EDGAR Submission Header Summary

Submission Type	**20-F**
Live File	**on**
Return Copy	**on**
Submission Contact	**Yaron Kleiner**
Submission Contact Phone Number	**011-972-54-2233-054**
Exchange	**NASD**
Confirming Copy	**off**
Filer CIK	**0001016838**
Filer CCC	**#apo7kxt**
Period of Report	**12/31/15**
Shell Company	**No**
Voluntary Filer	**No**
Well-Known Seasoned Issuer	**No**
Notify via Filing website Only	**off**
Emails	**edgar@z-k.co.il**

Documents

20-F	**zk1618211.htm**
	20-F
EX-1.2	**exhibit_1-2.htm**
	Exhibit 1.2
EX-4.2	**exhibit_4-2.htm**
	Exhibit 4.2
EX-4.6	**exhibit_4-6.htm**
	Exhibit 4.6
EX-4.8	**exhibit_4-8.htm**
	Exhibit 4.8
EX-4.9	**exhibit_4-9.htm**
	Exhibit 4.9
EX-4.10	**exhibit_4-10.htm**
	Exhibit 4.10
EX-4.11	**exhibit_4-11.htm**
	Exhibit 4.11
EX-4.12	**exhibit_4-12.htm**
	Exhibit 4.12
EX-8.1	**exhibit_8-1.htm**
	Exhibit 8.1
EX-12.1	**exhibit_12-1.htm**
	Exhibit 12.1
EX-12.2	**exhibit_12-2.htm**
	Exhibit 12.2
EX-13.1	**exhibit_13-1.htm**
	Exhibit 13.1
EX-13.2	**exhibit_13-2.htm**
	Exhibit 13.2
EX-15.1	**exhibit_15-1.htm**
	Exhibit 15.1
EX-101.INS	**rdcm-20151231.xml**
	INSTANCE DOCUMENT
EX-101.SCH	**rdcm-20151231.xsd**
	TAXONOMY EXTENSION SCHEMA
EX-101.CAL	**rdcm-20151231_cal.xml**

	TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.DEF	rdcm-20151231_def.xml
	TAXONOMY EXTENSION DEFINITION LINKBASE
EX-101.LAB	rdcm-20151231_lab.xml
	TAXONOMY EXTENSION LABEL LINKBASE
EX-101.PRE	rdcm-20151231_pre.xml
	TAXONOMY EXTENSION PRESENTATION LINKBASE
GRAPHIC	ey2.jpg

Module and Segment References

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

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission file number 0-29452

RADCOM LTD.
(Exact Name of Registrant as Specified in its Charter)

N/A
(Translation of Registrant's Name into English)

Israel
(Jurisdiction of Incorporation or Organization)

24 Raoul Wallenberg Street, Tel-Aviv 69719, Israel
(Address of Principal Executive Offices)

Uri Birenberg: (+972) 77-7745-060 (tel), (+972) 3-647-4681 (fax)
24 Raoul Wallenberg Street, Tel Aviv 69719, Israel
(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary Shares, NIS 0.20 par value per share	**NASDAQ Capital Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of December 31, 2015, there were 8,638,685 ordinary shares, NIS 0.20 par value per share, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued by the International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Except for the historical information contained herein, the statements contained in this annual report on Form 20-F (this "Annual Report") are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management.

As used in this Annual Report, the terms "we," "us," "our," "RADCOM" and the "Company" mean RADCOM Ltd. and its subsidiaries, unless otherwise indicated.

Omni-Q® is our only registered trademark. All other trademarks and trade names appearing in this Annual Report are owned by their respective holders.

Below are definitions of certain technical terms that are used throughout this Annual Report that are important for understanding this Annual Report.

GLOSSARY

3G	Third-generation digital cellular networks.
4G	Fourth-generation digital cellular networks.
BSS	Business Support System. The components that a telephone CSP uses to run its business operations that relate to the customer/subscriber usage; handles taking orders, processing bills, and collecting payments.
CODEC	CODer/DECoder. Converts and compresses voice signals from their analog form to digital signals acceptable to modern digital PBXs (private branch exchanges) and digital transmission systems. It then converts and decompresses those digital signals back to analog signals so that they can be heard and understood.
CEM	Customer Experience Management. A solution to support the strategy that focuses the operations and processes of a business around the needs of the individual customer.
CSP	Communication Service Provider. Includes all service providers offering telecommunication services or some combination of information and media services, content, entertainment and applications services over communication networks. CSPs include the following categories: Telecommunications carrier and cable service provider.
GSM	Global System for Mobile Communications. A digital wireless technology that is widely deployed in Europe and, increasingly, in other parts of the world.
GPRS	General Packet Radio Service. A packet-based digital intermediate speed wireless technology based on GSM (2.5 generation).

IMS	IP Multimedia Subsystem. An internationally recognized standard defining a generic architecture for offering Voice Over IP and multimedia services to multiple-access technologies.
LTE	Long Term Evolution. LTE is a set of enhancements to the Universal Mobile Telecommunications System (UMTS) which was introduced in 3rd Generation Partnership Project (3GPP) Release 8. Much of 3GPP Release 8 focuses on adopting 4G mobile communications technology, including an all-IP flat networking architecture.
NFV	Network Function Virtualization. NFV is a software-centric design approach for building complex information technology (IT) networks and applications, particularly for use by CSPs. NFV virtualizes entire classes of network functions into building blocks that may be connected, or chained together to create services in software-based, virtualized network environments. NFV offers a new way to design, deploy and manage networking services. NFV decouples network functions, such as network address translation (NAT), firewalling, intrusion detection, domain name service (DNS), caching, etc., from proprietary hardware appliances, so that these functions can run as virtualized software applications. It is designed to consolidate and deliver the networking components needed to support a fully virtualized infrastructure – including virtual servers, storage and even other networks. It utilizes standard IT virtualization technologies that run on high-volume service, switch and storage hardware to virtualize network functions. It is applicable to any data plane processing or control plane function in both wired and wireless network infrastructures.
NGN	Next Generation Network. General term for packet-based networks, whether wireline (Voice Over IP, Video Over IP, etc.) or 3G networks.
OSS	Operational Support System. A suite of programs that enables the enterprise to monitor, analyze and manage a network system. Used in general to mean a system that supports an organization's network operations.
Protocol	A specific set of rules, procedures or conventions governing the format, means and timing of transmissions between two devices.
Session	A lasting connection between a user (or a user agent) and a peer, typically a server, usually involving the exchange of many packets between the user's computer and the server. A session is typically implemented as a layer in a network protocol.
RAN	Radio Access Network. A part of a mobile telecommunication system. It implements a radio access technology. Conceptually, it sits between the mobile phone, and the core network.
SIGTRAN	The name, derived from signaling transport, of a defunct Internet Engineering Task Force (IETF) working group that produced specifications for a family of protocols that provide reliable datagram service and user layer adaptations for Signaling System 7 (SS7) and ISDN communications protocols. The SIGTRAN protocols are an extension of the SS7 protocol family and are used today together with IMS.

SIP	Session Initiation Protocol. A simple application layer signaling protocol for VoIP implementations. It is a textual client server based protocol and provides the necessary mechanisms so that end user systems and proxy servers can provide various different services.
TCP	Transmission Control Protocol. TCP provides a reliable stream delivery and virtual connection service to applications through the use of sequenced acknowledgment with retransmission of packets when necessary. It is one of the core protocols of the Internet Protocol Suite. TCP is one of the two original components of the suite (the other being Internet Protocol, or IP), so the entire suite is commonly referred to as TCP/IP. Whereas IP handles lower-level transmissions from computer to computer as a message makes its way across the Internet, TCP operates at a higher level, concerned only with the two end systems, for example a Web browser and a Web server.
Triple Play	A marketing term for the provisioning of the three services: high-speed Internet, television (Video on Demand or regular broadcasts) and telephone service over a single broadband connection.
UMTS	Universal Mobile Telecommunications Service. A third-generation digital high-speed wireless technology for packet-based transmission of text, digitized voice, video, and multimedia that is the successor to GSM.
VoIP	Voice Over IP. A telephone service that uses the Internet as a global telephone network.
VoLTE	Voice over Long Term Evolution. VoLTE is GSM's adoption of the "One Voice" initiative, which describes standard configurations for carrying (packet) voice over LTE. VoLTE eliminates the need for 2G/3G voice, the whole problem of multiple networks, certain extra components and costs of devices by carrying the voice over the LTE channel using adaptive multi rate (AMR) coding. Using IP Multimedia Subsystems (IM S) specifications developed by 3GPP as its basis, GSM has expanded upon the original scope of One Voice work to address the entire end-to-end voice and short message service (SMS) ecosystem by also focusing on roaming and interconnect interfaces, in addition the interface between customer and network.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains express or implied “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and other U.S. Federal securities laws.

These forward-looking statements include, but are not limited to:

- our plans to become the market leader for service assurance and CEM to leading CSPs and increase our sales;
- our plans to focus our expansion efforts in Tier 1 and other leading CSPs in the North American, European, and Asian markets and our success in doing so;

- our ability to leverage our technology leadership and the accumulative experience to implement one of the largest and most comprehensive NFV deployments;
- our expectations to maintain our technological advantage over our competitors;
- maintaining our relationship with Amdocs and its affiliates;
- delivering and implementing successfully our solutions to the leading North American mobile operator that was recently announced;;
- our ability to expand our foothold with Tier1 CSPs as a result, among other things, of the selection of a Tier 1 CSP in North American mobile operator of our solutions;
- our ability to identify, market and sell our solutions to CSPs migrating to LTE, VoLTE and 5G;
- our expectation that the NFV market will continue gaining momentum during 2016;
- mobile data services to become a significant revenue source for CSPs; and
- increased spending by CSPs of next-generation services and increased usage of such services and increase of the potential need for service assurance solutions.

