the 2018 Plan.

Proposed Resolution

We are proposing the adoption by our shareholders of the following resolution at the Meeting pursuant to this proposal:

“**RESOLVED**, to approve the compensation terms for Dr. Peter Farrell as Chairman of the Board, and the Compensation terms for Dr. Magda Marquet and Mr. James Barlow, as directors of Arcturus Therapeutics Ltd., as provided for in the Proxy Statement for the Meeting.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposals included in this Item.

ITEM 6

COMPENSATION TERMS FOR MR. ANDY SASSINE, AS DIRECTOR OF THE COMPANY AND AS INTERIM CHIEF FINANCIAL OFFICER

Mr. Andy Sassine, has served as a director of the Company since May 29, 2018, and is subject for re-election as a director of the Company under Item 4 of this Meeting’s agenda. In addition, the Board recently appointed Mr. Sassine, as interim CFO of the Company, subject to shareholders’ approval at the Meeting. It is expected that Mr. Sassine will hold this position for less than 12 months and will only perform services in this capacity on a limited, part-time basis.

The Compensation Committee and the Board has approved the following terms of compensation for Mr. Andy Sassine, as a director of the Company and as interim CFO, subject to shareholders’ approval at the Meeting.

For further background regarding the Compensation Committee and the Board’s reviews and resolutions regarding the terms of compensation of the Company’s directors, see Item 5 of this Proxy Statement.

The proposed compensation terms are as follows:

Director of the Company - Compensation terms

Cash Compensation

The proposed cash compensation for Mr. Andy Sassine for his service as a director of the Company and his service as a member of the Board’s Nominations and Governance Committee, will be \$25,000 per year, payable quarterly at the end of each quarter since his appointment to the Board. In addition, Mr. Sassine will also be entitled to be reimbursed for travel and other expenses incurred in connection with his service on the Board.

Equity Compensation

In addition to the Cash Compensation, and subject to the approval at the Meeting of the adoption of the 2018 plan (Item 3), it is hereby proposed to issue to Mr. Sassine options to purchase 32,500 Ordinary Shares under the 2018 plan, for his service as a director of the Company.

Out of the options to purchase 32,500 Ordinary Shares, options to purchase 20,000 Ordinary Shares will be considered as an “Inducement Award”, options to purchase 10,000 Ordinary Shares will be considered as an “Annual Ongoing Equity Compensation” and options to purchase 2,500 Ordinary Shares will be made as a one-time grant to award Mr. Sassine for service on the Board from May 29, 2018 through the Meeting.

The Inducement Award, the Annual Ongoing Equity Compensation and the one-time grants will have an exercise price per Ordinary Share equal to the closing price of the Company's Ordinary Shares on Nasdaq on the date of the Meeting and such options shall commence vesting on the date of the Meeting (in each case assuming that the proposals included in this Item 6 are approved at the Meeting).

- The "Inducement Award" options shall vest monthly over a two-year period, as provided for by the 2018 Plan, subject to full acceleration in the event of death, disability or change in control. The vested portion of these options shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.
- The Annual Ongoing Equity Compensation options shall vest monthly over a one year period, as provided for by the 2018 Plan, subject to full acceleration in the event of death, disability or change in control. The vested portion of these options shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.
- The one-time grant of options to purchase 2,500 Ordinary Shares shall be fully vested upon grant and shall expire three years after the termination of tenure (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the 2018 Plan.

Interim Chief Financial Officer Compensation

The Compensation Committee and Board have approved, subject to shareholder approval, the payment of the following cash compensation and benefits to Mr. Sassine, in consideration for his part-time services as interim CFO:

- An annual base salary of US \$120,000 paid quarterly in arrears. Mr. Sassine will be employed on a part time basis, equivalent to five to seven days per month.
- In addition, Mr. Sassine will also be entitled to be reimbursed for travel and other expenses incurred in connection with his service as interim CFO.

In addition to the cash compensation, and subject to the approval at the Meeting of the adoption of the 2018 plan (Item 4), it is hereby proposed to issue Mr. Sassine, an option to purchase an additional 20,000 Ordinary Shares under the 2018 plan, for his service as interim CFO.

The option will have an exercise price per Ordinary Share equal to the closing price of the Company's shares on Nasdaq on the date of the Meeting and such option shall commence vesting on the date of the Meeting (in each case assuming that the proposals included in this Item 6 are approved at the Meeting). The option shall vest monthly over a one year period, in 12 monthly installments. The vested portion of these options shall expire three years after the termination of service as interim CFO (not to exceed the ten-year life of the option). All other terms and conditions shall be as set forth in the Plan.

The Compensation Committee and the Board believe the total proposed compensation terms for Mr. Andy Sassine, as a director of the Company and as interim CFO are in line with the amended and restated Compensation Policy (subject to its approval under item 4).

The Company currently anticipates that Mr. Sassine will serve as interim CFO for less than one year. While serving as the interim CFO, Mr. Sassine will not be an “Independent Director” as such term is defined by Nasdaq Corporate Governance Requirements. Notwithstanding this, in reliance on the exemption provided in 5605-6(e)(3) of the Nasdaq stock market rules, the Board has determined Mr. Sassine’s membership on the Board’s Nominations and Governance Committee is required by the best interests of the Company and its Shareholders. As the interim CFO, Mr. Sassine will play a role in helping the Company secure financing and hire a full-time CFO; however, the Board believes that this role will be limited and will not compromise his ability to serve on the Board’s Nominations and Governance Committee.

For the avoidance of doubt, the approval of the total proposed compensation terms as described in this Item 6, for Mr. Andy Sassine, as a director of the Company and as interim CFO, are also subject to the approval of the Meeting of Proposal 2 - amended and restated Compensation Policy, and Proposal 3 - adoption of the 2018 Plan.

Proposed Resolution

We are proposing the adoption by our shareholders of the following resolution at the Meeting pursuant to this proposal:

“**RESOLVED**, to approve the compensation terms for Mr. Andy Sassine, as a director of Arcturus Therapeutics Ltd. and as interim CFO of Arcturus Therapeutics Ltd., as provided for in the Proxy Statement for the Meeting.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposals included in this Item.

ITEM 7

COMPENSATION TERMS FOR MR. JOSEPH PAYNE AS DIRECTOR OF THE COMPANY AND PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

At the Meeting, shareholders will be asked to approve and ratify the terms of compensation for Mr. Joseph Payne, as Director of the Company and President and Chief Executive Officer.

Mr. Payne serves at such capacity as an employee of the U.S. subsidiary, Arcturus Therapeutics, Inc. (the “**U.S. Subsidiary**”). Upon approval of this Item 7 at the Meeting, the U.S. Subsidiary and Mr. Payne will enter into a new employment agreement with respect to such positions.

The Compensation Committee and Board have approved, subject to shareholder approval, the payment of the following compensation and benefits to Mr. Payne (via the U.S. Subsidiary and as part of the services to be provided to the Company by the U.S. Subsidiary under the services agreement to be entered into between us and the U.S. Subsidiary), in consideration for his services as a director of the Company and as President and Chief Executive Officer of the Company:

President and CEO compensation:

- An annual base salary of \$425,000 (the “**Annual Base Salary**”), paid in bi-monthly installments, effective as of July 5, 2018 (the date of the Board approval); and an annual base salary of \$384,000, paid in bi-monthly installments, for the periods in which he served as President and Chief Executive Officer, commencing from November 16, 2017 until July 5, 2018. Under the Companies Law, shareholders are required to ratify these previous terms of compensation of Mr. Payne.

- A bonus of \$130,000 for his achievements in 2018, including for his efforts to help the Company's shareholders replace the Board with nominees who have experience commensurate with directors of similarly sized and publicly traded life science companies and who are committed to supporting the Company's vision and mission. Such bonus is in addition to the annual bonus the CEO may otherwise be entitled to receive related directly to the achievement of performance criteria described below.
- An annual bonus of up to 60% of the Annual Base Salary. For fiscal year 2018, the "Annual Base Salary" shall be calculated based on a base salary of \$384,000 through July 4, 2018 and a base salary of \$425,000 from July 5 to the end of the bonus period. The bonus shall be subject to the achievement of certain criteria for each 12 month-period (or such shorter or longer period determined by the Compensation Committee and the Board), as shall be determined by the Compensation Committee and Board, in accordance with our amended and restated Compensation Policy, which is subject to the approval by shareholders at this Meeting. The Board and the Compensation Committee may determine that Mr. Payne shall be entitled to certain portion(s) of the bonus upon partial achievement of the criteria and that the bonus shall be conditioned upon the achievement of a minimum threshold of the criteria. The Board and the Compensation Committee may further determine that in the event that Mr. Payne's employment terminates prior to the end of a full 12-month period, he shall be entitled to the relative portion of the bonus, based on the actual employment term during the 12-month period and the Board's assessment of actual performance at the end of the bonus performance period.
- Options to purchase up to 120,000 Ordinary Shares, under the 2018 Plan. The options shall vest over a period of four years commencing on the date of grant, such that 25% of the options (i.e., options to purchase 30,000 Ordinary Shares) shall vest on the first anniversary of the date of grant and thereafter, the remaining options will vest in monthly installments, such that options to purchase 2,500 Ordinary Shares shall vest on the 13-month anniversary of the date of grant and additional options to purchase 2,500 Ordinary Shares shall vest at the end of each subsequent month thereafter for the remaining 35 months, subject to Mr. Payne's continuing employment as our President & Chief Executive Officer on each applicable vesting date. The options will have an exercise price per Ordinary Share equal to the closing price of the Company's Ordinary Shares on Nasdaq on the date of the Meeting and such options shall commence vesting on the date of the Meeting (in each case assuming that the proposals included in this Item 7 are approved at the Meeting).
- Indemnification undertakings by the U.S. Subsidiary and the Company, undertaking to indemnify Mr. Payne to the fullest extent permitted by Israeli law.
- Eligibility to participate in the benefit and fringe benefit programs provided by us or U.S. subsidiary.
- Reimbursements of expenses for reasonable travel, entertainment or other expenses incurred by Mr. Payne in furtherance or in connection with the performance of his duties hereunder.
- Severance Grants:

- o for termination without cause or resignation for Good Reason unrelated to change in control of the Company and conditioned on execution of a general waiver and release of claims, Mr. Payne shall be entitled to receive (i) severance pay in the form of continuation of payment installments of Mr. Payne's final Base Salary for twelve (12) months, (ii) a pro rata portion of his annual bonus (as calculated by the Compensation Committee and Board at the end of the bonus period and paid in a lump sum when annual bonuses are paid to other executive officers), and (iii) payment of certain health insurance coverage premiums (COBRA payment) for up to eighteen (18) months following his termination of employment.
 - o for termination without cause or resignation for good reason in connection with a change in control of the Company and conditioned on execution of a general waiver and release, Mr. Payne shall be entitled to receive a lump sum severance payment equal to (i) one-year's Annual Base Salary, (ii) an amount equal to his target annual bonus for the year of termination and (iii) an amount equal to a pro rata portion of his target annual bonus for the year of termination. Mr. Payne shall also be entitled to payment of certain health insurance coverage premiums (COBRA payment) for eighteen (18) months following termination. In addition, Mr. Payne's unvested option award and any other unvested time-based vesting equity awards then held by him shall accelerate and become immediately vested and exercisable, if applicable, and no longer subject to repurchase, if applicable, upon such termination and shall remain exercisable, if applicable, following Mr. Payne's termination as set forth in the applicable equity award.
- Mr. Payne's employment agreement includes standard confidentiality, intellectual property, non-competition and non-solicitation provisions.
 - During the term of Mr. Payne's employment as the Company's President and CEO, Mr. Payne shall not be entitled to compensation for his service as Director of the Board.

The Compensation Committee and Board resolved to approve the proposed ratification of Mr. Payne's compensation and benefits and to recommend that the shareholders approve such ratification, as of July 5, 2018, after taking into consideration: (1) the advancement of the Company's objectives, its work plan, and its policy with a long-range perspective; (2) the creation of suitable incentives for Mr. Payne, taking into account, inter alia, the Company's risk-management policy; (3) the size of the Company and the nature of its activities; (4) Mr. Payne's contribution to the achievement of the Company's targets and to the maximizing of its profits, all with a long-range perspective; and (5) Mr. Payne's education, skills, experience, professional experience, and significant role and contributions to the Company.

For the avoidance of doubt, the approval of the total proposed compensation terms as described in this Item 7, for Mr. Payne, as Director of the Company and President and Chief Executive Office, are also subject to the approval of the Meeting of Proposal 2 - amended and restated Compensation Policy, and Proposal 3 - adoption of the 2018 Plan.

Proposed Resolution

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

“**RESOLVED**, to approve and ratify the Compensation terms of Mr. Joseph Payne, as Director of Arcturus Therapeutics Ltd. and President and Chief Executive Officer, as provided for in the Proxy Statement for the Meeting.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposals included in this Item.

ITEM 8

COMPENSATION TERMS FOR DR. PADMANABH CHIVUKULA AS CHIEF OPERATING OFFICER AND CHIEF SCIENTIFIC OFFICER OF THE COMPANY

At the Meeting, shareholders will be asked to approve and ratify the terms of compensation for Dr. Padmanabh Chivukula, as Chief Scientific Officer and Chief Operating Officer of the Company. Dr. Chivukula serves at such capacity as an employee of the U.S. subsidiary. Upon approval of this Item 8 at the Meeting, the U.S. Subsidiary and Dr. Chivukula will enter into a new employment agreement with respect to such positions.

The Compensation Committee and the Board have approved, subject to shareholder approval, the payment of the following compensation and benefits to Dr. Chivukula (via the U.S. Subsidiary and as part of the services to be provided to us by the U.S. Subsidiary under the services agreement to be entered into between us and the U.S. Subsidiary), in consideration for his services as Chief Operating Officer and Chief Scientific Officer:

- An annual base salary of \$350,000 (the “**Annual Base Salary**”), paid in bi-monthly installments, effective as of July 5, 2018 (the date of the Board approval); and
- An annual bonus of up to 40% of the Annual Base Salary. The bonus shall be subject to the achievement of certain criteria for each 12 month-period (or such shorter or longer period determined by the Compensation Committee and the Board), as shall be determined by the Compensation Committee and the Board, in accordance with the Compensation Policy, which is subject to the approval by shareholders at the Meeting. The Board and the Compensation Committee may determine that Dr. Chivukula be entitled to certain portion(s) of the bonus upon partial achievement of the criteria and that the bonus shall be conditioned upon the achievement of a minimum threshold of the criteria. The Board and the Compensation Committee may further determine that in the event that Dr. Chivukula employment terminates prior to the end of a full 12-month period, he shall be entitled to the relative portion of the bonus, based on the actual employment term during the 12-month period and the Board’s assessment of actual performance at the end of the bonus performance period.
- Options to purchase up to 80,000 Ordinary Shares, under the 2018 Plan. The options shall vest over a period of four years commencing on the date of grant, such that 25% of the options (i.e., options to purchase 20,000 Ordinary Shares) shall vest on the first anniversary of the date of grant and thereafter, the remaining options will vest in monthly installments, such that options to purchase 1,655 Ordinary Shares shall vest on the 13-month anniversary of the date of grant and additional options to purchase 1,667 Ordinary Shares shall vest at the end of each subsequent month thereafter for the remaining 35 months, subject to Dr. Chivukula’s continuing employment as our Chief Scientific Officer & Chief Operating Officer on each applicable vesting date. The options will have an exercise price per Ordinary Share equal to the closing price of the Company’s Ordinary Shares on Nasdaq on the date of the Meeting and such options shall commence vesting on the date of the Meeting (in each case assuming that the proposals included in this Item 8 are approved at the Meeting).

- Indemnification undertakings by the U.S. Subsidiary and the Company, undertaking to indemnify Dr. Chivukula to the fullest extent permitted by Israeli law.
- Eligibility to participate in the benefit and fringe benefit programs provided by us or U.S. subsidiary.
- Reimbursements of expenses for reasonable travel, entertainment or other expenses incurred by Dr. Chivukula in furtherance or in connection with the performance of his duties hereunder.
- Severance Grants:
 - o for termination without cause or resignation for Good Reason unrelated to change in control of the Company and conditioned on execution of a general waiver and release of claims, Dr. Chivukula shall be entitled to receive (i) severance pay in the form of continuation of payment installments of Dr. Chivukula's final Base Salary for twelve (12) months, (ii) a pro rata portion of his annual bonus (as calculated by the Compensation Committee and Board at the end of the bonus period and paid in a lump sum when annual bonuses are paid to other executive officers), and (iii) payment of certain health insurance coverage premiums (COBRA payment) for up to eighteen (18) months following his termination of employment.
 - o for termination without cause or resignation for good reason in connection with a change in control of the Company and conditioned on execution of a general waiver and release, Dr. Chivukula shall be entitled to receive a lump sum severance payment equal to (i) one-year's Annual Base Salary, (ii) an amount equal to his target annual bonus for the year of termination and (iii) an amount equal to a pro rata portion of his target annual bonus for the year of termination. Dr. Chivukula shall also be entitled to payment of certain health insurance coverage premiums (COBRA payment) for eighteen (18) months following termination. In addition, Dr. Chivukula's unvested option award and any other unvested time-based vesting equity awards then held by him shall accelerate and become immediately vested and exercisable, if applicable, and no longer subject to repurchase, if applicable, upon such termination and shall remain exercisable, if applicable, following Dr. Chivukula's termination as set forth in the applicable equity award.
- Dr. Chivukula's employment agreement includes standard confidentiality, intellectual property, non-competition and non-solicitation provisions.

The Compensation Committee and Board resolved to approve the proposed ratification of Dr. Chivukula's compensation and benefits and to recommend that the shareholders approve such ratification, as of July 5, 2018, after taking into consideration: (1) the advancement of the Company's objectives, its work plan, and its policy with a long-range perspective; (2) the creation of suitable incentives for Dr. Chivukula, taking into account, inter alia, the Company's risk-management policy; (3) the size of the Company and the nature of its activities; (4) Dr. Chivukula's contribution to the achievement of the Company's targets and to the maximizing of its profits, all with a long-range perspective; and (5) Dr. Chivukula's education, skills, experience, professional experience, and significant role and contributions to the Company.

For the avoidance of doubt, the approval of the total proposed compensation terms as described in this Item 8, for Dr. Chivukula, as Chief Scientific Officer and Chief Operating Officer of the Company, are also subject to the approval of the Meeting of Proposal 2 - amended and restated Compensation Policy, and Proposal 3 - adoption of the 2018 Plan.

Proposed Resolution

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

“**RESOLVED**, to approve and ratify the terms of Compensation for Dr. Padmanabh Chivukula, as Chief Scientific Officer and Chief Operating Officer of Arcturus Therapeutics Ltd., as set forth in the Proxy Statement for the Meeting.”

Recommendation

The Board unanimously recommends that you vote “FOR” the proposals included in this Item.

ITEM 9

REVIEW AND DISCUSSION ON THE COMPANY’S FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

In accordance with Section 60(b) of the Companies Law, shareholders are invited to discuss the Financial Statements of the Company for the year ended December 31, 2017. The Annual Report on Form 20-F of the Company for the year ended December 31, 2017, including the Financial Statements of the Company, is available on the Company’s website, at <http://ir.arcturusrx.com/financial-information/sec-filings>.

The contents of the Company’s website are not part of this proxy. At the Meeting, the Company will review the financial statements for the year ended December 31, 2017 and will answer appropriate questions relating thereto.

No vote will be required regarding this item.

OTHER MATTERS

The Board does not intend to bring any matters before the Meeting other than the agenda items specifically set forth in the Notice of the Annual and Extraordinary General Meeting of Shareholders and knows of no matters to be brought before the Meeting by others. If any other matters properly come before the Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with their judgment and based on the recommendation of the Board.

ADDITIONAL INFORMATION

The Company's Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on May 14, 2018, as amended and filed on July 10, 2018, is available for viewing and downloading on the SEC's website at www.sec.gov, as well as at the Investor Relations section of the Company's website: <http://ir.arcturusrx.com/investor-relations>.

The Company is subject to the information reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, applicable to foreign private issuers. The Company fulfills these requirements by filing reports with the SEC. The Company's filings with the SEC may be inspected without charge at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The Company's SEC filings are also available to the public on the SEC's website at www.sec.gov. As a foreign private issuer, the Company is exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. The circulation of this Proxy Statement should not be taken as an admission that the Company is subject to those proxy rules.

Company shareholders who would like additional copies, without charge, of this proxy statement, or such shareholders who have questions about Proposals on the agenda, including the procedures for voting Company shares, should contact the Company's investor relations team at 858-900-2666 or by email at IR@ArcturusRx.com.

By order of the Board of Directors

/s/ Dr. Peter Farrell

Chairman of the Board of Directors

San Diego, California

July 27, 2018

~~July 13, 2016~~ August 24, 2018

~~Alcobra Ltd.~~ Arcturus Therapeutics 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 [and its subsidiaries](#)'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.

[The compensation amounts and components detailed in the Policy, represent the maximum limit of compensation that an Office Holder of the Company can be awarded with.](#) 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.

[The Compensation Policy is applicable on the Company and its subsidiaries \(the Company and its subsidiaries shall be referred to hereinafter together as the “Company”\).](#)

2. **Definitions**

“**Advance Notice Period**” The period after which the termination or the end of service agreement will become effective.

“**Board**” [The Board of Directors of the Company.](#)

“**Equity-based Payment**” Options, restricted shares, restricted stock units (RSU) and any other equity based payments settled with the Company's shares.

“**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~~ [FICA and Social Security and any other required tax withholdings](#), [COBRA](#) contributions, signing bonus and tax gross-ups.

“Office Holder”	Defined in the Israeli Companies Law, as may be amended 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.
“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.
“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 (including special bonus), options and equity-based payments that are performance based.

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 (and any amendment to it) 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~~determining compensation, the Compensation Committee and Board ~~of Directors examined~~will consider 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 salary 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 and/or salary cost as detailed in this document are 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)~~ [Senior Staff](#) who is a part time employee of the Company, should be adjusted taking into consideration such partial position and its effects.

8.2. Salary Cost

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 [and excluding directors remuneration that the Chairman is entitled to as a director as detailed in Paragraph 12](#)) shall not exceed US\$ ~~6 thousand~~ [10,000](#).

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\$ ~~55 thousand~~ [75,000](#).

Senior Staff

8.2.3. The monthly salary cost/monthly management fees of each ~~senior staff~~ [Senior Staff](#) officer (including related benefits as detailed in Paragraph 8.3 and excluding bonuses and equity compensation) shall not exceed US\$ ~~45 thousand~~ [60,000](#).