In some cases, forward-looking statements are identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "intends," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. The forward-looking statements contained in this annual report are subject to risks and uncertainties, including those discussed under Item 3.D. Risk Factors and in our other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to (and expressly disclaim any such obligation to) update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Annual Report.

TABLE OF CONTENTS

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

We have derived the following selected consolidated statements of operations data for the years ended December 31, 2015, 2014 and 2013 and the selected consolidated balance sheet data as of December 31, 2015 and 2014 from our audited consolidated financial statements and notes included in this Annual Report. Our selected consolidated statements of operations data for the years ended December 31, 2011 and 2012 and the selected consolidated balance sheet data as of December 31, 2013, 2012 and 2011, have been derived from audited consolidated financial statements not included in this Annual Report. We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

You should read the selected consolidated financial data together with "Item 5—Operating and Financial Review and Prospects" and our consolidated financial statements and related notes included elsewhere in this Annual Report. All references to "dollar," "dollars" or "$" in this Annual Report are to the "U.S. dollar" or "U.S. dollars." All references to "NIS" are to the New Israeli Shekels.

Statement of Operations Data:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Revenues:					
Products	$ 16,122	$ 20,547	$ 17,917	$ 12,480	$ 19,199
Services	2,551	3,089	2,565	3,306	2,788
	18,673	23,636	20,482	15,786	21,987
Cost of revenues:					
Products	4,041	8,350	7,540	5,765	6,074
Services	285	343	350	417	606
	4,326	8,693	7,890	6,182	6,680
Gross profit	14,347	14,943	12,592	9,604	15,307
Operating expenses:					
Research and development	6,071	5,812	5,615	6,102	5,866
Less - royalty-bearing participation	1,582	1,664	1,537	1,567	1,235
Research and development, net	4,489	4,148	4,078	4,535	4,631
Sales and marketing, net	7,834	7,295	7,592	8,515	9,962
General and administrative	2,393	2,262	2,051	2,107	2,234
Total operating expenses	14,716	13,705	13,721	15,157	16,827
Operating (loss) income	(369)	1,238	(1,129)	(5,553)	(1,520)
Financing expenses, net	(433)	(332)	(291)	(314)	(384)
Income (loss) before taxes on income	(802)	906	(1,420)	(5,867)	(1,904)
Taxes on Income	(121)	(180)	---	(120)	---
Net (loss) income	(923)	726	(1,420)	(5,987)	(1,904)
Basic net (loss) income per ordinary share	$ (0.11)	$ 0.09	$ (0.19)	$ (0.93)	$ (0.30)
Weighted average number of ordinary shares used to compute basic net income (loss) per ordinary share	8,572,681	8,088,974	7,340,056	6,442,068	6,367,560
Diluted net (loss) income per ordinary share	$ (0.11)	$ 0.08	$ (0.19)	$ (0.93)	$ (0.30)
Weighted average number of ordinary shares used to compute diluted net (loss) income per ordinary share	8,572,681	8,592,387	7,340,056	6,442,068	6,367,560
Balance Sheet Data:					
Working capital	$ 9,643	$ 10,062	$ 7,762	$ 5,194	$ 10,670
Total assets	$ 20,135	$ 20,318	$ 19,645	$ 19,867	$ 21,345
Shareholders' equity	$ 9,863	$ 10,262	$ 7,499	$ 4,997	$ 10,392
Share capital	$ 372	$ 361	$ 335	$ 251	$ 250

Exchange Rate Information

The following table shows, for each of the months indicated the high and low exchange rates between the NIS and the U.S. dollar, expressed as NIS per U.S. dollar and based upon the daily representative rate of exchange as published by the Bank of Israel:

Month	High (NIS)	Low (NIS)
March (through March 24, 2016)	3.912	3.842
February 2016	3.964	3.871
January 2016	3.983	3.913
December 2015	3.905	3.855
November 2015	3.921	3.868
October 2015	3.923	3.816
September 2015	3.949	3.863

On March 24, 2016, the daily representative rate of exchange between the NIS and U.S. dollar as published by the Bank of Israel was NIS 3.842 to $1.00.

The following table shows, for each of the periods indicated, the average exchange rate between the NIS and the U.S. dollar, expressed as NIS per U.S. dollar, calculated based on the average of the representative daily rate of exchange during the relevant period as published by the Bank of Israel:

Year	Average (NIS)
2016 (through March 24, 2016)	3.915
2015	3.884
2014	3.577
2013	3.609
2012	3.858
2011	3.582

The effect of exchange rate fluctuations on our business and operations is discussed in "Item 5.A—Operating and Financial Review and Prospects—Operating Results—Impact of Inflation and Foreign Currency Fluctuations."

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks described below before investing in our ordinary shares.

Our business, operating results and financial condition could be seriously harmed due to any of the following risks, among others. If we do not successfully address the risks to which we are subject, we could experience a material adverse effect on our business, results of operations and financial condition and our share price may decline. We cannot assure you that we will successfully address any of these risks.

Risks Related to Our Business and Our Industry

Our business is dependent on a limited number of significant customers, and the loss of our significant customers could harm our results of operations.

We expect to depend on sales of our solutions to a limited number of customers for the substantial majority of our revenues in 2016. The loss of any significant customer, a significant decrease in business from any such customer or a reduction in customer revenue due to adverse changes in the market, economic or competitive conditions or other factors could have a material adverse effect on our business, results of operations and financial condition. For more information, see "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions" below.

A reduction in some CSPs' revenues and profitability, which may lead them to decrease their investment in capital equipment and infrastructure, may in turn affect our revenues and results of operations. A continued slowdown in our customers' investment in capital equipment and infrastructure may materially and adversely affect our revenues and results of operations.

Our future success is dependent upon the continued growth of the telecommunications industry as well as the specific sectors that we target, which currently include 3G and 4G cellular and triple-play networks, and NFV. During the last few years, some of the CSPs experienced a reduction in their revenues from subscribers and lower profitability, which affected the spending budget of such telecommunications carriers. The global telecommunications industry, as well as the various sectors within the industry, is evolving rapidly, and it is difficult to predict its potential growth rate or future trends in technology development. The deregulation, privatization and economic globalization of the worldwide telecommunications market that have resulted in increased competition and escalating demand for new technologies and services may not continue in a manner favorable to us or our business strategies. In addition, the growth in demand for Internet and data services and the resulting need for high speed or enhanced telecommunications equipment may not continue at its current rate or at all.

Our future success also depends upon the increased utilization of our monitoring solutions by next-generation network operators. CSPs may not adopt our technology. Furthermore, any such new technology may not lead to greater demand for our products.

During the last few years, developments in the communications industry such as the impact of general global economic conditions, industry consolidation, emergence of new competitors, commoditization of voice services, the plans of CSPs to shift, transform and adapt their network operations to the NFV and changes in the regulatory environment, have had a material adverse effect on our existing and/or potential customers, and may continue to have such an effect in the future. In the past, these conditions reduced the high growth rates that the communications industry had previously experienced, and caused the market value, financial results, prospects, and capital spending levels of many communications companies to decline. Over the last few years, the telecommunications industry experienced significant financial pressures that caused many in the industry to cut expenses and limit investment in capital intensive projects, and in some cases, led to restructurings.

Recent and future economic conditions, including turmoil in the financial and credit markets, may adversely affect our business.

The recent economic environment had a significant negative impact on business around the world. The impact of these conditions on the technology industry and our major customers has been quite severe. Conditions may continue to be depressed, or may be subject to further deterioration, which could lead to a further reduction in consumer and customer spending overall, which could have an adverse impact on sales of our products. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses, which could lead to a significant reduction in their orders of our products and the inability or failure on their part, to meet their payment obligations to us, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, any disruption in the ability of customers to access liquidity could lead customers to request longer payment terms from us or long-term financing of their purchases from us. If we are unable to grant extended payment terms when requested by customers, our sales could decrease. Granting extended payment terms or a significant adverse change in a customer's financial and/or credit position, would have an immediate negative effect on our cash balance, and could require us to assume greater credit risk relating to that customer's receivables, or could limit our ability to collect receivables related to purchases by that customer. As a result, we may have to defer recognition of revenues, our reserves for doubtful accounts and write-offs of accounts receivable may increase and our losses may increase.

Our plans to focus our sales efforts in Tier 1 and other leading CSPs in the North American and European markets may not be successful.

With the recognition of our technological leadership in the service assurance for NFV we have started to enhance our presence in North America, Europe, and Asia where a significant share of the NFV activity is taking place. We plan to expand our foothold in these markets, both directly and indirectly through partnerships. Although our recent selection by a top tier 1 leading North American mobile operator is expected to significantly help open doors to a relatively untapped market for us, we may not be successful in expanding our business in said markets.

Our expectation that the NFV market will continue gaining momentum during 2016 and thereafter may not materialize.

Although the majority of the industry's leading CSPs are either evaluating NFV or have started deploying virtualized solutions for their network functionality, and despite our expectation that the NFV market will continue to gain momentum during year 2016 and thereafter, the actual pace of NFV transformation may take time, and as a result the market's need for our NFV solution may take more time to materialize.

We may not deliver and implement successfully our solutions to a leading North American mobile operator

On December 28, 2015, we entered into an End User License Agreement with one of Amdocs Software's customers, a top-tier leading North American mobile operator, pursuant to which we would grant a license to use our NFV solutions. We may not deliver and implement successfully or timely our solutions to this CSP and as a result, we may incur losses.

We have a history of net losses and may not achieve or sustain profitability in the future.

We have a history of net losses. Although we were profitable in 2014, in 2015 and 2013 we incurred net losses of $0.9 million and $1.4 million, respectively. We may continue not to be profitable in the future, which could materially affect our cash and liquidity and could adversely affect the value and market price of our shares.

Our actual cash flows may not be sufficient to meet our obligations.