8.2.4. Base salaries of the CEO and Senior Staff are subject to an increase that will take place ~~once every 12 months~~ [on an annual basis \(and more frequently as needed to address changes in the market or specific events\)](#). The maximum increase of the base salary will not surpass 10% of the current base salary of the CEO or Senior Staff Officer and will not surpass the maximum salary cost as detailed above.

The Senior Staff's increase, subject to the limitations that are mentioned above, will be approved by the Company's CEO. In case of an increase of more than 10%, but not surpassing the maximum salary cost, it shall be approved by the Compensation Committee and the Board.

The CEO's increase, subject to the limitations that are mentioned above, will be approved by the Compensation Committee and the Board.

All other changes in the base salary terms (and accordingly in the salary cost) of the Office Holders mentioned above will be made according to the provisions and approvals required by [applicable](#) 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~~ ~~provided by any applicable~~ law, health insurance, ~~reimbursement of expenses, retirement contributions, insurance benefits,~~ etc. These benefits will be as implemented by 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 as required by ~~applicable~~ law.

8.4. Sign-on bonus

CEO and ~~senior staff~~ 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~~ 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~~ 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~~ 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 ~~1236~~ monthly salaries (on a base salary basis) ~~and payment of COBRA group health insurance premiums for him and his eligible dependents, if applicable, for a period that shall not exceed 18 months.~~

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~~one year.
- 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. Unless otherwise approved by the Compensation Committee, CEO or Senior Staff who has worked for the Company or any of its Subsidiaries 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~~Senior Staff of the Company (hereinafter: the "specific parameters").

- 10.1.5. The company parameters' weight of the total measurable bonus will be at least ~~30~~20%.
- 10.1.6. The company parameters will be established and approved by the Board ~~of Directors~~ for each applicable year, and may include (without limitation), 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.
- 10.1.7. The specific parameters for the ~~senior staff~~Senior Staff will be determined by the CEO, and the parameters for the CEO will be determined by the Chairman of the Board and the Compensation Committee.
- 10.1.8. The parameters (~~company~~Company and specific) and their weights for each of the relevant Office Holder will be determined ~~for each applicable half a year, no later than 60 days after the beginning of the half~~in advance and at least annually at such times as the Compensation Committee determines to be appropriate. These parameters will be based on the company's strategic business plan objectives, and each Office Holder main responsibilities and contribution for achieving this objectives during the following year. For the avoidance of any doubt, the parameters will be reviewed and determined ~~each half a year~~at least annually, however the bonus payment will be made annually.

Measurable Bonus Amounts

- 10.1.9. 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)

- 10.1.10. The CEO and each ~~senior staff~~Senior Staff will be entitled to ~~an annual~~ bonus that will be approved 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.

10.1.11. The discretionary component bonus shall not exceed ~~23~~ 23 monthly salaries (on a base salary basis). This limitation does not apply to the Senior Staff (excluding the CEO). The total annual bonus (the measurable bonus and the discretionary component bonus) shall not exceed the amounts mentioned in section ~~10.1.8~~ 10.1.9 above.

Bonus Adjustments

10.1.12. 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.

Special Bonus

10.1.13. In addition to the ~~annual bonus, as~~ bonuses described in sections 10.1.1 – 10.1.11 above, the Compensation Committee and the Board (and the Company's shareholders if required by applicable law) may elect upon the recommendation of the CEO (or the Compensation Committee in the case of a bonus payable to the CEO) to pay certain Senior Office Holders special cash bonuses in recognition for their exceptional contribution, over and above expectations, to key transactions and events in the Company's lifecycle (such as in connection with clinical trials, mergers and acquisitions, security offerings, or exceeding personal commercial milestones). The maximum special cash bonus payable to a Senior Office Holder and the CEO shall not exceed 12 months' base salary.

The Company considers payment of such special bonuses as an important tool for providing incentives for its senior Executives, especially in light of the inability to foresee all the specific grounds for payment of bonuses pursuant to the principles set forth in this compensation policy herein. Special bonuses will not be included in the calculation of the maximum annual bonus as set forth above.

~~This Section 10.1.12 shall apply so that Senior Office Holders shall be entitled to receive it, if at all, with respect to their exceptional achievements in 2015.~~

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

- 10.1.14. 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.
- 10.1.15. 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.~~

10.2.2. ~~10.2.3.~~ The annual economic value of the equity-based payment will be calculated by ~~dividing~~**determining** 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~~**US\$ 3,000,000** for the CEO ~~(on a cost salary basis), 6 monthly salaries, US\$ 2,000,000~~ for each existing ~~senior staff~~**Senior Staff** member (on a cost salary basis) and US\$ ~~150,000~~**1,000,000** 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.

10.2.3. ~~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~~**Senior Staff** member that shall not exceed an Annual Economic Value of US\$ ~~500,000~~**4,000,000**. A period of ~~4 years~~**6 months** from the grant date will be required until the full vesting of such grant.

~~10.2.4. 10.2.5.~~ The Compensation committee and the ~~board of directors have~~ Board has decided not to limit the benefit at the exercise date since according to its approach the matter impairs the option grant rational.

~~10.2.5. 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~~10.2.3), a period of at least ~~3 years~~6 months 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~~90 days.

~~10.2.6. 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).

~~10.2.7. 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 ¹
<u>2.510</u>	<u>2.259</u>	<u>2.08</u>

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

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")~~,2000, and, when permissible under applicable law, may include equity-based payment limited to an annual value of US\$ ~~100,000~~500,000.

12.2. The Company's non-external directors, ~~other than~~(including 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 to any remuneration that the directors may be awarded for their service in other positions they serve in the Company, may receive director fees that shall not exceed the following:

¹ 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~~10.2.3.

: [Directors' annual remuneration fee: US\\$ 50,000 \(the "Directors Annual Fee"\).](#)

[In addition to the Directors Annual Fee, the directors may also be awarded with:](#)

: [Directors' annual remuneration fee for service as members of the Board sub committees: US\\$ 10,000, and an additional US\\$ 10,000 for the chairman of each of the Board sub Committees.](#)

: In addition, each such director may be eligible for equity-based payment limited to an annual value of US\$ ~~100,000~~ [400,000](#).

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

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.

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.

**ARCTURUS THERAPEUTICS LTD.
2018 OMNIBUS EQUITY INCENTIVE PLAN**

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ARCTURUS THERAPEUTICS LTD.

2018 OMNIBUS EQUITY INCENTIVE PLAN

Article 1.

Effective Date, Objectives and Duration

1.1 Effective Date of the Plan. The Board of Directors of Arcturus Therapeutics Ltd., an Israeli company (the “Company”) adopted the 2018 Omnibus Equity Incentive Plan (the “Plan”) effective as of _____, 2018 (the “Effective Date”).

1.2 Objectives of the Plan. The Plan is intended (a) to allow selected employees of and consultants to the Company and its Affiliates to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, and to assist the Company and its Affiliates in attracting new employees, officers and consultants and retaining existing employees and consultants, (b) to optimize the profitability and growth of the Company and its Affiliates through incentives which are consistent with the Company’s goals, (c) to provide Grantees with an incentive for excellence in individual performance, (d) to promote teamwork among employees, consultants and Non-Employee Directors, and (e) to attract and retain highly qualified persons to serve as Non-Employee Directors and to promote ownership by such Non-Employee Directors of a greater proprietary interest in the Company, thereby aligning such Non-Employee Directors’ interests more closely with the interests of the Company’s shareholders.

1.3 Duration of the Plan. The Plan shall commence on the Effective Date and shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 15 hereof, until the earlier of the tenth anniversary of the Effective Date, or the date all Shares subject to the Plan shall have been purchased or acquired and the restrictions on all Restricted Shares granted under the Plan shall have lapsed, according to the Plan’s provisions.

Article 2.

Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below:

2.1 “Affiliate” means any corporation or other entity, including but not limited to partnerships, limited liability companies and joint ventures, with respect to which the Company, directly or indirectly, owns as applicable (a) shares possessing more than fifty percent (50%) of the total combined voting power of all classes of shares entitled to vote, or more than fifty percent (50%) of the total value of all shares of all classes of shares of such corporation, or (b) an aggregate of more than fifty percent (50%) of the profits interest or capital interest of a non-corporate entity.

2.2 “Award” means Options (including non-qualified options and Incentive Stock Options), SARs, Restricted Shares, Performance Units (which may be paid in cash), Performance Shares, Deferred Shares, Restricted Share Units, Dividend Equivalents, Bonus Shares or Other Share-Based Awards granted under the Plan.

2.3 “Award Agreement” means either (a) a written agreement entered into by the Company and a Grantee setting forth the terms and provisions applicable to an Award granted under this Plan, or (b) a written statement issued by the Company to a Grantee describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by the Grantee.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Bonus Shares” means Shares that are awarded to a Grantee with or without cost and without restrictions either in recognition of past performance (whether determined by reference to another employee benefit plan of the Company or otherwise), as an inducement to become an Eligible Person or, with the consent of the Grantee, as payment in lieu of any cash remuneration otherwise payable to the Grantee.

2.6 “Cause” means, except as otherwise defined in an Award Agreement:

- (a) the commission of any act by a Grantee constituting a felony or crime of moral turpitude (or their equivalent in a non-United States jurisdiction);
- (b) an act of dishonesty, fraud, intentional misrepresentation, or harassment which, as determined in good faith by the Committee, would: (i) materially adversely affect the business or the reputation of the Company or any of its Affiliates with their respective current or prospective customers, suppliers, lenders and/or other third parties with whom such entity does or might do business; or (ii) expose the Company or any of its Affiliates to a risk of civil or criminal legal damages, liabilities or penalties;
- (c) any material misconduct in violation of the Company’s or an Affiliate’s written policies; or
- (d) willful and deliberate non-performance of the Grantee’s duties in connection with the business affairs of the Company or its Affiliates;

provided, however, that if the Grantee has a written employment or consulting agreement with the Company or any of its Affiliates or participates in any severance plan established by the Company that includes a definition of “cause,” Cause shall have the meaning set forth in such employment or consulting agreement or severance plan.

2.7 “Change in Control” shall have the meaning set forth in Section 16.4(e).

2.8 “Code” means the Internal Revenue Code of 1986, as amended from time to time. References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

2.9 “Committee” or “Incentive Plan Committee” has the meaning set forth in Section 3.1(a).

2.10 “Companies Law” means the Israeli Companies Law 5759-1999 and the regulations promulgated thereunder.

2.11 “Compensation Committee” means the compensation committee of the Board.

2.12 “Corporate Transaction” shall have the meaning set forth in Section 4.2(b).

2.13 “Deferred Shares” means a right, granted under Article 10, to receive Shares at the end of a specified deferral period.

2.14 “Disability” or “Disabled” means, unless otherwise defined in an Award Agreement, or as otherwise determined under procedures established by the Committee for purposes of the Plan:

(a) Except as provided in (b) below, a disability within the meaning of Section 22(e)(3) of the Code; and

(b) In the case of any Award that constitutes deferred compensation within the meaning of Section 409A of the Code, a disability as defined in regulations under Code Section 409A. For purpose of Code Section 409A, a Grantee will be considered Disabled if:

(i) the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or

(ii) the Grantee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Grantee's employer.

2.15 "Dividend Equivalent" means a right to receive payments equal to dividends or property, if and when paid or distributed, on a specified number of Shares.

2.16 "Effective Date" has the meaning set forth in Section 1.1.

2.17 "Eligible Person" means any individual who is an employee (including any officer) of, a non-employee consultant to, or a Non-Employee Director of, the Company or any Affiliate; provided, however, that solely with respect to the grant of an Incentive Stock Option, an Eligible Person shall be any employee (including any officer) of the Company or any Subsidiary Corporation. Notwithstanding the foregoing, an Eligible Person shall also include an individual who is expected to become an employee to, non-employee consultant of or Non-Employee Director of the Company or any Affiliate within a reasonable period of time after the grant of an Award (other than an Incentive Stock Option); provided that any Award granted to any such individual shall be automatically terminated and cancelled without consideration if the individual does not begin performing services for the Company or any Affiliate within twelve (12) months after the Grant Date. Solely for purposes of Section 5.6(b), current or former employees or non-employee directors of, or consultants to, of an Acquired Entity who receive Substitute Awards in substitution for Acquired Entity Awards shall be considered Eligible Persons under this Plan with respect to such Substitute Awards.

2.18 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time. References to a particular section of the Exchange Act include references to successor provisions.

2.19 "Exercise Price" means (a) with respect to an Option, the price at which a Share may be purchased by a Grantee pursuant to such Option or (b) with respect to an SAR, the price established at the time an SAR is granted pursuant to Article 7, which is used to determine the amount, if any, of the payment due to a Grantee upon exercise of the SAR.

2.20 "Fair Market Value" of a Share means a price that is based on the opening, closing, actual, high, low, or the arithmetic mean of selling prices of a Share reported on an established stock exchange which is the principal exchange upon which the Shares are traded on the applicable date or the preceding trading day. Unless the Committee determines otherwise, if the Shares are traded over the counter at the time a determination of its Fair Market Value is required to be made hereunder, Fair Market Value shall be deemed to be equal to the arithmetic mean between the reported high and low or closing bid and asked prices of a Share on the applicable date, or if no such trades were made that day then the most recent date on which Shares were publicly traded. In the event Shares are not publicly traded at the time a determination of their value is required to be made hereunder, the determination of their Fair Market Value shall be made by the Committee in such manner as it deems appropriate provided such manner is consistent with Treasury Regulation Section 1.409A-1(b)(5)(iv)(B).

2.21 "Grant Date" means the date on which an Award is granted or such later date as specified in advance by the Committee.

2.22 "Grantee" means a person who has been granted an Award.

2.23 "Incentive Stock Option" means an Option that is intended to meet the requirements of Section 422 of the Code.

2.24 "Including" or "includes" means "including, without limitation," or "includes, without limitation," respectively.

2.25 "Non-Employee Director" means a member of the Board who is not an employee of the Company or any Affiliate.

2.26 "Option" means an option granted under Article 6 of the Plan.

- 2.27 “Ordinary Share” means the Ordinary shares, NIS 0.07 par value, of the Company.
- 2.28 “Other Share-Based Award” means a right, granted under Article 13 hereof, that relates to or is valued by reference to Shares or other Awards relating to Shares.
- 2.29 “Performance Period” means, with respect to an Award of Performance Shares or Performance Units, the period of time during which the performance vesting conditions applicable to such Award must be satisfied.
- 2.30 “Performance Share” and “Performance Unit” have the respective meanings set forth in Article 9.
- 2.31 “Period of Restriction” means the period during which Restricted Shares are subject to forfeiture if the conditions specified in the Award Agreement are not satisfied.
- 2.32 “Person” means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.
- 2.33 “Restricted Shares” means Shares, granted under Article 8, that are both subject to forfeiture and are nontransferable if the Grantee does not satisfy the conditions specified in the Award Agreement applicable to such Shares.
- 2.34 “Restricted Share Units” are rights, granted under Article 10, to receive Shares if the Grantee satisfies the conditions specified in the Award Agreement applicable to such rights.
- 2.35 “Rule 16b-3” means Rule 16b-3 promulgated by the SEC under the Exchange Act, as amended from time to time, together with any successor rule.
- 2.36 “SEC” means the United States Securities and Exchange Commission, or any successor thereto.
- 2.37 “Section 16 Non-Employee Director” means a member of the Board who satisfies the requirements to qualify as a “non-employee director” under Rule 16b-3.
- 2.38 “Section 16 Person” means a person who is subject to potential liability under Section 16(b) of the Exchange Act with respect to transactions involving equity securities of the Company.
- 2.39 “Separation from Service” means, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, a “separation from service” as defined in Treasury Regulation Section 1.409A-1(h). For this purpose, a “separation from service” is deemed to occur on the date that the Company and the Grantee reasonably anticipate that the level of bona fide services the Grantee would perform for the Company and/or any Affiliates after that date (whether as an employee, Non-Employee Director or consultant or independent contractor) would permanently decrease to a level that, based on the facts and circumstances, would constitute a separation from service; provided that a decrease to a level that is 50% or more of the average level of bona fide services provided over the prior 36 months shall not be a separation from service, and a decrease to a level that is 20% or less of the average level of such bona fide services shall be a separation from service. The Committee retains the right and discretion to specify, and may specify, whether a separation from service occurs with respect to those individuals who are performing services for the Company or an Affiliate immediately prior to an asset purchase transaction in which the Company or an Affiliate is the seller and who continue to perform services for the buyer (or an affiliate thereof) immediately following such asset purchase transaction; provided, such specification is made in accordance with the requirements of Treasury Regulation Section 1.409A-1(h)(4).
- 2.40 “Share” means a share of Ordinary Share, and such other securities of the Company, as may be substituted or resubstituted for Shares pursuant to Section 4.2 hereof.
- 2.41 “Share Appreciation Right” or “SAR” means an Award granted under Article 7 of the Plan.

2.42 “Subsidiary Corporation” means a corporation other than the Company in an unbroken chain of corporations beginning with the Company if, at the time of granting the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.43 “Surviving Company” means (a) the surviving corporation in any merger, consolidation or similar transaction, involving the Company (including the Company if the Company is the surviving corporation), (b) or the direct or indirect parent company of such surviving corporation or (c) the direct or indirect parent company of the Company following a sale of substantially all of the outstanding shares of the Company.

2.44 “Term” of any Option or SAR means the period beginning on the Grant Date of an Option or SAR and ending on the date such Option or SAR expires, terminates or is cancelled. No Option or SAR granted under this Plan shall have a Term exceeding 10 years

2.45 “Termination of Affiliation” occurs on the first day on which an individual is for any reason no longer performing services for the Company or any Affiliate in the capacity of an employee of, a non-employee consultant to, or a Non-Employee Director of, the Company or any Affiliate or with respect to an individual who is an employee of, a non-employee consultant to or a Non-Employee Director of an Affiliate, the first day on which such entity ceases to be an Affiliate of the Company unless such individual continues to perform Services for the Company or another Affiliate without interruption after such entity ceases to be an Affiliate. Notwithstanding the foregoing, if an Award constitutes deferred compensation within the meaning of Code Section 409A, Termination of Affiliation with respect to such Award shall mean the Grantee’s Separation from Service.

Article 3. Administration

3.1 Committee.

(a) Subject to Article 14, and to Section 3.2, the Plan shall be administered by a Committee (the “Incentive Plan Committee” or the “Committee”) of directors of the Company appointed by the Board from time to time. Notwithstanding the foregoing, either the Board or the Compensation Committee may at any time and in one or more instances reserve administrative powers to itself as the Committee or exercise any of the administrative powers of the Committee. The number of directors appointed to the Committee may from time to time be increased or decreased as the Board or Compensation Committee deems appropriate. The Committee shall consist solely of directors, at least one whom must qualify as an Independent Director (as the term is defined under NASDAQ listing rules). To the extent the Board or Compensation Committee considers it desirable to comply with Rule 16b-3, the Committee shall consist of two or more directors of the Company, all of whom qualify as Section 16 Non-Employee Directors.

(b) Unless the context requires otherwise, any references herein to “Committee” include references to the Incentive Plan Committee, the Board or the Compensation Committee to the extent Incentive Plan Committee, the Board or the Compensation Committee, as applicable, has assumed or exercises administrative powers itself as the Committee pursuant to subsection (a); provided that for purposes of Awards to Non-Employee Directors, “Committee” shall include only the full Board.

3.2 Powers of Committee. Subject to and consistent with the provisions of the Plan (including Article 14), the Committee has full and final authority and sole discretion as follows; provided that any such authority or discretion exercised with respect to a specific Non-Employee Director shall be approved by the affirmative vote of a majority of the members of the Board, but excluding the Non-Employee Director with respect to whom such authority or discretion is exercised:

(a) to determine when, to whom and in what types and amounts Awards should be granted;

(b) to grant Awards to Eligible Persons in any number and to determine the terms and conditions applicable to each Award (including the number of Shares or the amount of cash or other property to which an Award will relate, any Exercise Price or purchase price, any limitation or restriction, any schedule for or performance conditions relating to the earning of the Award or the lapse of limitations, forfeiture restrictions, restrictions on exercisability or transferability, any performance goals including those relating to the Company and/or an Affiliate and/or any division thereof and/or an individual, and/or vesting based on the passage of time, based in each case on such considerations as the Committee shall determine);

(c) to determine the benefit payable under any Performance Unit, Performance Share, Dividend Equivalent, Other Share-Based Award or Cash Incentive Award and to determine whether any performance or vesting conditions have been satisfied;

(d) to determine whether or not specific Awards shall be granted in connection with other specific Awards, and if so, whether they shall be exercisable cumulatively with, or alternatively to, such other specific Awards and all other matters to be determined in connection with an Award;

(e) to determine the Term of any Option or SAR;

(f) to determine the amount, if any, that a Grantee shall pay for Restricted Shares, whether to permit or require the payment of cash dividends thereon to be deferred and the terms related thereto, when Restricted Shares (including Restricted Shares acquired upon the exercise of an Option) shall be forfeited and whether such shares shall be held in escrow;

(g) to determine whether, to what extent and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards or other property, or an Award may be accelerated, vested, canceled, forfeited or surrendered or any terms of the Award may be waived, and to accelerate the exercisability of, and to accelerate or waive any or all of the terms and conditions applicable to, any Award or any group of Awards for any reason and at any time;

(h) to determine with respect to Awards granted to Eligible Persons whether, to what extent and under what circumstances cash, Shares, other Awards, other property and other amounts payable with respect to an Award will be deferred, either at the election of the Grantee or automatically pursuant to the terms of the Award Agreement;

(i) subject to Section 3.3, to offer to exchange or buy out any previously granted Award for a payment in cash, Shares or other Award;

(j) to construe and interpret the Plan and to make all determinations, including factual determinations, necessary or advisable for the administration of the Plan;

(k) to make, amend, suspend, waive and rescind rules and regulations relating to the Plan;

(l) to appoint such agents as the Committee may deem necessary or advisable to administer the Plan;

(m) to determine the terms and conditions of all Award Agreements applicable to Eligible Persons (which need not be identical) and, with the consent of the Grantee, to amend any such Award Agreement at any time, among other things, to permit transfers of such Awards to the extent permitted by the Plan; provided that the consent of the Grantee shall not be required for any amendment (i) which does not adversely affect the rights of the Grantee, or (ii) which is necessary or advisable (as determined by the Committee) to carry out the purpose of the Award as a result of any new applicable law or change in an existing applicable law, or (iii) to the extent the Award Agreement specifically permits amendment without consent;

(n) subject to Section 3.3, to cancel, with the consent of the Grantee, outstanding Awards and to grant new Awards in substitution therefor;

(o) to impose such additional terms and conditions upon the grant, exercise or retention of Awards as the Committee may, before or concurrently with the grant thereof, deem appropriate, including limiting the percentage of Awards which may from time to time be exercised by a Grantee;

(p) to make adjustments in the terms and conditions of, and the criteria in, Awards in recognition of unusual or nonrecurring events (including events described in Section 4.2) affecting the Company or an Affiliate or the financial statements of the Company or an Affiliate, or in response to changes in applicable laws, regulations or accounting principles;

(q) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, and Award Agreement or any other instrument entered into or relating to an Award under the Plan; and

(r) to take any other action with respect to any matters relating to the Plan for which it is responsible and to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all persons, including the Company, its Affiliates, any Grantee, any person claiming any rights under the Plan from or through any Grantee, and shareholders, except to the extent the Committee may subsequently modify, or take further action not consistent with, its prior action. If not specified in the Plan, the time at which the Committee must or may make any determination shall be determined by the Committee, and any such determination may thereafter be modified by the Committee. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. Subject to Section 3.1(b), the Committee may delegate to officers of the Company or any Affiliate the authority, subject to such terms as the Committee shall determine, to perform specified functions under the Plan.