If our cash flow does not meet or exceed our current projections, then our ability to pay our obligations could be materially impaired. We believe that our existing capital resources and cash flows from operations will be adequate to satisfy our expected liquidity requirements to meet our operating obligations, as they come due, at least through the next twelve months. However, if our actual sales and spending differ materially from our projections, we may be required to raise capital, borrow additional funds or reduce discretionary spending in order to provide the required liquidity. We cannot assure you that our business will generate sufficient cash flows or that future capital raising or borrowings will be available to us in amounts and on terms sufficient to enable us to fund our liquidity needs. Our ability to continue as a going concern is substantially dependent on the successful achievement of our sales and spending projections.

While we believe that our existing capital resources and cash flows from operations will be adequate to satisfy our expected liquidity requirements at least through the next twelve months, there is no assurance that, if required, we will be able to raise additional capital or reduce discretionary spending to provide the required liquidity in order to continue as a going concern.

The market for our products is characterized by changing technology, and its requirements, standards and products, and we may be materially adversely affected if we do not respond promptly and effectively to such changes.

The telecommunications market for our products is characterized by rapidly changing technology, network infrastructure, changing customer requirements, evolving industry standards and frequent new product introductions. These changes could reduce the market for our products or require us to develop new products and to keep adapting them, in order to remain up to date with our customers' requirements.

The 3G, LTE (Long Term Evolution), VoLTE (Voice over Long Term Evolution) networks and NFV (Network Function Virtualization) required us to develop a new product, MaveriQ, which was launched in 2014 and which replaced the OmniQ, our hardware-based solutions.

In 2015 we invested in R&D, and such R&D efforts will continue in the future to develop our NFV solutions, in anticipation of further disruptive changes in the telecommunication market from software-centric architectures and NFV.

New or enhanced telecommunications and data communications-related products developed by other companies could be incompatible with our products. Therefore, our timely access to information concerning, and our ability to anticipate, changes in technology and customer requirements and the emergence of new industry standards, as well as our ability to develop, manufacture and market new and enhanced products successfully and on a timely basis, will be significant factors in our ability to remain competitive. For example, many of our strategic initiatives and investments are aimed at meeting the requirements of application providers of 3G and LTE cellular, triple-play networks and NFV. If networking evolves toward greater emphasis on application providers, we believe that we have positioned ourselves well relative to our key competitors. However, if networking does not evolve toward a greater emphasis on application providers, our initiatives and investments in this area may be of no or limited value.

In addition, a 2014 cooperation agreement among Huawei, Ericsson and NSN called "OSSii" (Operations Support Systems interoperability initiative) aims to facilitate interoperability between network management systems from different vendors. If this initiative succeeds, it could lead to a decreased need for our probe-based solutions, as network elements could supply the performance and quality measurements provided by our probe-based solutions. As a result, we cannot quantify the impact of new product introductions on our future operations.

We have a history of quarterly fluctuations and unpredictability in our results of operations and expect these fluctuations to continue. This may cause our share price to fluctuate and/or to decline.

In 2015, we experienced, and expect to experience in the future, significant fluctuations in our quarterly results of operations. Factors that may contribute to fluctuations in our quarterly results of operations include:

- the variation in size and timing of individual purchases by our customers;
- seasonal factors that may affect capital spending by customers, such as the varying fiscal year-ends of customers and the reduction in business during the summer months, particularly in Europe;
- the relatively long sales cycles for our products;
- the request for longer payment terms from us or long-term financing of customers' purchases from us, as well as additional conditions tied to such payment terms;

- competitive conditions in our markets;
- the timing of the introduction and market acceptance of new products or product enhancements by us and by our customers, competitors and suppliers;
- changes in the level of operating expenses relative to revenues;
- product quality problems;
- supply interruptions;
- changes in global or regional economic conditions or in the telecommunications industry;
- delays in or cancellation of projects by customers;
- changes in the mix of products sold;
- the size and timing of approval of grants from the Government of Israel; and
- foreign currency exchange rates.

Our costs of sales consist of variable costs, which include hardware purchasing, packaging, royalties to the Chief Scientist (as defined below), license fees paid to third parties and import taxes, recurring and non-recurring write-off of inventory, subcontractors' expenses and of fixed costs which include facilities' payments, employees' salaries and related costs and overhead expenses. A major of our costs of sales are relatively variable, and the costs are determined based on our anticipated revenue. We believe, therefore, that quarter -to- quarter comparisons of our operating results may not be a reliable indication of future performance.

Our revenues in any quarter generally have been, and may continue to be, derived from a relatively small number of orders with relatively high average revenues per order. Therefore, the loss of any order or a delay in closing a transaction could have a more significant impact on our quarterly revenues and results of operations, than on those of companies with relatively high volumes of sales or low revenues per order.

We may experience a delay in generating or recognizing revenues for a number of reasons, including based on revenue recognition accounting requirements. In many cases we cannot recognize revenue from an order prior to customer acceptance, which may take 3 to 12 months. Therefore, a major part of the revenue of a fiscal quarter is derived from the backlog of shipped orders and generally is not tied to the date of a customer's order or the shipment date.

Our revenues for a particular quarter may also be difficult to predict and may be affected if we experience a non-linear sales pattern. We generally experience significantly higher levels of sales orders towards the end of a quarter, as a result of customers submitting their orders late in the quarter. Furthermore, orders received towards the end of the quarter may not be delivered within the quarter due to our production and development lead times. These orders are booked within the quarter, but only recognized as revenue at a later stage.

If our revenues in any quarter remain level or decline in comparison to any prior quarter, our financial results for that quarter could be adversely affected.

Due to the factors described above, as well as other unanticipated factors, in future quarters our results of operations could fail to meet the expectations of public market analysts or investors. If this occurs, the price of our ordinary shares may fall, as was the case in previous years.

We expect our gross margins to vary over time, and we may not be able to sustain or improve upon our recent level of gross margins, which may have a material adverse effect on our future profitability.

We may not be able to sustain or improve upon our recent level of gross margins. Our gross margins may be adversely affected by numerous factors, including:

- increased price competition;

- local sales taxes which may be incurred for direct sales;
- increased industry consolidation among our customers, which may lead to decreased demand for and downward pricing pressure on our products;
- changes in customer, geographic or product mix;
- our ability to reduce and control production costs;
- increases in material or labor costs;
- excess inventory and inventory holding costs;
- obsolescence charges;
- reductions in cost savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand;
- changes in distribution channels;
- losses on customer contracts; and
- Increases in warranty costs.

Further deterioration in gross margins, due to these or other factors, may have a material adverse effect on our business, financial condition and results of operations.

Our sales derived from emerging market countries may be materially adversely affected by economic, exchange rates, regulatory and political developments in those countries.

We generate sales from various emerging market countries. As sales from these countries represent a significant portion of our total sales, and as these countries represent a significant portion of our expected growth, economic or political turmoil in these countries could materially adversely affect our sales and results of operations. Our investments in emerging market countries may also be subject to risks and uncertainties, including unfavorable taxation treatment, exchange rates, challenges in protecting our intellectual property rights, nationalization, inflation, currency fluctuations, or the absence of, or unexpected changes in, regulation as well as other unforeseeable operational risks.

Any reversal or slowdown in the deregulation of telecommunications markets could materially harm the markets for our products.

Future growth in the markets for our products will depend, in part, on the continued privatization, deregulation and the restructuring of telecommunications markets worldwide, as the demand for our products is generally higher when a competitive environment exists. Any reversal or slowdown in the pace of this privatization, deregulation or restructuring could materially harm the markets for our products. Moreover, the consequences of deregulation are subject to many uncertainties, including judicial and administrative proceedings that affect the pace at which the changes contemplated by deregulation occur, and other regulatory, economic and political factors. Furthermore, the uncertainties associated with deregulation have in the past, and could in the future, cause our customers to delay purchasing decisions pending the resolutions of these uncertainties.

Our growing international presence exposes us to risks associated with varied and changing political, cultural, legal and economic conditions worldwide.

We are affected by risks associated with conducting business internationally. We maintain development facilities in Israel, and have operations in North America, Europe, Latin America and Asia. We obtain significant revenues from customers in Latin America, Asia and North America and our strategy is to continue to broaden and expand into those markets. Conducting business internationally exposes us to certain risks inherent in doing business in international markets, including:

- legal and cultural differences in the conduct of business;
- difficulties in staffing and managing foreign operations;
- longer payment cycles;
- difficulties in collecting accounts receivable and withholding taxes that limit the repatriation of earnings;

- difficulties in complying with varied legal and regulatory requirements across jurisdictions, including additional labor laws, particularly in Brazil;
- political instability;
- variations in effective income tax rates among countries where we conduct business;
- fluctuations in foreign currency exchange rates; and
- laws and business practices favoring local competitors;

One or more of these factors could have a material adverse effect on our international operations, which could have a material adverse effect on our business, financial condition and results of operations.

Our inventory may become obsolete or unusable.

We make advance purchases of various component parts to ensure that we have an adequate and readily available supply. Our failure to accurately project our needs for these components and the demand for our products that incorporate them, or changes in our business strategy or technology that reduce our need for these components, could result in these components becoming obsolete prior to their intended use or otherwise unusable in our business. This would result in a write-off of inventories for these components. In addition, a portion of our inventory is located on our customers' premises as it has not yet been accepted in accordance with the terms of their orders and therefore, has not yet been recognized as revenue, making the control of such inventory more difficult.

Many of our customers usually require a detailed and comprehensive evaluation process before they order our products. Our sales process may be subject to delays that may significantly decrease our revenues and which could result in the eventual cancellations of some sale opportunities.

We derive all of our revenues from the sale of products and related services for CSPs. The purchase of our products represents a relatively significant capital expenditure for our customers. As a result, our products generally undergo a lengthy evaluation process before we can sell them. In recent years, our customers have been conducting a more stringent and detailed evaluation of our products and decisions are subject to additional levels of internal review. As a result, the sales cycle generally takes between 3 to 6 months for small transactions, and between 9 to 18 months for large transactions. The following factors, among others, affect the length of the approval process:

- the time involved for our customers to determine and announce their specifications;
- the time required for our customers to process approvals for purchasing decisions;
- the complexity of the products involved;
- the technological priorities and budgets of our customers; and
- the need for our customers to obtain or comply with any required regulatory approvals.

If customers continue to delay project approval, delays are further lengthened, or such continued delays result in the eventual cancellation of any sale opportunities, it would have a material adverse effect on our business, financial condition and results of operations.

We have experienced periods of growth and consolidation of our business. If we cannot adequately manage our business, our results of operations may suffer.

During 2013 and 2014, in order to decrease our expenses, we undertook a series of reorganizations of our operations involving, among other things, the reduction of our workforce. However, beginning in the second half of 2015, we increased the size of our workforce and we plan to continue to increase our workforce, in North America and other regions during 2016 in order to enable us to meet our projections for 2016 and beyond. Future growth or consolidation may place a significant strain on our managerial, operational and financial resources. We are currently expending significant time and resources with respect to research and development related to a project for one of our major customers.

We cannot be sure that we have made adequate allowances for the costs and risks associated with possible expansion and consolidation of our business, or that our systems, procedures and managerial controls will be adequate to support our operations. Any delay in implementing, or transitioning to, new or enhanced systems, procedures or controls may adversely affect our ability to record and report financial and management information on a timely and accurate basis. We believe that significant growth may require us to hire additional engineering, technical support, sales, administrative and operational personnel. Competition for qualified personnel can be intense in the areas where we operate. The process of locating, training and successfully integrating qualified personnel into our operations can be lengthy and expensive. If we are unable to successfully manage our expansion, we may not succeed in expanding our business, our expenses may increase and our results of operations may be adversely affected.

In addition, employees may seek future employment with our business partners, customers or competitors. We cannot assure you that the confidential nature of our proprietary information will not be compromised by any such employees who terminate their employment with us. Furthermore, we believe that our future success will largely depend upon our ability to attract, incentivize and retain highly skilled personnel.

We may lose significant market share as a result of intense competition in the markets for our existing and future products.

Many companies compete with us in the market for service monitoring, customer experience management and service assurance solutions. We expect that competition will increase in the future, both with respect to products and solutions that we currently offer and products and solutions that we are developing. Moreover, manufacturers of data communications and telecommunications equipment which are current and potential customers of ours, may in the future incorporate into their products capabilities similar to ours, which would reduce the demand for our products.

Many of our existing and potential competitors have substantially greater resources, including financial, technological, engineering, manufacturing, and marketing and distribution capabilities, and several of them may enjoy greater market recognition than us. We may not be able to compete effectively with our competitors. A failure to do so could adversely affect our revenues and profitability.

In July 2015, NetScout Systems Inc. announced that it had completed the acquisition of Danaher Corporation's communications business, which includes Tektronix Communications, enabling it to expand its network performance monitoring and security monitoring capabilities. This transaction results in NetScout Systems Inc. holding a very significant market share, making it a stronger competitor, and may as a result have a negative impact on our competitive environment.

Our non-competition agreements with our employees may not be enforceable. If any of these employees leaves us and joins a competitor, our competitor could benefit from the expertise our former employee gained while working for us.

We currently have non-competition agreements with our key and certain employees. These agreements prohibit those employees, while they work for us and for a specified length of time after they cease to work for us, from directly competing with us or working for our competitors. Under current applicable law, we may not be able to enforce these non-competition agreements. If we are unable to enforce any of these agreements, competitors that employ our former employees could benefit from the expertise our former employees gained while working for us.

Our business could be harmed if we were to lose the services of one or more members of our senior management team, or if we are unable to attract and retain qualified personnel.

Our future growth and success depends to a significant extent upon the continuing services of our executive officers and other key employees, namely our Chief Executive Officer, Mr. Yaron Ravkaie, our Chief Operating Officer (“COO”), Mr. Eyal Harari, and our Vice President of R&D, Mr. Hilik Itman. We do not have long-term employment agreements with any of our employees. Competition for qualified management and other high-level telecommunications industry personnel is intense, and we may not be successful in attracting and retaining qualified personnel. If we lose the services of any key employees, we may not be able to manage our business successfully or to achieve our business objectives.

Our success also depends on our ability to identify, attract and retain qualified technical, sales, finance and management personnel. We have experienced, and may continue to experience, difficulties in hiring and retaining candidates with appropriate qualifications. If we do not succeed in hiring and retaining candidates with appropriate qualifications, our revenues and product development efforts could be harmed.

We are partially dependent upon the success of distributors and resellers who are under no obligation to distribute our products.

Approximately 9.4% of our revenues in 2015 were generated by distributors and resellers. We are partially dependent upon our distributors for their active marketing and sales efforts for the distribution of our products. Typically, arrangements with our distributors do not prevent such distributors from distributing competing products, or require them to distribute our products in the future and, therefore, our distributors may not give a high priority to marketing and supporting our products. Additionally, our results of operations could be affected by changes in the financial situation, business or marketing strategies of our distributors. Any such changes could occur suddenly and rapidly.

We may lose customers, distributors, or resellers on whom we currently depend and we may not succeed in developing new distribution channels.

Our seven largest distributors and resellers accounted for approximately 8.9% of our sales in 2015, 13.6% of our sales in 2014 and 27.4% of our sales in 2013. In 2015 and 2014, no individual distributor or reseller accounted for more than 4% of the total respective consolidated revenues. If we terminate or lose any of our distributors or if they downsize significantly, we may not be successful in replacing them on a timely basis, or at all. Any changes in our distribution and sales channels, particularly the loss of a major distributor or our inability to establish effective distribution and sales channels for new products, may impact our ability to sell our products and may result in a loss of revenues.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that may have an adverse effect on our business.

Large CSPs have substantial purchasing power and leverage in negotiating contractual arrangements with us. These customers may require us to develop additional features and may impose penalties on us for failure to deliver such features on a timely basis, or failure to meet performance standards. As we seek to sell more products to large CSPs, we may be required to agree to these less advantageous terms and conditions, which may decrease our revenues and/or increase the time it takes to convert orders into revenues, and could result in a material adverse effect on our business, financial condition and results of operations.

The complexity and scope of the solutions we provide to larger CSPs is increasing. Larger projects entail greater operational risk and an increased chance of failure.

The complexity and scope of the solutions and services we provide to larger CSPs is increasing. The larger and more complex such projects are, the greater the operational risks associated with such projects. These risks include failure to fully integrate our products into the service provider's network with third party products and complex environments, and our dependence on subcontractors and partners for the successful and timely completion of such projects. Failure to complete a larger project successfully could expose us to potential contractual penalties, claims for breach of contract and in extreme cases, to cancellation of the entire project, or increase the difficulty in collecting payment and recognizing revenues from such project

We could be subject to claims under our warranties and extended maintenance agreements and product recalls, which could be very expensive and harm our financial condition.

Products as complex as ours sometimes contain undetected errors. These errors can cause delays in product introductions or require design modifications. In addition, we are dependent on other suppliers for key components that are incorporated in our products. Defects in systems in which our products are deployed, whether resulting from faults in our products or products supplied by others, due to faulty installation or any other cause, may result in customer dissatisfaction, product returns and, potentially, product liability claims being filed against us. Our warranties permit customers to return defective products for repair. The warranty period is mostly for one year but could be extended either in the initial purchase of our product or after the initial warranty period ends ("extended maintenance agreements"). During the past few years, customer returns have not been substantial, however, there can be no assurance that this recent trend will continue. Any failure of a system in which our products are deployed (whether or not our products are the cause), any product recall, or product liability claims with any associated negative publicity, could result in the loss of, or delay in, market acceptance of our products and harm to our business. In addition, under the warranty and extended maintenance agreements we need to meet certain service levels and if we fail to meet them, we may be exposed to penalties.

We incorporate open source technology in our products, which may expose us to liability and have a material impact on our product development and sales.

Some of our products utilize open source technologies. These technologies are licensed to us under varying license structures. These licenses pose a potential risk to products in the event they are inappropriately integrated. In the event that we have not, or do not in the future, properly integrate software that is subject to such licenses into our products, we may be required to disclose our own source code to the public, which could enable our competitors to eliminate any technological advantage that our products may have over theirs. Any such requirement to disclose our source code or other confidential information related to our products could, therefore, materially adversely affect our competitive advantage and impact our business, financial condition and results of operations.

We depend on limited sources for key components and if we are unable to obtain these components when needed, we will experience delays in delivering our products.

We currently obtain key components for our products from a limited number of suppliers. We have one long term contract with a supplier of hardware and servers, which is a major supplier in its field. The agreement is scheduled to expire in 2017, with a one year extension option. We do not have long-term supply contracts with any other of our existing suppliers. This presents the following risks:

- Delays in delivery could interrupt and delay delivery and result in cancellations of orders for our products.
- Suppliers could increase component prices significantly and with immediate effect.
- We may not be able to locate alternative sources for product components.
- Suppliers could discontinue the supply of components used in our products. This may require us to modify our products, which may cause delays in product shipments and/or delivery, increased production costs and increased product prices.
- We may be required to hold more inventory than would be immediately required in order to avoid problems from shortages or discontinuance.

Since we shifted in February 2014 to software-based solutions, which are installed on and deployed with standard, non-proprietary third-party hardware that function together with our software to deliver the product's essential functionality , we are less vulnerable to such delays and shortages. The shift to software-based solutions is discussed in "Item 4—Information on the Company- Business Review".

Our proprietary technology is difficult to protect, and unauthorized use of our proprietary technology by third parties may impair our ability to compete effectively.