3.3 No Repricings. Notwithstanding any provision in Section 3.2 to the contrary, the terms of any outstanding Option or SAR may not be amended to reduce the Exercise Price of such Option or SAR or cancel any outstanding Option or SAR in exchange for other Options or SARs with an Exercise Price that is less than the Exercise Price of the cancelled Option or SAR or for any cash payment (or Shares having with a Fair Market Value) in an amount that exceeds the excess of the Fair Market Value of the Shares underlying such cancelled Option or SAR over the aggregate Exercise Price of such Option or SAR or for any other Award, without shareholder approval; provided, however, that the restrictions set forth in this Section 3.3, shall not apply (i) unless the Company has a class of shares that is registered under Section 12 of the Exchange Act or (ii) to any adjustment allowed under to Section 4.2.

Article 4. Shares Subject to the Plan

4.1 Number of Shares Available for Grants. Subject to adjustment as provided in Section 4.2 and except as provided in Section 5.6(b), the maximum number of Shares hereby reserved for delivery under the Plan shall be 1,100,000. Up to a maximum of 1,100,000 Shares may be delivered pursuant to the exercise of Incentive Stock Options granted hereunder.

If any Shares subject to an Award granted hereunder (other than a Substitute Award granted pursuant to Section 5.6(b)) are forfeited or such Award otherwise terminates without payment or delivery of such Shares, the Shares subject to such Award, to the extent of any such forfeiture or termination, shall again be available for grant under the Plan. For avoidance of doubt, however, if any Shares subject to an Award granted hereunder are withheld or applied as payment in connection with the exercise of an Award or the withholding or payment of taxes related thereto ("Returned Shares"), such Returned Shares will not be treated as having been delivered for purposes of determining the maximum number of Shares available for grant under the Plan and shall continue to be treated as available for grant under the Plan. Moreover, the number of Shares available for issuance under the Plan may not be increased through the Company's purchase of Shares on the open market with the proceeds obtained from the exercise of any Options granted hereunder. Upon settlement of an SAR, the number of Shares underlying the portion of the SAR that is exercised will be treated as having been delivered for purposes of determining the maximum number of Shares available for grant under the Plan and shall not again be treated as available for issuance under the Plan.

Shares delivered pursuant to the Plan may be, in whole or in part, authorized and unissued Shares, or treasury Shares, including Shares repurchased by the Company for purposes of the Plan.

4.2 Adjustments in Authorized Shares and Awards; Corporate Transaction, Liquidation or Dissolution.

(a) Adjustment in Authorized Shares and Awards. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse share split, subdivision, consolidation or reduction of capital, reorganization, merger, consolidation, scheme of arrangement, split-up, spin-off or combination involving the Company or repurchase or exchange of Shares or other securities of the Company or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that any adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) with respect to which Awards may be granted, (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, (iii) the Exercise Price with respect to any Option or SAR or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award, and (iv) the number and kind of Shares of outstanding Restricted Shares, or the Shares underlying any other form of Award. Notwithstanding the foregoing, no such adjustment shall be authorized with respect to any Options or SARs to the extent that such adjustment would cause the Option or SAR to violate Section 424(a) of the Code or otherwise subject any Grantee to taxation under Section 409A of the Code; and *provided further* that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

(b) Merger, Consolidation or Similar Corporate Transaction. In the event of a merger or consolidation of the Company with or into another corporation or a sale of substantially all of the shares of the Company (a "Corporate Transaction"), unless an outstanding Award is assumed by the Surviving Company or replaced with an equivalent Award granted by the Surviving Company in substitution for such outstanding Award, the Committee shall cancel any outstanding Awards that are not vested and nonforfeitable as of the consummation of such Corporate Transaction (unless the Committee accelerates the vesting of any such Awards) and with respect to any vested and nonforfeitable Awards, the Committee may either (i) allow all Grantees to exercise such Awards of Options and SARs within a reasonable period prior to the consummation of the Corporate Transaction and cancel any outstanding Options or SARs that remain unexercised upon consummation of the Corporate Transaction, or (ii) cancel any or all of such outstanding Awards in exchange for a payment (in cash, or in securities or other property) in an amount equal to the amount that the Grantee would have received (net of the Exercise Price with respect to any Options or SARs) if such vested Awards were settled or distributed or such vested Options and SARs were exercised immediately prior to the consummation of the Corporate Transaction. Notwithstanding the foregoing, if an Option or SAR is not assumed by the Surviving Company or replaced with an equivalent Award issued by the Surviving Company and the Exercise Price with respect to any outstanding Option or SAR exceeds the Fair Market Value of the Shares immediately prior to the consummation of the Corporation Transaction, such Awards shall be cancelled without any payment to the Grantee.

(c) Liquidation or Dissolution of the Company. In the event of the proposed dissolution or liquidation of the Company, each Award will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. Additionally, the Committee may, in the exercise of its sole discretion, cause Awards to be vested and non-forfeitable and cause any conditions on any such Award to lapse, as to all or any part of such Award, including Shares as to which the Award would not otherwise be exercisable or non-forfeitable and allow all Grantees to exercise such Awards of Options and SARs within a reasonable period prior to the consummation of such proposed action. Any Awards that remain unexercised upon consummation of such proposed action shall be cancelled.

(d) Deferred Compensation. Notwithstanding the forgoing provisions of this Section 4.2, if an Award constitutes deferred compensation within the meaning of Code Section 409A, no payment or settlement of such Award shall be made pursuant to Section 4.2(b) or (c), unless the Corporate Transaction or the dissolution or liquidation of the Company, as applicable, constitutes a Change in Control.

Article 5.
Eligibility and General Conditions of Awards

5.1 Eligibility. The Committee may in its discretion grant Awards to any Eligible Person, whether or not he or she has previously received an Award; provided, however, that all Awards made to Non-Employee Directors shall be determined by the Board in its sole discretion.

5.2 Award Agreement. To the extent not set forth in the Plan, the terms and conditions of each Award shall be set forth in an Award Agreement.

5.3 General Terms and Termination of Affiliation. The Committee may impose on any Award or the exercise or settlement thereof, at the date of grant or, subject to the provisions of Section 15.2, thereafter, such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine, including terms requiring forfeiture, acceleration or pro-rata acceleration of Awards in the event of a Termination of Affiliation by the Grantee. Except as may be required under the Companies Law, Awards may be granted for no consideration other than prior and future services. Except as set forth in an Award Agreement or as otherwise determined by the Committee, (a) all Options and SARs that are not vested and exercisable at the time of a Grantee's Termination of Affiliation, and any other Awards that remain subject to a risk of forfeiture or which are not otherwise vested at the time of the Grantee's Termination of Affiliation shall be forfeited to the Company and (b) all outstanding Options and SARs not previously exercised shall expire three months after the Grantee's Termination of Affiliation.

5.4 Nontransferability of Awards.

(a) Each Award and each right under any Award shall be exercisable only by the Grantee during the Grantee's lifetime, or, if permissible under applicable law, by the Grantee's guardian or legal representative or by a transferee receiving such Award pursuant to a qualified domestic relations order (a "QDRO") as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

(b) No Award (prior to the time, if applicable, Shares are delivered in respect of such Award), and no right under any Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Grantee otherwise than by will or by the laws of descent and distribution (or in the case of Restricted Shares, to the Company) or pursuant to a QDRO, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary to receive benefits in the event of the Grantee's death shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(c) Notwithstanding subsections (a) and (b) above, to the extent provided in the Award Agreement or as otherwise approved by the Committee, Options (other than Incentive Stock Options) and Restricted Shares, may be transferred, without consideration, to a Permitted Transferee. For this purpose, a "Permitted Transferee" in respect of any Grantee means any member of the Immediate Family of such Grantee, any trust of which all of the primary beneficiaries are such Grantee or members of his or her Immediate Family, or any partnership (including limited liability companies and similar entities) of which all of the partners or members are such Grantee or members of his or her Immediate Family; and the "Immediate Family" of a Grantee means the Grantee's spouse, children, stepchildren, grandchildren, parents, stepparents, siblings, grandparents, nieces and nephews. Such Option may be exercised by such transferee in accordance with the terms of the Award Agreement. If so determined by the Committee, a Grantee may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Grantee, and to receive any distribution with respect to any Award upon the death of the Grantee. A transferee, beneficiary, guardian, legal representative or other person claiming any rights under the Plan from or through any Grantee shall be subject to and consistent with the provisions of the Plan and any applicable Award Agreement, except to the extent the Plan and Award Agreement otherwise provide with respect to such persons, and to any additional restrictions or limitations deemed necessary or appropriate by the Committee.

(d) Nothing herein shall be construed as requiring the Committee to honor a QDRO except to the extent required under applicable law.

5.5 Cancellation and Rescission of Awards. Unless the Award Agreement specifies otherwise, the Committee may cancel, rescind, suspend, withhold, or otherwise limit or restrict any unexercised Award at any time if the Grantee is not in compliance with all applicable provisions of the Award Agreement and the Plan or if the Grantee has a Termination of Affiliation.

5.6 Stand-Alone, Tandem and Substitute Awards.

(a) Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for, any other Award granted under the Plan unless such tandem or substitution Award would subject the Grantee to tax penalties imposed under Section 409A of the Code. If an Award is granted in substitution for another Award or any non-Plan award or benefit, the Committee shall require the surrender of such other Award or non-Plan award or benefit in consideration for the grant of the new Award. Awards granted in addition to or in tandem with other Awards or non-Plan awards or benefits may be granted either at the same time as or at a different time from the grant of such other Awards or non-Plan awards or benefits; provided, however, that if any SAR is granted in tandem with an Incentive Stock Option, such SAR and Incentive Stock Option must have the same Grant Date, Term and the Exercise Price of the SAR may not be less than the Exercise Price of the Incentive Stock Option.

(b) The Committee may, in its discretion and on such terms and conditions as the Committee considers appropriate in the circumstances, grant Awards under the Plan ("Substitute Awards") in substitution for shares and share-based awards ("Acquired Entity Awards") held by current or former employees or non-employee directors of, or consultants to, another corporation or entity who become Eligible Persons as the result of a merger or consolidation of the employing corporation or other entity (the "Acquired Entity") with the Company or an Affiliate or the acquisition by the Company or an Affiliate of property or shares of the Acquired Entity immediately prior to such merger, consolidation or acquisition in order to preserve for the Grantee the economic value of all or a portion of such Acquired Entity Award at such price as the Committee determines necessary to achieve preservation of economic value. The limitations in Section 4.1 on the number of Shares reserved or available for grants shall not apply to Substitute Awards granted under this Section 5.6(b).