Our success and ability to compete depend in large part upon protecting our proprietary technology. We rely upon a combination of contractual rights, software licenses, trade secrets, copyrights, non-disclosure agreements and technical measures to establish and protect our intellectual property rights in our products and technologies. In addition, we sometimes enter into non-competition, non-disclosure and confidentiality agreements with our employees, distributors, sales representatives and certain suppliers with access to sensitive information. However, we have no registered patents and these measures may not be adequate to protect our technology from third-party infringement. Additionally, effective intellectual property protection may not be available in every country in which we offer, or intend to offer, our products.

We may expand our business or enhance our technology through partnerships and acquisitions that could result in diversion of resources and extra expenses. This could disrupt our business and adversely affect our financial condition.

Part of our growth strategy may be to selectively pursue partnerships and acquisitions that provide us access to complementary technologies and accelerate our penetration into new markets. The negotiation of acquisitions, investments or joint ventures, as well as the integration of acquired or jointly developed businesses or technologies, could divert our management's time and resources. Acquired businesses, technologies or joint ventures may not be successfully integrated with our products and operations. We may not realize the intended benefits of any acquisition, investment or joint venture and we may incur future losses from any acquisition, investment or joint venture.

In addition, acquisitions could result in, among other things:

- substantial cash expenditures;
- potentially dilutive issuances of equity securities;
- the incurrence of debt and contingent liabilities;
- a decrease in our profit margins; and
- amortization of intangibles and potential impairment of goodwill.

If we implement our growth strategy by acquiring other businesses, and this disrupts our operations, our business, financial condition and results of operations could be adversely affected. As of the date of this Annual Report, we have not proceeded with such acquisitions.

Because we received grants from the Israeli Office of the Chief Scientist, we are subject to ongoing restrictions.

We received royalty-bearing grants from the Office of the Chief Scientist (the "Chief Scientist") of the Israeli Ministry of Economy and Industry (the "MoE"), for research and development programs that meet specified criteria. In addition to our obligation to pay to the Chief Scientist royalties on revenues from products developed pursuant to such programs or deriving therefrom (and related services), our ability to transfer such resulting know-how, especially outside of Israel, is limited, regardless of whether the royalties were fully paid. Any non-Israeli citizen, resident or entity that, among other things, (i) becomes a holder of 5% or more of our share capital or voting rights, (ii) is entitled to appoint one or more of our directors or our chief executive officer, or (iii) serves as one of our directors or as our chief executive officer (including holders of 25% or more of the voting power, equity or the right to nominate directors in such direct holder, if applicable), is required to notify the Chief Scientist of the same and to undertake to the Chief Scientist to observe the law governing the grant programs of the Chief Scientist, the principal restrictions of which are the transferability limits described above. Furthermore, a recent amendment to the Law for the Encouragement of Research, Development and Technological Innovation, 1984-5744 (formerly known as the Law for Encouragement of Research and Development in the Industry, 5744-1984) and the regulations promulgated thereunder (the "R&D Law") mandates the formation of a new governmental authority to replace the Chief Scientist by July 28, 2018. This authority may establish new guidelines regarding the R&D Law, which may affect our existing or future Chief Scientist programs and incentives. We cannot predict what changes, if any, the new authority may make. For more information, see "Item 4.B—Information on the Company—Business Overview—Israeli Office of the Chief Scientist."

We may be subject to litigation and other claims, including, without limitation, infringement claims or claims that we have violated intellectual property rights, which could seriously harm our business.

Third parties may from time to time assert against us infringement claims or claims that we have violated a patent or infringed a copyright, trademark or other proprietary right belonging to them. If such infringement were found to exist, we might be required to modify our products or intellectual property or to obtain a license or right to use such technology or intellectual property. Any infringement claim, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Additionally, in May 2010, we received a notice from the Chief Scientist regarding alleged miscalculations in the amount of royalties paid by us to the Chief Scientist for the years 1992 through 2009 and the revenues on which the Company has to pay royalties. During 2011, we reviewed with the Chief Scientist these alleged miscalculations. We believe that all royalties due to the Chief Scientist from the sale of products developed with funding provided by the Chief Scientist during such years were properly paid or were otherwise accrued as of December 31, 2015. However, there can be no assurance that such royalties were properly paid or accrued for. A determination that these royalties have not been paid or accrued for could result in the expenditure of significant financial resources.

Yehuda Zisapel and Zohar Zisapel beneficially own, in the aggregate, approximately [36%] of our ordinary shares and therefore have significant influence over the outcome of matters requiring shareholder approval, including the election of directors.

As of March 24 2016, Yehuda Zisapel and Zohar Zisapel (the former Chairman of our Board of Directors), who are brothers, may be deemed to beneficially own an aggregate of 3,258,213 ordinary shares, including options and warrants exercisable for 285,537 ordinary shares that are exercisable within 60 days of March 24, 2016, representing approximately 36% of our outstanding ordinary shares. As a result, despite the fact that each one of them, to our knowledge, operates independently from the other with respect to his respective shareholding of our shares, Yehuda Zisapel and Zohar Zisapel have significant influence over the outcome of various actions that require shareholder approval, including the election of our directors. In addition, Yehuda Zisapel and Zohar Zisapel may be able to delay or prevent a transaction in which shareholders might receive a premium over the prevailing market price for their shares and prevent changes in control or in management.

We engage in transactions, and may compete with, companies controlled by Yehuda Zisapel and Zohar Zisapel, which may result in potential conflicts.

We are engaged in, and expect to continue to be engaged in, numerous transactions with companies controlled by Yehuda Zisapel and/or Zohar Zisapel. We believe that such transactions are beneficial to us and are generally conducted upon terms that are no less favorable to us than would be available from unaffiliated third parties. Nevertheless, these transactions may result in a conflict of interest between what is best for us and the interests of the other parties in such transactions.
For more information, see Item 7.B- Major Shareholders and Related Party Transactions—Related Party Transactions and Item 10.B- Fiduciary Duties of Shareholders.

If we fail to adapt appropriately to the challenges associated with operating internationally, the expected growth of our business may be impeded and our operating results may be affected.

While we are headquartered in Israel, approximately 93% of our sales in 2015, 86% of our sales in 2014, and 97% of our sales in 2013 were generated outside of Israel, including in North America, Europe, Asia and South America. Our international sales will be limited if we cannot establish and maintain relationships with international distributors and resellers, set up additional foreign operations, expand international sales channel management, hire additional personnel, develop relationships with international CSPs and operate adequate after-sales support internationally.

Even if we are able to successfully expand our international operations, we may not be able to maintain or increase international market demand for our products. Our international operations are subject to a number of risks, including:

- challenges in staffing and managing foreign operations due to the limited number of qualified candidates, employment laws and business practices in foreign countries, any of which could increase the cost and reduce the efficiency of operating in foreign countries;
- our inability to comply with import/export, environmental and other trade compliance and other regulations of the countries in which we do business, together with unexpected changes in such regulations;
- insufficient measures to ensure that we design, implement, and maintain adequate controls over our financial processes and reporting in the future;
- our failure to adhere to laws, regulations, and contractual obligations relating to customer contracts in various countries;
- our inability to maintain a competitive list of distributors for indirect sales;
- tariffs and other trade barriers;
- economic instability in foreign markets;
- wars, acts of terrorism and political unrest;
- language and cultural barriers;
- lack of integration of foreign operations;
- currency fluctuations;
- potential foreign and domestic tax consequences;
- technology standards that differ from those on which our products are based, which could require expensive redesign and retention of personnel familiar with those standards;
- longer accounts receivable payment cycles and possible difficulties in collecting payments, which may increase our operating costs and hurt our financial performance; and
- failure to meet certification requirements.

Any of these factors could harm our international operations and have a material adverse effect on our business, results of operations, and financial condition. The continuing weakness in foreign economies could have a significant negative effect on our future operating results.

Because our revenues are generated primarily in foreign currencies (mostly in U.S. dollars but also in other currencies such as the Brazilian Real and the Euro), but a significant portion of our expenses are incurred in New Israeli Shekels, our results of operations may be seriously harmed by currency fluctuations.

We sell in markets throughout the world and most of our revenues are generated in U.S. dollars. We also generate revenues in Brazilian Real, Euro and other currencies. However, the majority of our cost of revenues is incurred in transactions denominated in U.S. dollars. Accordingly, we consider the U.S. dollar to be our functional currency. However, a significant portion of our expenses is in NIS, mainly related to employee expenses. Therefore, fluctuations in exchange rates between the NIS and the U.S. dollar as well as between the Brazilian Real, the Euro, and other currencies and the U.S. dollar may have an adverse effect on our results of operations and financial condition. As of today we have not entered into any hedging transactions in order to mitigate these risks.

Moreover, as our revenues are currently denominated primarily in U.S. dollars, devaluation in the local currencies of our customers relative to the U.S. dollar could cause customers to default on payment. Also, as a significant portion of our revenues is denominated in Brazilian Real, devaluation in this currency caused in 2015 and may cause financial expenses related to our intercompany short term balances. In the future, additional revenues may be denominated in currencies other than U.S. dollars, thereby exposing us to gains and losses on non-U.S. currency transactions.

Any inability to comply with Section 404 of the Sarbanes-Oxley Act of 2002 regarding having effective internal control procedures may negatively impact the report on our financial statements to be provided by our independent auditors.