5.7 Compliance with Rule 16b-3. The provisions of this Section 5.7 will not apply unless and until the Company has a class of shares that is registered under Section 12 of the Exchange Act.

(a) Six-Month Holding Period Advice. Unless a Grantee could otherwise dispose of or exercise a derivative security or dispose of Shares delivered under the Plan without incurring liability under Section 16(b) of the Exchange Act, the Committee may advise or require a Grantee to comply with the following in order to avoid incurring liability under Section 16(b) of the Exchange Act: (i) at least six months must elapse from the date of acquisition of a derivative security under the Plan to the date of disposition of the derivative security (other than upon exercise or conversion) or its underlying equity security, and (ii) Shares granted or awarded under the Plan other than upon exercise or conversion of a derivative security must be held for at least six months from the date of grant of an Award.

(b) Reformation to Comply with Exchange Act Rules. To the extent the Committee determines that a grant or other transaction by a Section 16 Person should comply with applicable provisions of Rule 16b-3 (except for transactions exempted under alternative Exchange Act rules), the Committee shall take such actions as necessary to make such grant or other transaction so comply, and if any provision of this Plan or any Award Agreement relating to a given Award does not comply with the requirements of Rule 16b-3 as then applicable to any such grant or transaction, such provision will be construed or deemed amended, if the Committee so determines, to the extent necessary to conform to the then applicable requirements of Rule 16b-3.

(c) Rule 16b-3 Administration. Any function relating to a Section 16 Person shall be performed solely by the Committee or the Board if necessary to ensure compliance with applicable requirements of Rule 16b-3, to the extent the Committee determines that such compliance is desired. Each member of the Committee or person acting on behalf of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him by any officer, manager or other employee of the Company or any Affiliate, the Company's independent certified public accountants or any executive compensation consultant or attorney or other professional retained by the Company to assist in the administration of the Plan.

5.8 Deferral of Award Payouts. The Committee may permit a Grantee to defer, or if and to the extent specified in an Award Agreement require the Grantee to defer, receipt of the payment of cash or the delivery of Shares that would otherwise be due by virtue of the lapse or waiver of restrictions with respect to Restricted Share Units, the satisfaction of any requirements or goals with respect to Performance Units or Performance Shares, the lapse or waiver of the deferral period for Deferred Shares, or the lapse or waiver of restrictions with respect to Other Share-Based Awards or Cash Incentive Awards. If the Committee permits such deferrals, the Committee shall establish rules and procedures for making such deferral elections and for the payment of such deferrals, which shall conform in form and substance with applicable regulations promulgated under Section 409A of the Code and Article 16 to ensure that the Grantee is not subjected to tax penalties under Section 409A of the Code with respect to such deferrals. Except as otherwise provided in an Award Agreement, any payment or any Shares that are subject to such deferral shall be made or delivered to the Grantee as specified in the Award Agreement or pursuant to the Grantee's deferral election.

Article 6. Options

6.1 Grant of Options. Subject to and consistent with the provisions of the Plan, Options may be granted to any Eligible Person in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Exercise Price, the Term of the Option, the number of Shares to which the Option pertains, the time or times at which such Option shall be exercisable and such other provisions as the Committee shall determine.

6.3 Option Exercise Price. The Exercise Price of an Option under this Plan shall be determined in the sole discretion of the Committee but may not be less than 100% of the Fair Market Value of a Share on the Grant Date.

6.4 Grant of Incentive Stock Options. At the time of the grant of any Option, the Committee may in its discretion designate that such Option shall be made subject to additional restrictions to permit it to qualify as an Incentive Stock Option. Any Option designated as an Incentive Stock Option:

(a) shall be granted only to an employee of the Company or a Subsidiary Corporation;

(b) shall have an Exercise Price of not less than 100% of the Fair Market Value of a Share on the Grant Date, and, if granted to a person who owns capital shares (including shares treated as owned under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of capital shares of the Company or any Subsidiary Corporation (a "More Than 10% Owner"), have an Exercise Price not less than 110% of the Fair Market Value of a Share on its Grant Date;

(c) shall be for a period of not more than 10 years (five years if the Grantee is a More Than 10% Owner) from its Grant Date, and shall be subject to earlier termination as provided herein or in the applicable Award Agreement;

(d) shall not have an aggregate Fair Market Value (as of the Grant Date) of the Shares with respect to which Incentive Stock Options (whether granted under the Plan or any other stock option plan of the Grantee's employer or any parent or Subsidiary Corporation ("Other Plans")) are exercisable for the first time by such Grantee during any calendar year ("Current Grant"), determined in accordance with the provisions of Section 422 of the Code, which exceeds \$100,000 (the "\$100,000 Limit");

(e) shall, if the aggregate Fair Market Value of the Shares (determined on the Grant Date) with respect to the Current Grant and all Incentive Stock Options previously granted under the Plan and any Other Plans which are exercisable for the first time during a calendar year ("Prior Grants") would exceed the \$100,000 Limit, be, as to the portion in excess of the \$100,000 Limit, exercisable as a separate option that is not an Incentive Stock Option at such date or dates as are provided in the Current Grant;

(f) shall require the Grantee to notify the Committee of any disposition of any Shares delivered pursuant to the exercise of the Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to holding periods and certain disqualifying dispositions) (“Disqualifying Disposition”) within 10 days of such a Disqualifying Disposition;

(g) shall by its terms not be assignable or transferable other than by will or the laws of descent and distribution and may be exercised, during the Grantee’s lifetime, only by the Grantee; provided, however, that the Grantee may, to the extent provided in the Plan in any manner specified by the Committee, designate in writing a beneficiary to exercise his or her Incentive Stock Option after the Grantee’s death; and

(h) shall, if such Option nevertheless fails to meet the foregoing requirements, or otherwise fails to meet the requirements of Section 422 of the Code for an Incentive Stock Option, be treated for all purposes of this Plan, except as otherwise provided in subsections (d) and (e) above, as an Option that is not an Incentive Stock Option.

Notwithstanding the foregoing and Section 3.2, the Committee may, without the consent of the Grantee, at any time before the exercise of an Option (whether or not an Incentive Stock Option), take any action necessary to prevent such Option from being treated as an Incentive Stock Option.

6.5 Payment of Exercise Price. Except as otherwise provided in an Award Agreement, Options shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares made by any one or more of the following means:

(a) cash, personal check or wire transfer;

(b) with the approval of the Committee, delivery of Ordinary Shares owned by the Grantee prior to exercise, valued at Fair Market Value on the date of exercise;

(c) with the approval of the Committee, Shares acquired upon the exercise of such Option, such Shares valued at Fair Market Value on the date of exercise;

(d) with the approval of the Committee, Restricted Shares held by the Grantee prior to the exercise of the Option, valued at Fair Market Value on the date of exercise; or

(e) subject to applicable law (including the prohibited loan provisions of Section 402 of the Sarbanes Oxley Act of 2002), through the sale of the Shares acquired on exercise of the Option through a broker-dealer to whom the Grantee has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale proceeds sufficient to pay for such Shares, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by Grantee by reason of such exercise.

The Committee may in its discretion specify that, if any Restricted Shares (“Tendered Restricted Shares”) are used to pay the Exercise Price, (x) all the Shares acquired on exercise of the Option shall be subject to the same restrictions as the Tendered Restricted Shares, determined as of the date of exercise of the Option, or (y) a number of Shares acquired on exercise of the Option equal to the number of Tendered Restricted Shares shall be subject to the same restrictions as the Tendered Restricted Shares, determined as of the date of exercise of the Option.

Article 7. Share Appreciation Rights

7.1 Issuance. Subject to and consistent with the provisions of the Plan, the Committee, at any time and from time to time, may grant SARs to any Eligible Person either alone or in addition to other Awards granted under the Plan. Such SARs may, but need not, be granted in connection with a specific Option granted under Article 6. The Committee may impose such conditions or restrictions on the exercise of any SAR as it shall deem appropriate.

7.2 Award Agreements. Each SAR grant shall be evidenced by an Award Agreement in such form as the Committee may approve and shall contain such terms and conditions not inconsistent with other provisions of the Plan as shall be determined from time to time by the Committee.

7.3 SAR Exercise Price. The Exercise Price of a SAR shall be determined by the Committee in its sole discretion; provided that the Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the date of the grant of the SAR.

7.4 Exercise and Payment. Upon the exercise of an SAR, a Grantee shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Exercise Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

SARs shall be deemed exercised on the date written notice of exercise in a form acceptable to the Committee is received by the Secretary of the Company. The Company shall make payment in respect of any SAR within five (5) days of the date the SAR is exercised. Any payment by the Company in respect of a SAR may be made in cash, Shares, other property, or any combination thereof, as the Committee, in its sole discretion, shall determine or, to the extent permitted under the terms of the applicable Award Agreement, at the election of the Grantee.

Article 8. Restricted Shares

8.1 Grant of Restricted Shares. Subject to and consistent with the provisions of the Plan, the Committee, at any time and from time to time, may grant Restricted Shares to any Eligible Person in such amounts as the Committee shall determine.

8.2 Award Agreement. Each grant of Restricted Shares shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Shares granted, and such other provisions as the Committee shall determine. The Committee may impose such conditions and/or restrictions on any Restricted Shares granted pursuant to the Plan as it may deem advisable, including restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable securities laws; provided that such conditions and/or restrictions may lapse, if so determined by the Committee, in the event of the Grantee's Termination of Affiliation due to death, Disability, or involuntary termination by the Company or an Affiliate without Cause.

8.3 Consideration for Restricted Shares. The Committee shall determine the amount, if any, that a Grantee shall pay for Restricted Shares.

8.4 Effect of Forfeiture. If Restricted Shares are forfeited, and if the Grantee was required to pay for such shares or acquired such Restricted Shares upon the exercise of an Option, the Grantee shall be deemed to have resold such Restricted Shares to the Company at a price equal to the lesser of (x) the amount paid by the Grantee for such Restricted Shares, or (y) the Fair Market Value of a Share on the date of such forfeiture. The Company shall pay to the Grantee the deemed sale price as soon as is administratively practical. Such Restricted Shares shall cease to be outstanding and shall no longer confer on the Grantee thereof any rights as a shareholder of the Company, from and after the date of the event causing the forfeiture, whether or not the Grantee accepts the Company's tender of payment for such Restricted Shares.

8.5 Escrow; Legends. The Committee may provide that the certificates for any Restricted Shares (x) shall be held (together with a stock power executed in blank by the Grantee) in escrow by the Secretary of the Company until such Restricted Shares become nonforfeitable or are forfeited and/or (y) shall bear an appropriate legend restricting the transfer of such Restricted Shares under the Plan. If any Restricted Shares become nonforfeitable, the Company shall cause certificates for such shares to be delivered without such legend.

Article 9.
Performance Units and Performance Shares

9.1 Grant of Performance Units and Performance Shares. Subject to and consistent with the provisions of the Plan, Performance Units or Performance Shares may be granted to any Eligible Person in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

9.2 Value/Performance Goals. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares that will be paid to the Grantee.

(a) Performance Unit. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant.

(b) Performance Share. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant.

9.3 Earning of Performance Units and Performance Shares. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to payment based on the level of achievement of performance goals set by the Committee.

At the discretion of the Committee, the settlement of Performance Units or Performance Shares may be in cash, Shares of equivalent value, or in some combination thereof, as set forth in the Award Agreement.

If a Grantee is promoted, demoted or transferred to a different business unit of the Company during a Performance Period, then, to the extent the Committee determines that the Award, the performance goals, or the Performance Period are no longer appropriate, the Committee may adjust, change, eliminate or cancel the Award, the performance goals, or the applicable Performance Period, as it deems appropriate in order to make them appropriate and comparable to the initial Award, the performance goals, or the Performance Period.

At the discretion of the Committee, a Grantee may be entitled to receive any dividends or Dividend Equivalents declared with respect to Shares deliverable in connection with vested Performance Shares which have been earned, but not yet delivered to the Grantee.

Article 10.
Deferred Shares and Restricted Share Units

10.1 Grant of Deferred Shares and Restricted Share Units. Subject to and consistent with the provisions of the Plan, the Committee, at any time and from time to time, may grant Deferred Shares and/or Restricted Share Units to any Eligible Person, in such amount and upon such terms as the Committee shall determine. Deferred Shares must conform in form and substance with applicable regulations promulgated under Section 409A of the Code and with Article 16 to ensure that the Grantee is not subjected to tax penalties under Section 409A of the Code with respect to such Deferred Shares.

10.2 Vesting and Delivery.

(a) Delivery with Respect to Deferred Shares. Delivery of Shares subject to a Deferred Shares grant will occur upon expiration of the deferral period or upon the occurrence of one or more of the distribution events described in Section 409A(a)(2) of the Code as specified by the Committee in the Grantee's Award Agreement for the Award of Deferred Shares. An Award of Deferred Shares may be subject to such substantial risk of forfeiture conditions as the Committee may impose, which conditions may lapse at such times or upon the achievement of such objectives as the Committee shall determine at the time of grant or thereafter. Unless otherwise determined by the Committee, to the extent that the Grantee has a Termination of Affiliation while the Deferred Shares remains subject to a substantial risk of forfeiture, such Deferred Shares shall be forfeited, unless the Committee determines that such substantial risk of forfeiture shall lapse in the event of the Grantee's Termination of Affiliation due to death, Disability, or involuntary termination by the Company or an Affiliate without "cause."

(b) Delivery with Respect to Restricted Share Units. Delivery of Shares subject to a grant of Restricted Share Units shall occur no later than the 15th day of the third month following the end of the taxable year of the Grantee or the fiscal year of the Company in which the Grantee's rights under such Restricted Share Units are no longer subject to a substantial risk of forfeiture as defined in final regulations under Section 409A of the Code. Unless otherwise determined by the Committee, to the extent that the Grantee has a Termination of Affiliation while the Restricted Share Units remains subject to a substantial risk of forfeiture, such Restricted Share Units shall be forfeited, unless the Committee determines that such substantial risk of forfeiture shall lapse in the event of the Grantee's Termination of Affiliation due to death, Disability, or involuntary termination by the Company or an Affiliate without "cause."

10.3 Voting and Dividend Equivalent Rights Attributable to Deferred Shares and Restricted Share Units. A Grantee awarded Deferred Shares or Restricted Share Units will have no voting rights with respect to such Deferred Shares or Restricted Share Units prior to the delivery of Shares in settlement of such Deferred Shares and/or Restricted Share Units. Unless otherwise determined by the Committee, a Grantee will have the rights to receive Dividend Equivalents in respect of Deferred Shares and/or Restricted Share Units, which Dividend Equivalents shall be deemed reinvested in additional Shares of Deferred Shares or Restricted Share Units, as applicable, which shall remain subject to the same forfeiture conditions applicable to the Deferred Shares or Restricted Share Units to which such Dividend Equivalents relate.

Article 11.
Dividend Equivalents

The Committee is authorized to grant Awards of Dividend Equivalents alone or in conjunction with other Awards. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares or additional Awards or otherwise reinvested subject to distribution at the same time and subject to the same conditions as the Award to which it relates; provided, however, that except as otherwise provided in an Award Agreement, any Dividend Equivalents granted in conjunction with any Award that is subject to forfeiture conditions shall remain subject to the same forfeiture conditions applicable to the Award to which such Dividend Equivalents relate and any payments in respect of any Dividend Equivalents granted in conjunction with any Options or SARs may not be conditioned, directly or indirectly, on the Grantee's exercise of the Options or SARs or paid at the same time that the Options or SARs are exercised. The timing of payment or distribution of Dividend Equivalents must comply with the requirements of Section 409A of the Code.

Article 12.
Bonus Shares

Subject to the terms of the Plan, the Committee may grant Bonus Shares to any Eligible Person, in such amount and upon such terms and at any time and from time to time as shall be determined by the Committee.

Article 13.
Other Share-Based Awards

The Committee is authorized, subject to limitations under applicable law, to grant such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including Shares awarded which are not subject to any restrictions or conditions, convertible or exchangeable debt securities or other rights convertible or exchangeable into Shares, and Awards valued by reference to the value of securities of or the performance of specified Affiliates. Subject to and consistent with the provisions of the Plan, the Committee shall determine the terms and conditions of such Awards. Except as provided by the Committee, Shares delivered pursuant to a purchase right granted under this Article 13 shall be purchased for such consideration, paid for by such methods and in such forms, including cash, Shares, outstanding Awards or other property, as the Committee shall determine.

Article 14.
Non-Employee Director Awards

Subject to the terms of the Plan, the Board may grant Awards to any Non-Employee Director, in such amount and upon such terms and at any time and from time to time as shall be determined by the full Board in its sole discretion. Except as otherwise provided in Section 5.6(b), a Non-Employee Director may not be granted Awards with respect to Shares that have a Fair Market Value (determined as of the date of grant) in excess of \$500,000 in a single calendar year.

Article 15.
Amendment, Modification, and Termination

15.1 Amendment, Modification, and Termination. Subject to Section 15.2, the Board may, at any time and from time to time, alter, amend, suspend, discontinue or terminate the Plan in whole or in part without the approval of the Company's shareholders, except that (a) any amendment or alteration shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, and (b) the Board may otherwise, in its discretion, determine to submit other such amendments or alterations to shareholders for approval.

15.2 Awards Previously Granted. Except as otherwise specifically permitted in the Plan or an Award Agreement, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Grantee of such Award.

Article 16.
Compliance with Code Section 409A

16.1 Awards Subject to Code Section 409A. The provisions of this Article 16 shall apply to any Award or portion thereof that is or becomes deferred compensation subject to Code Section 409A (a "409A Award"), notwithstanding any provision to the contrary contained in the Plan or the Award Agreement applicable to such Award.

16.2 Deferral and/or Distribution Elections. Except as otherwise permitted or required by Code Section 409A, the following rules shall apply to any deferral and/or elections as to the form or timing of distributions (each, an "Election") that may be permitted or required by the Committee with respect to a 409A Award:

(a) Any Election must be in writing and specify the amount being deferred, and the time and form of distribution (i.e., lump sum or installments) as permitted by this Plan. An Election may but need not specify whether payment will be made in cash, Shares or other property.

(b) Any Election shall become irrevocable as of the deadline specified by the Committee, which shall not be later than December 31 of the year preceding the year in which services relating to the Award commence; provided, however, that if the Award qualifies as "performance-based compensation" for purposes of Code Section 409A and is based on services performed over a period of at least twelve (12) months, then the deadline may be no later than six (6) months prior to the end of such Performance Period.

(c) Unless otherwise provided by the Committee, an Election shall continue in effect until a written election to revoke or change such Election is received by the Committee, prior to the last day for making an Election for the subsequent year.

16.3 Subsequent Elections. Except as otherwise permitted or required by Code Section 409A, any 409A Award which permits a subsequent Election to further defer the distribution or change the form of distribution shall comply with the following requirements:

(a) No subsequent Election may take effect until at least twelve (12) months after the date on which the subsequent Election is made;

(b) Each subsequent Election related to a distribution upon separation from service, a specified time, or a Change in Control must result in a delay of the distribution for a period of not less than five (5) years from the date such distribution would otherwise have been made; and

(c) No subsequent Election related to a distribution to be made at a specified time or pursuant to a fixed schedule shall be made less than twelve (12) months prior to the date the first scheduled payment would otherwise be made.

16.4 Distributions Pursuant to Deferral Elections. Except as otherwise permitted or required by Code Section 409A, no distribution in settlement of a 409A Award may commence earlier than:

(a) Separation from Service;

(b) The date the Participant becomes Disabled (as defined in Section 2.14(b));

(c) The Participant's death;

(d) A specified time (or pursuant to a fixed schedule) that is either (i) specified by the Committee upon the grant of the Award and set forth in the Award Agreement or (ii) specified by the Grantee in an Election complying with the requirements of Section 16.2 and/or 16.3, as applicable; or

(e) A change in ownership of the Company or a substantial portion of its assets within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii) or a change in effective control of the Company within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(vi) (a "Change in Control").

16.5 Six Month Delay. Notwithstanding anything herein or in any Award Agreement or Election to the contrary, to the extent that distribution of a 409A Award is triggered by a Grantee's Separation from Service, if the Grantee is then a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)), no distribution may be made before the date which is six (6) months after such Grantee's Separation from Service, or, if earlier, the date of the Grantee's death.

16.6 Death or Disability. Unless the Award Agreement otherwise provides, if a Grantee dies or becomes Disabled before complete distribution of amounts payable upon settlement of a 409A Award, such undistributed amounts, to the extent vested, shall be distributed as provided in the Participant's Election. If the Participant has made no Election with respect to distributions upon death or Disability, all such distributions shall be paid in a lump sum within 90 days following the date of the Participant's death or Disability.

16.7 No Acceleration of Distributions. This Plan does not permit the acceleration of the time or schedule of any distribution under a 409A Award, except as provided by Code Section 409A and/or applicable regulations or rulings issued thereunder.

Article 17. Withholding

17.1 Required Withholding.

(a) The Committee in its sole discretion may provide that when taxes are to be withheld in connection with the exercise of an Option or SAR, or upon the lapse of restrictions on Restricted Shares, or upon the transfer of Shares, or upon payment of any other benefit or right under this Plan (the date on which such exercise occurs or such restrictions lapse or such payment of any other benefit or right occurs hereinafter referred to as the "Tax Date"), the Grantee may elect to make payment for the withholding of federal, state and local taxes, including Social Security and Medicare ("FICA") taxes by one or a combination of the following methods:

(i) payment of an amount in cash equal to the amount to be withheld (including cash obtained through the sale of the Shares acquired on exercise of an Option or SAR, upon the lapse of restrictions on Restricted Shares, or upon the transfer of Shares, through a broker-dealer to whom the Grantee has submitted an irrevocable instructions to deliver promptly to the Company, the amount to be withheld);

(ii) delivering part or all of the amount to be withheld in the form of Ordinary Shares valued at its Fair Market Value on the Tax Date;

(iii) requesting the Company to withhold from those Shares that would otherwise be received upon exercise of the Option or SAR, upon the lapse of restrictions on Restricted Shares, or upon the transfer of Shares, a number of Shares having a Fair Market Value on the Tax Date equal to the amount to be withheld; or

(iv) withholding from any compensation otherwise due to the Grantee.

The Committee in its sole discretion may provide that the maximum amount of tax withholding upon exercise of an Option or SARs, upon the lapse of restrictions on Restricted Shares, or upon the transfer of Shares, to be satisfied by withholding Shares upon exercise of such Option or SAR, upon the lapse of restrictions on Restricted Shares, or upon the transfer of Shares, pursuant to clause (iii) above shall not exceed the minimum amount of taxes, including FICA taxes, required to be withheld under federal, state and local law. An election by Grantee under this subsection is irrevocable. Any fractional share amount and any additional withholding not paid by the withholding or surrender of Shares must be paid in cash. If no timely election is made, the Grantee must deliver cash to satisfy all tax withholding requirements.