We are subject to the reporting requirements of the United States Securities and Exchange Commission (the "SEC"). The SEC, as directed by Section 404 ("Section 404") of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), adopted rules requiring public companies to include a report of management on the Company's internal control over financial reporting in its annual report on Form 10-K or Form 20-F, as the case may be, that contains an assessment by management of the effectiveness of the Company's internal control over financial reporting. In addition, if the public float of our shares were to exceed $75 million, the Company's independent registered public accounting firm would be required to attest to and report on the effectiveness of the Company's internal control over financial reporting. Our management may not conclude that our internal control over financial reporting is effective. Any of these possible outcomes could result in a loss of investor confidence in the reliability of our financial statements, which could negatively impact the market price of our shares. Further, we may identify material weaknesses or significant deficiencies in our assessments of our internal control over financial reporting. Failure to maintain effective internal control over financial reporting could result in investigation or sanctions by regulatory authorities and could have an adverse effect on our business, financial condition and results of operations, and investor confidence in our reported financial information

If we determine that we are not in compliance with Section 404, we may be required to implement new internal controls and procedures and re-evaluate our financial reporting. We may experience higher than anticipated operating expenses as well as third party advisors fees during the implementation of these changes and thereafter. Further, we may need to hire additional qualified personnel in order for us to be compliant with Section 404. If we are unable to implement these changes effectively or efficiently, it could have a material adverse effect on our business, financial condition, results of operations, financial reporting or financial results and could result in our conclusion that our internal controls over financial reporting are not effective.

If we are characterized as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences.

As more fully described below in "Item 10.E—Additional Information—Taxation—United States Federal Income Tax Considerations—Taxation of U.S. Holders of Ordinary Shares—Passive Foreign Investment Company Status," if for any taxable year, after taking into account certain look-through rules, 75% or more of our gross income is passive income, or at least 50% of the fair market value of our assets, averaged quarterly over our taxable year, are comprised of assets that produce (or are held for the production of) passive income, we may be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. The market capitalization approach has generally been used to determine the fair market value of the assets of a publicly traded corporation, although the U.S. Internal Revenue Service (the "IRS") and the courts have accepted other valuation methods in certain valuation contexts. If we are classified as a PFIC, our U.S. shareholders could suffer adverse United States tax consequences, including gain on the disposition of our ordinary shares being treated as ordinary income and any resulting U.S. federal income tax being increased by an interest charge. Rules similar to those applicable to dispositions generally will apply to certain "excess distributions" in respect of our ordinary shares. For our 2015 taxable year, we believe that we should not be classified as a PFIC. However, there are no assurances that the IRS will agree with our conclusion or that we will not become a PFIC in 2016 or subsequent taxable years. U.S. shareholders should consult with their own U.S. tax advisors with respect to the U.S. tax consequences of investing in our ordinary shares.

The market price of our ordinary shares has and may continue to fluctuate widely, which could adversely affect us and our shareholders.

From January 1, 2015 to March 28, 2016, our ordinary shares have traded on the NASDAQ Capital Market ("NASDAQ") as high as $16.63 and as low as $9.59 per share. As of March 28, 2016, the closing price of our ordinary shares on NASDAQ was $13.41 per share. The market price of our ordinary shares has been and is likely to continue to be highly volatile and could be subject to wide fluctuations in response to numerous factors, including the following:

- our results of operations;
- market conditions or trends in our industry and the global economy as a whole;
- political, economic and other developments in the State of Israel and worldwide;
- actual or anticipated variations in our quarterly operating results;
- announcements by us or our competitors of technological innovations or new and enhanced products;
- announcements by us or our competitors of significant contracts or capital commitments;
- actual or anticipated variations in our competitors quarterly operating results, and changes in the market valuations of our competitors;
- introductions of new products or new pricing policies by us or our competitors;
- trends in the communications or software industries, including industry consolidation;
- regulatory changes that impact our pricing of products and services and competition in our markets;
- acquisitions or strategic alliances by us or others in our industry;
- changes in estimates of our performance or recommendations by financial analysts;
- operating results that vary from the expectations of financial analysts and investors;
- changes in our shareholder base;
- changes in status of our intellectual property rights;
- future sales of our ordinary shares;
- fluctuations in the trading volume of our ordinary shares; and
- addition or departure of key personnel.

In addition, the stock market in general, and the market for Israeli and technology companies in particular, has been highly volatile. Many of these factors are beyond our control and may materially adversely affect the market price of our ordinary shares, regardless of our performance. Shareholders may not be able to resell their ordinary shares following periods of volatility because of the market's adverse reaction to such volatility, and we may not be able to raise capital through an offering of securities, which would adversely affect our financial condition and our ability to maintain or expand our operations.

From time to time we may choose to raise financing. If adequate funds are not available on terms favorable to us or to our shareholders, our operations and growth strategy may be affected.

From time to time we may choose to raise financing in connection with our operations and growth strategy. We do not know whether additional financing will be available when needed, or whether it will be available on terms favorable to us. If adequate funds are not available on terms favorable to us or to our shareholders, our operations and growth strategy may be affected.

The trading volume of our shares is relatively low and it may be low in the future.

Our shares have been traded at low volumes in the past and may be traded at low volumes in the future for reasons related or unrelated to our performance. This low trading volume may result in lesser liquidity and lower than expected market prices for our ordinary shares, and our shareholders may not be able to resell their shares for more than they paid for them.

Risks Related to Our Location in Israel

Conditions in Israel affect our operations and may limit our ability to produce and sell our products.

We are incorporated under Israeli law and our principal offices and manufacturing and research and development facilities are located in Israel. Accordingly, our operations and financial results could be adversely affected if political, economic and military events curtailed or interrupted trade between Israel and its present trading partners or if major hostilities involving Israel should occur in the Middle East.

Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. A state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Since the end of 2011, several countries in the region, including Egypt and Syria, have been experiencing civil unrest, political turbulence and violence which are affecting the political stability of those countries. This instability may lead to the deterioration of the political and economic relationships that exist between the State of Israel and some of these countries. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon. These situations may potentially escalate in the future to more violent events which may affect Israel and us. These situations, including conflicts which involved missile strikes against civilian targets in various parts of Israel, have in the past negatively affected business conditions in Israel. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could have a material adverse effect on our business, operating results and financial condition. We do not believe that the political and security situation has had a material impact on our business to date; however, there can be no assurance that this will be the case for future operations. We could be adversely affected by any major hostilities, including acts of terrorism or any other hostilities involving or threatening Israel, the interruption or curtailment of trade between Israel and its trading partners, a significant downturn in the economic or financial condition of Israel, or a significant increase in the rate of inflation. Furthermore, several countries restrict business with Israel and Israeli companies, and additional countries or companies may restrict doing business with Israel and Israeli companies as the result of the aforementioned hostilities. No predictions can be made as to whether or when a final resolution of the area's problems will be achieved or the nature thereof and to what extent the situation will impact Israel's economic development or our operations.

We currently benefit from government programs that may be discontinued or reduced.

We currently receive grants under Government of Israel programs. In order to maintain our eligibility for these programs, we must continue to meet specific conditions and pay royalties with respect to grants received. In addition, some of these programs restrict our ability to manufacture particular products outside of Israel or to transfer particular technology. If we fail to comply with these conditions in the future, the benefits received could be canceled and we could be required to refund any payments previously received under these programs. These programs may be discontinued or curtailed in the future. If we do not receive these grants in the future, we will have to allocate funds to product development at the expense of other operational costs. If the Government of Israel discontinues or curtails these programs, our business, financial condition and results of operations could be materially adversely affected. For more information, see "Item 4.B—Information on the Company—Business Overview—Israeli Office of the Chief Scientist."

Provisions of Israeli law may delay, prevent or make difficult a merger or acquisition of us, which could prevent a change of control and depress the market price of our shares.

The Israeli Companies Law, 5759-1999 (the "Israeli Companies Law") generally requires that a merger be approved by a company's board of directors and by a majority of the shares voting on the proposed merger. Unless a court rules otherwise, a statutory merger will not be deemed approved if shares representing a majority of the voting power present at the shareholders meeting, and which are not held by the potential merger partner (or by any person who holds 25% or more of the shares of capital stock or the right to appoint 25% or more of the directors of the potential merger partner or its general manager), vote against the merger. Upon the request of any creditor of a party to the proposed merger, a court may delay or prevent the merger if it concludes that there is a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy its obligations. In addition, a merger may generally not be completed unless at least (i) 50 days have passed since the filing of the merger proposal with the Israeli Registrar of Companies by each of the merging companies, and (ii) 30 days have passed since the merger was approved by the shareholders of each of the parties to the merger.

Also, in certain circumstances an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would become a 25% or greater or 45% or greater shareholder of the company (unless there is already a 25% or greater or a 45% or greater shareholder of the company, respectively). If, as a result of an acquisition, the acquirer would hold more than 90% of a company's shares, the acquisition must be made by means of a tender offer for all of the shares. Shareholders may request an appraisal in connection with a tender offer for a period of six months following the consummation of the tender offer, but the purchaser is entitled to stipulate that any tendering shareholder surrender its appraisal rights.

Finally, Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than do U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his ordinary shares for shares in another corporation to taxation prior to the sale of the shares received in such a stock-for-stock swap.

These provisions of Israeli corporate and tax law, and the uncertainties surrounding such law, may have the effect of delaying, preventing or making more difficult a merger with us or an acquisition of us. This could prevent a change of control over us and depress our ordinary shares' market price which otherwise might rise as a result of such a change of control.

Our results of operations may be negatively affected by the obligation of our personnel to perform military service.

All male adult citizens and permanent residents of Israel under the age of 51 are, unless exempt, obligated to perform military reserve duty annually. Additionally, these residents are subject to being called to active duty at any time under emergency circumstances. Some of our officers and employees are currently obligated to perform military reserve duty from time to time. In the event of a military conflict, including the ongoing conflict with the Palestinians, these persons could be required to serve in the military for extended periods of time and on very short notice. The absence of a number of our officers and employees for significant periods could disrupt our operations and harm our business. Given these requirements, we believe that we have operated relatively efficiently since beginning our operations. However, we cannot assess what the full impact of these requirements on our workforce or business would be if the situation with the Palestinians or any other adversaries changes, and we cannot predict the effect on our business operations of any expansion or reduction of these military reserve requirements.