(b) Any Grantee who makes a Disqualifying Disposition (as defined in Section 6.4(f)) or an election under Section 83(b) of the Code shall remit to the Company an amount sufficient to satisfy all resulting tax withholding requirements in the same manner as set forth in subsection (a).

17.2 Notification under Code Section 83(b). If the Grantee, in connection with the exercise of any Option, or the grant of Restricted Shares, makes the election permitted under Section 83(b) of the Code to include in such Grantee's gross income in the year of transfer the amounts specified in Section 83(b) of the Code, then such Grantee shall notify the Company of such election within 10 days of filing the notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code. The Committee may, in connection with the grant of an Award or at any time thereafter, prohibit a Grantee from making the election described above.

Article 18. **Additional Provisions**

18.1 Successors. Subject to Section 4.2(b), all obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise of all or substantially all of the business and/or assets of the Company.

18.2 Severability. If any part of the Plan infringes any of the provisions of the Companies Law, or is declared by any court or governmental authority to be unlawful or invalid, such infringement, unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be infringing, unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

18.3 Requirements of Law. The granting of Awards and the delivery of Shares under the Plan shall be subject to the Companies Law and all other applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any provision of the Plan or any Award, Grantees shall not be entitled to exercise, or receive benefits under, any Award, and the Company (and any Affiliate) shall not be obligated to deliver any Shares or deliver benefits to a Grantee, if such exercise or delivery would constitute a violation by the Grantee or the Company of the Companies Law or any other applicable law or regulation.

18.4 Securities Law Compliance.

(a) If the Committee deems it necessary to comply with any applicable securities law, or the requirements of any stock exchange upon which Shares may be listed, the Committee may impose any restriction on Awards or Shares acquired pursuant to Awards under the Plan as it may deem advisable. In addition, if requested by the Company and any underwriter engaged by the Company, Shares acquired pursuant to Awards may not be sold or otherwise transferred or disposed of for such period following the effective date of any registration statement of the Company filed under the Securities Act as the Company or such underwriter shall specify reasonably and in good faith, not to exceed 180 days in the case of the Company's initial public offering or 90 days in the case of any other public offering. All certificates for Shares delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which Shares are then listed, any applicable securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If so requested by the Company, the Grantee shall make a written representation to the Company that he or she will not sell or offer to sell any Shares unless a registration statement shall be in effect with respect to such Shares under the Securities Act of 1933, as amended, and any applicable state securities law or unless he or she shall have furnished to the Company, in form and substance satisfactory to the Company, that such registration is not required.

(b) If the Committee determines that the exercise or nonforfeatability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any national securities exchange or national market system on which are listed any of the Company's equity securities, then the Committee may postpone any such exercise, nonforfeatability or delivery, as applicable, but the Company shall use all reasonable efforts to cause such exercise, nonforfeatability or delivery to comply with all such provisions at the earliest practicable date.

18.5 Forfeiture Events. Notwithstanding any provisions herein to the contrary, the Committee shall have the authority to determine (and may so provide in any Award Agreement) that a Grantee's (including his or her estate's, beneficiary's or transferee's) rights (including the right to exercise any Option or SAR), payments and benefits with respect to any Award shall be subject to reduction, cancellation, forfeiture or recoupment (to the extent permitted by applicable law) in the event of the Participant's termination for Cause; serious misconduct; violation of the Company's or an Affiliate's policies; breach of fiduciary duty; unauthorized disclosure of any trade secret or confidential information of the Company or an Affiliate; breach of applicable noncompetition, nonsolicitation, confidentiality or other restrictive covenants; or other conduct or activity that is in competition with the business of the Company or an Affiliate, or otherwise detrimental to the business, reputation or interests of the Company and/or an Affiliate; or upon the occurrence of certain events specified in the applicable Award Agreement (in any such case, whether or not the Grantee is then an Employee or Non-Employee Director). The determination of whether a Grantee's conduct, activities or circumstances are described in the immediately preceding sentence shall be made by the Committee in its discretion, and pending any such determination, the Committee shall have the authority to suspend the exercise, payment, delivery or settlement of all or any portion of such Grantee's outstanding Awards pending any investigation of the matter.

18.6 No Rights as a Shareholder. No Grantee shall have any rights as a shareholder of the Company with respect to the Shares (other than Restricted Shares) which may be deliverable upon exercise or payment of such Award until such Shares have been delivered to him or her. Restricted Shares, whether held by a Grantee or in escrow by the Secretary of the Company, shall confer on the Grantee all rights of a shareholder of the Company, except as otherwise provided in the Plan or Award Agreement. At the time of a grant of Restricted Shares, the Committee may require the payment of cash dividends thereon to be deferred and, if the Committee so determines, reinvested in additional Restricted Shares. Stock dividends and deferred cash dividends issued with respect to Restricted Shares shall be subject to the same restrictions and other terms as apply to the Restricted Shares with respect to which such dividends are issued. The Committee may in its discretion provide for payment of interest on deferred cash dividends.

18.7 Nature of Payments. Unless otherwise specified in the Award Agreement, Awards shall be special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit sharing, bonus, insurance or other employee benefit plan of the Company or any Affiliate, except as such plan shall otherwise expressly provide, or (b) any agreement between (i) the Company or any Affiliate and (ii) the Grantee, except as such agreement shall otherwise expressly provide.

18.8 Non-Exclusivity of Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other compensatory arrangements for employees or Non-Employee Directors as it may deem desirable.

18.9 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware, other than its laws respecting choice or conflicts of law rule or principles that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, Participants are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of California, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

18.10 Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a Grantee pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Grantee any rights that are greater than those of a general creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company’s obligations under the Plan to deliver cash, Shares or other property pursuant to any Award which trusts or other arrangements shall be consistent with the “unfunded” status of the Plan unless the Committee otherwise determines.

18.11 Affiliation. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or any Affiliate to terminate any Grantee’s employment or consulting contract at any time, nor confer upon any Grantee the right to continue in the employ of or as an officer of or as a consultant to or Non-Employee Director of the Company or any Affiliate.

18.12 Participation. No employee or officer shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award.

18.13 Military Service. Awards shall be administered in accordance with Section 414(u) of the Code and the Uniformed Services Employment and Reemployment Rights Act of 1994.

18.14 Construction. The following rules of construction will apply to the Plan: (a) the word “or” is disjunctive but not necessarily exclusive, and (b) words in the singular include the plural, words in the plural include the singular, and words in the neuter gender include the masculine and feminine genders and words in the masculine or feminine gender include the other neuter genders.

18.15 Headings. The headings of articles and sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

18.16 Obligations. Unless otherwise specified in the Award Agreement, the obligation to deliver, pay or transfer any amount of money or other property pursuant to Awards under this Plan shall be the sole obligation of a Grantee’s employer; provided that the obligation to deliver or transfer any Shares pursuant to Awards under this Plan shall be the sole obligation of the Company.

18.17 No Right to Continue as Director. Nothing in the Plan or any Award Agreement shall confer upon any Non-Employee Director the right to continue to serve as a director of the Company.

18.18 Shareholder Approval. All Incentive Stock Options granted on or after the Effective Date and prior to the date the Company’s shareholders approve the Plan are expressly conditioned upon and subject to approval of the Plan by the Company’s shareholders.

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

**Vote by Internet – QUICK ★★ EASY
IMMEDIATE – 24 Hours a Day, 7 Days a Week or by Mail**

**ARCTURUS
THERAPEUTICS LTD.**

Your Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. Votes submitted electronically over the Internet must be received by 11:59 p.m., Eastern Time, on August 23, 2018.



**INTERNET/MOBILE —
www.cstproxyvote.com**

Use the Internet to vote your proxy. Have your proxy card available when you access the above website. Follow the prompts to vote your shares.



MAIL – Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY .

PROXY

▲ FOLD HERE · DO NOT SEPARATE · INSERT IN ENVELOPE PROVIDED ▲

Please mark your votes like this



1. Approval of appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year ending 12/31/18 and to authorize the Board to determine its compensation, as provided in Item 1 of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Approval of the Company's Amended and Restated Compensation Policy, as provided in Item 2 and Appendix A of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the undersigned a controlling shareholder or have a personal interest in this item?
 YES NO

IMPORTANT: If you do not respond negatively to this item, your vote will not be counted in the required majority to approve this proposal.

3. Approval of the Company's 2018 Omnibus Equity Incentive Plan, as provided in Item 3 and Appendix B of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Approval of the re-election of the following individuals as directors of the Company, as provided in Item 4 of the Proxy Statement:

	FOR	AGAINST	ABSTAIN
(1) Mr. Joseph Payne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Dr. Peter Farrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Mr. Andy Sassine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Dr. Magda Marquet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) Mr. James Barlow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Approval of the compensation terms of the following individuals as directors of the Company, as provided in Item 5 of the Proxy Statement:

	FOR	AGAINST	ABSTAIN
(1) Dr. Peter Farrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Dr. Magda Marquet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Mr. James Barlow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Approval of the compensation terms of Mr. Andy Sassine as a director and interim CFO of the Company, as provided in Item 6 of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Approval of the compensation terms of Mr. Joseph Payne as a director and President and CEO of the Company, as provided in Item 7 of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the undersigned a controlling shareholder or have a personal interest in this item?
 YES NO

IMPORTANT: If you do not respond negatively to this item, your vote will not be counted in the required majority to approve this proposal.

8. Approval of the compensation terms of Dr. Padmanab Chivukula, as Chief Scientific Officer and Chief Operating Officer of the Company, as provided in Item 8 of the Proxy Statement.

	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the undersigned a controlling shareholder or have a personal interest in this item?
 YES NO

IMPORTANT: If you do not respond negatively to this item, your vote will not be counted in the required majority to approve this proposal.

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

Name _____ Signature _____

Name _____ Signature _____

¹ As further described under "Vote Required for Approval of Proposals 2, 7, and 8" in the Proxy Statement.

CONTROL NUMBER

Signature _____ Signature, if held jointly _____ Date _____, 2018.

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



**The Proxy Statement is available at:
<http://www.cstproxy.com/arcturusrx/egm2018>.**

**The Company's Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on May 14, 2018 is available for viewing and downloading on the SEC's website at www.sec.gov, as well as at the Investor Relations section of the Company's website:
<http://ir.arcturusrx.com/investor-relations>**

▲ FOLD HERE · DO NOT SEPARATE · INSERT IN ENVELOPE PROVIDED ▲

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

ARCTURUS THERAPEUTICS LTD.

The undersigned hereby appoints Dr. Peter Farrell, Mr. Andy Sassine, Dr. Magda Marquet, and Mr. James Barlow, 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 Arcturus Therapeutics Ltd. (the "Company") which the undersigned is entitled to vote at the Annual and Extraordinary General Meeting of Shareholders (the "Meeting") to be held at 10:00 a.m. (Pacific Time) on Friday, August 24, 2018, at the offices of Arcturus' U.S. legal counsel, Dentons US LLP, located at 4655 Executive Drive, Suite 700, San Diego, CA 92121, and at any adjournments or postponements thereof, upon the following matters, which are more fully described in the Notice of the Meeting and Proxy Statement relating to the 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 IN SUCH MATTER. ANY AND ALL PROXIES HERETOFORE GIVEN BY THE UNDERSIGNED ARE HEREBY REVOKED.

(Continued, and to be marked, dated and signed, on the other side)