It may be difficult to (i) effect service of process, (ii) assert U.S. securities laws claims and (iii) enforce U.S. judgments in Israel against us or our directors, officers and auditors named in this Annual Report.

We are incorporated under the laws of the State of Israel. Service of process upon us, our Israeli subsidiary, our directors and officers and the Israeli experts, if any, named in this Annual Report, most of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and investments, and all of our directors, executive officers and such Israeli experts are located outside the United States, any judgment obtained in the United States against us or any of them may be difficult to collect within the United States.

We have been informed by our legal counsel in Israel that it may also be difficult to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws if they determine that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. There is little binding case law in Israel addressing these matters. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, Israeli courts may enforce a non-appealable U.S. judgment in a civil matter, provided that, among other things:

- the judgment is obtained after due process before a court of competent jurisdiction, according to the laws of the foreign state in which the judgment is given and the rules of private international law currently prevailing in Israel;
- the prevailing law of the foreign state in which the judgment is rendered allows for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and to present his or her evidence;
- the judgment is not contrary to the public policy of Israel, and the enforcement of the civil liabilities set forth in the judgment is not likely to impair the security or sovereignty of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties;
- an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the foreign court; and
- the judgment is enforceable according to the laws of Israel and according to the law of the foreign state in which the relief was granted.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. Traditionally, in an action before an Israeli court to recover an amount in a non-Israeli currency, the Israeli court issues a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus a per annum statutory rate of interest set on a quarterly basis by Israeli regulations. Judgment creditors must bear the risk of unfavorable exchange rates. The trend in recent years has increasingly been for Israeli courts to enforce a foreign judgment in the foreign currency specified in the judgment, in which case there are also applicable rules regarding the payment of interest.

As a foreign private issuer whose shares are listed on the NASDAQ, we may follow certain home country corporate governance practices instead of certain NASDAQ requirements.

As a foreign private issuer whose shares are listed on the NASDAQ, we are permitted to follow certain home country corporate governance practices instead of certain requirements of the NASDAQ Stock Market Rules. As a foreign private issuer listed on the NASDAQ, we may follow home country practice with regard to, among other things, the composition of the board of directors, compensation of officers, director nomination process and quorum at shareholders' meetings. In addition, we may follow home country practice instead of the NASDAQ requirement to obtain shareholder approval for certain dilutive events (such as for the establishment or amendment of certain equity-based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company). A foreign private issuer that elects to follow a home country practice instead of NASDAQ requirements must submit to NASDAQ in advance a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. In addition, a foreign private issuer must disclose in its annual reports filed with the SEC each such requirement that it does not follow and describe the home country practice followed by the issuer instead of any such requirement. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

The rights and responsibilities of our shareholders are governed by Israeli law and differ in some respects from those under Delaware law.

Because we are an Israeli company, the rights and responsibilities of our shareholders are governed by our articles of association and by Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in a Delaware corporation. In particular, a shareholder of an Israeli company has a duty to act in good faith towards the company and other shareholders and to refrain from abusing his, her or its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable to shareholder votes on, among other things, amendments to a company's articles of association, increases in a company's authorized share capital, mergers and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of a director or executive officer of the company has a duty of fairness towards the company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Both our legal and commercial name is RADCOM Ltd., and we are an Israeli company. RADCOM Ltd. was incorporated in 1985 under the laws of the State of Israel, and we commenced operations in 1991. The principal legislation under which we operate is the Israeli Companies Law. Our principal executive offices are located at 24 Raoul Wallenberg Street, Tel Aviv 69719, Israel, and our telephone and fax numbers are 972-3-645-5055 and 972-3-647-4681, respectively. Our website is www.radcom.com. Information on our website and other information that can be accessed through it are not part of, or incorporated by reference into, this Annual Report.

In 1993, we established a wholly-owned subsidiary in the United States, RADCOM Equipment, Inc. ("RADCOM Equipment"), a New Jersey corporation, which serves as our agent for sales and service of our products in North America. RADCOM Equipment is located at 6 Forest Avenue, Paramus, New Jersey 07652, and its telephone number is (201) 518-0033. In 1996, we incorporated a wholly-owned subsidiary in Israel, RADCOM Investments (96) Ltd. ("RADCOM Investments"), an Israeli company, located at our office in Tel Aviv, Israel; its telephone number is the same as ours (972-3-645-5055). In 2010, we established a wholly-owned subsidiary in Brazil, RADCOM do Brasil Comercio, Importacao E Exportacao Ltda. ("RADCOM Brazil"), a Brazilian company. RADCOM Brazil is located at 46 Rua Calcada Antares, Alphaville, Santana de Parnaiba, Sao Paulo, and its telephone number is 55(11) 41537430. In 2012, we incorporated a wholly-owned subsidiary in India, RADCOM Trading India Private Limited, ("RADCOM India"), an Indian company, located at Level 4, Rectangle 1, Commercial Complex D-4, Saket, New Delhi – 110017, and its telephone number is 91-11-4051-4079.

In the years ended December 31, 2015, 2014 and 2013, our capital expenditures were $97,000, $65,000, and $88,000, respectively, and were spent primarily on computers. We have no current significant commitments for capital expenditures

B. BUSINESS OVERVIEW

Overview

We provide service assurance and customer experience management solutions to communication service providers (CSPs). Over 50 CSPs in 25 countries use our solutions to deliver high quality services, reduce churn, manage network performance, analyze traffic and enhance customer care. Our solutions incorporate cutting-edge technologies and a wealth of knowledge acquired by partnering with many of the industry's leading CSPs for over two decades. Our carrier-grade solutions support both mobile and fixed networks and scale to terabit data bandwidths to enable big data analytics. We have a strong track record of innovation, and we were the first to market with a software-based probe solution that supports NFV for next-generation networks. As new and existing customers seek to manage their existing networks while evaluating and deploying NFV-based architectures, we believe we are well positioned with our advanced software-based solutions and industry track record.

Our solutions deliver specialized capabilities for virtualized infrastructure and next-generation networks, such as LTE, LTE-A, VoLTE, IMS, VoIP, UMTS/GSM and mobile broadband. The key benefits of our solutions are:

- advanced software-based architecture for rapid deployment and ease of management;
- improved customer retention;
- reduced subscriber churn rates;
- improved service availability;
- ability to install the solution as a virtual network function for seamless integration into all NFV infrastructures;
- collection of all network packets for a complete and comprehensive view of the network and the customer experience;
- support for multiple protocols for end-to-end network coverage;
- both network-wide views and drilldown to an individual subscriber level; and
- support for terabyte networks.

Our software-based solutions enable CSPs to manage both existing networks and next-generation, NFV-based architectures. In 2013, we recognized that CSPs would require a new approach for service assurance and customer experience management solutions in order to monitor huge volumes of data and support NFV-based network deployments. In February 2014, we launched our MaveriQ solution which incorporates software-based probes and replaced our OmniQ hardware-based solution. During 2015, we saw increased interest from CSPs in NFV-capable solutions for service assurance and customer experience management, and we enhanced our solutions to support NFV and remove dependencies from proprietary hardware-based devices.

In December 2015, our MaveriQ solution was selected by a top-tier North American mobile operator for its next-generation virtualized network environment. This deployment represents one of the first NFV networks of scale in the industry, and we were selected after a vigorous and lengthy validation process against several competing products. We are now in the process of deploying our software-based NFV solution with this leading CSP, and we are leveraging this success in discussions with other CSPs looking to manage existing networks while accelerating their roadmaps towards next-generation NFV architectures.

Industry Background

Our Customers and the Markets for Our Solutions

We operate in a large market undergoing significant transformation with strong potential. The customers in our market consist primarily of CSPs (mobile and fixed) who are responsible for providing mobile and fixed telecommunications services. Our solutions are used by multiple divisions within a CSP's organization, including engineering, operations, marketing, management and customer support departments.

CSPs face many challenges in managing their network; from the rapid growth in mobile data traffic to complexities in managing services that are delivered across multiple vendor technologies. These challenges are intensifying with further traffic growth and the emergence of new technologies and services, such as Machine-to-Machine (M2M), the Internet of Things (IoT) and 5G. With the need to manage millions of various network elements and services from multiple vendors and technologies, deploying a service assurance and customer experience management solution is an essential part of a CSP's network.

Similar to how virtualization has become widely deployed in many data centers and large enterprises, many CSPs are now looking to reduce costs and become more agile by transitioning from physical network elements to software-centric NFV architectures. NFV enables CSPs to replace dedicated physical network elements with software-based solutions that run on standard, non-proprietary third-party hardware. Although the pace of NFV transformation is uncertain, major CSPs are currently evaluating and/or moving parts of their network to support NFV.

While NFV provides many benefits, transitioning infrastructure to NFV adds significant complexity when it comes to service assurance and customer experience management. Prior probe and management solutions were not designed for NFV. Whereas prior solutions focused on monitoring physical network devices, new solutions must also monitor internal Virtual Machine-to-Virtual Machine (VM-to-VM) communications between various virtualized network functions all hosted on the same server as well as communications between servers.

Our Strategy

Our objective is to be the market leader for service assurance and customer experience management solutions. We plan to increase sales by leveraging our product leadership around software-based solutions and NFV, benefit from the experience gained as we implement one of the largest NFV deployments to date with a leading North American mobile operator. We also plan to offer our solutions and expertise to new and existing CSPs in our targeted geographical regions. We plan to maintain our technical advantage over competitors by investing to further enhance our software-based solutions. Key elements of our strategy include:

- **Targeting CSPs who are evaluating and migrating to NFV**. The majority of the industry's largest CSPs are either evaluating NFV or have started deploying virtualized solutions for their network functionality. We believe we are better positioned than competitors who offer service assurance and customer experience management solutions that do not support (or have not yet been deployed) in large-scale NFV environments. In order to transition to NFV, CSPs generally need to replace or upgrade their service assurance solution with software that can support both existing networks as well as NFV-based architectures. Our solution, which monitors both existing networks and NFV, ensures a smooth migration and enables CSPs to future-proof their investment in a service assurance solution. Our selection in December 2015 by the top-tier North American mobile operator has been noted by many CSPs, as this CSP is well regarded in leading the industry. As a result, as other CSPs look for vendors to support their existing networks and NFV, we believe we are well positioned. We also believe that our current technological leadership will increase as we deploy our NFV-based solutions on one of the world's largest NFV networks.

- **Investing in North America, Europe and Asia**. With our recent selection by a leading North American CSP for its NFV network deployment and growing recognition of our technological leadership to deliver service assurance and customer experience management, we plan to expand our presence in North America, Europe and Asia where we expect to see a large share of investments take place around NFV.

- **Targeting service providers migrating to LTE, VoLTE and 5G.** We have begun to benefit from the deployments by leading service providers of VoLTE and LTE networks. We are seeing increased deployments of multiple technology (3G, LTE, IMS and NGN) networks, which involve greater complexity and require more sophisticated service assurance and customer experience management solutions than legacy networks. We believe that our ability to secure customers with deployments of our solution in multiple types of networks positions us to benefit from this trend.

- **Drive repeat sales from our install base.** Our solutions are typically purchased initially for a specific purpose within a CSP. As other parts of a CSP's organization seek to use our solution for other purposes, we benefit from additional sales. Furthermore, as CSPs upgrade and expand their networks, such as adding capacity or launching new services, our customers tend to purchase additional solutions from us.

Products and Solutions

The MaveriQ Solution for Service Assurance and Customer Experience Management

The MaveriQ solution is a comprehensive, next-generation probe-based customer and service assurance solution designed to enable CSPs to carry out end-to-end voice and data quality monitoring and to manage their networks and services. The MaveriQ solution offers users a full array of analysis and troubleshooting tools, delivering a comprehensive, integrated network service view that facilitates performance monitoring, fault detection and network and service troubleshooting.

The MaveriQ solution monitors multiple services such as voice, video and data, employing a comprehensive array of service and network performance and measurement methodologies to continuously analyze service performance and quality. With its enhanced correlation capabilities, the MaveriQ solution offers the CSP full end-to-end visibility of the network across technologies. The MaveriQ solution displays performance and quality measurements from both the signaling and the user planes.

The MaveriQ solution consists of a powerful and user-friendly central management module and a broad range of passive software-based probes used to gather transmission quality data from various types of networks and services, including VoIP, UMTS, LTE, IMS data and others. Signaling and media attributes and quality measurement enhanced detail records (eDRs) collected from the probes in the QManager (the central site-management software) are stored in the solution's embedded database. These can then be used by either the QExpert (the Web-based analysis and reporting module) or the Dashboard (the Web-based user interface) to perform service performance analysis, drilldown and troubleshooting on key performance indicators (KPIs) and key quality indicators (KQIs).

The MaveriQ solution monitors multiple types of services such as voice, video and data, employing a comprehensive array of service and network performance and measurement methodologies to continuously analyze service performance and quality. With its enhanced correlation capabilities, the MaveriQ solution offers the service provider full end-to-end visibility of the network across technologies. The MaveriQ solution displays performance and quality measurements from both the signaling and the user planes, based on a broad range of passive software based probes, which are installed on standard, non-proprietary third-party hardware that function together with the MaveriQ solution to deliver essential functionality.

This service assurance solution presents a seamless integration between traditional network monitoring and troubleshooting solutions, and it provides an advanced set of service assurance monitoring applications: network troubleshooting, network quality monitoring, service quality monitoring, customer experience management, customer quality of service monitoring, and customer service level agreements monitoring.

The MaveriQ solution is designed to enable CSPs to succeed in their efforts to address significant technology challenges, including:

- deployment of next-generation networks such as LTE, high-speed downlink packet access and Triple Play;
- integration of new architectures such as high-speed packet access ("HSPA"), LTE, VoLTE and IMS;
- migration of the network core to IP technology using IMS or SIGTRAN;
- successful delivery of advanced, complex services such as VoIP IMS and video conferencing; and
- pro-active management of call quality on existing and next-generation service providers' production networks, along with maintenance of high-availability, high-quality voice services over packet telephony.

CSPs use the MaveriQ solution for a wide array of use cases:

Customer and Service Assurance

- Troubleshooting – the MaveriQ solution enables CSPs to "drill down" to identify the source of specific problems, using tools ranging from call or session tracing to a full decoding of the call flow.
- Performance monitoring – CSPs use the MaveriQ solution to analyze the behavior of network components and customer network usage to understand trends and performance level and optimization, with the goal of identifying faults before they compromise the end-user experience
- Fault detection – CSPs use the MaveriQ solution's automatic fault detection and service KPIs to alert them to network problems as they arise.
- Pre-Mediation – the MaveriQ solution generates CDRs (call detail records) needed to feed third-party OSSs or other solutions

Roaming and Interconnect Analysis:

The MaveriQ solution can be used by CSPs to monitor their roaming and interconnect traffic. By identifying problematic links, CSPs are able to avoid revenue loss, to detect problems with specific roaming partners, and to manage interconnection KPIs.

Customer Experience Management:

The MaveriQ solution provides Customer Experience Management, which provides insight into the customer experience for mobile broadband and smartphones. Revenue-generating services require a well-managed network and mature service-delivery processes. Customers have high expectations of their communications services. CSPs need to know what customers are experiencing, even before the customers do, in order to retain their subscribers and maintain their profitability.

The MaveriQ solution provides the visibility and invaluable data for CSPs to manage both network and service performance and to ensure quality of service for its subscribers. The MaveriQ solution monitors a wide range of measurement sessions that are meaningful to the end user. By analyzing these measurements in real time and applying business intelligence, the MaveriQ solution provides insight not only into the end user quality of experience but also into the corresponding quality of the service provider's TCP/IP network.

The CEM solutions include:

- Customer Care Application, or QiCare, helps CSPs to reduce churn by monitoring and maintaining a high level of satisfaction for the individual subscriber, groups of subscribers, and the entire subscriber base. QiCare enables CSPs to view subscriber reports for individual subscribers and helps them to understand the subscriber's behavior and the quality of the different services being used online.

- QVIP – reports SLA for defined subscriber groups. In today's saturated telecom market, subscribers often abandon their CSP due to frustration over quality of service, with customer churn contributing to significant loss of revenue. RADCOM's QVIP application helps CSPs to monitor and maintain a high level of satisfaction for the individual subscriber, a group of subscribers and an entire network.

- QMyHandset enables identification of problematic handsets, and provides analysis of the cause of the problem. By identifying problematic handsets, CSPs can quickly make the required adjustments to their network to provide support for more handset models, thus improving the customer experience and hopefully preventing customer churn.

The following table shows the breakdown of our consolidated sales for the fiscal years 2015, 2014 and 2013 by product line:

	Year ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
The MaveriQ (including OmniQ)	$ 18,498	$ 23,023	$ 19,976
Others	$ 175	$ 613	$ 506
Total	$ 18,673	$ 23,636	$ 20,482

Sales and Marketing Organization

We sell to customers throughout the world mainly via direct channels but also via indirect channels.

Direct channels: Most of our sales are made through a direct channel, whereby our customers (the end-users) can enter into an agreement directly with us. During 2015, this direct channel was used mainly in North America, South America and Asia.

In North America we operate through our wholly-owned U.S. subsidiary, RADCOM Equipment, which primarily sells our products to end-users directly.

In Brazil we operate through a wholly-owned Brazilian subsidiary, RADCOM Brazil, which primarily sells our products to end-users in the Brazilian market directly.

RADCOM Brazil's employees engage primarily in the sales, marketing, deployment and customer support activities of our customers in Brazil.

In 2012, we established a wholly-owned Indian subsidiary, RADCOM India, which primarily provides marketing services and customer support worldwide. Our products are sold to the end-users directly by RADCOM Ltd.

We have regional sales support offices in China and Singapore. These offices support our distributors and direct sales in these regions.

Indirect channels: In several markets we sell our products through independent distributors and resellers who market communications-related hardware and software products.

We continue to search for new distributors and resellers to penetrate new geographical markets and to better serve our target markets.

Our distributors, agents and resellers serve as a local representative in certain countries as part of our sales, marketing and support team. They help sell, deploy and servicing our solutions, offer technical support in the end-user's native language, and attend to customer needs during local business hours. We have a standard contract with our distributors, agents and resellers. Based on this agreement, sales to distributors are generally final, and distributors have no right of return or price protection. The distributors do not need to disclose to us their customers' names, prices or date of order. To the best of our knowledge, a distributor places an order with us after it receives an order from its end-user, and does not hold our inventory for sale. Usually, we are not a party to the agreements between distributors and their customers.

Geographic Markets: The table below indicates the approximate breakdown of our revenue by territory:

	Year ended December 31, (in millions of U.S. dollars)			Year ended December 31, (in percentages)		
	2015	2014	2013	2015	2014	2013
Europe	1.2	3.2	4.0	6.4	13.5	19.7
North America	1.0	1.9	1.7	5.4	8.1	8.2
Asia (Excluding Philippines)	0.6	0.8	0.4	3.1	3.6	2.0
Philippines	8.1	3.5	3.2	43.2	15.0	15.6
South America (Excluding Brazil)	2.4	4.2	4.6	13.2	17.9	22.4
Brazil	3.5	6.5	5.5	18.7	27.3	26.7
Others	1.9	3.5	1.1	10.0	14.6	5.4
Total revenues	18.7	23.6	20.5	100%	100%	100%

Competition

The markets for our products are competitive, and we expect that competition will continue in the future, both with respect to products that we are currently offering and products that we are developing. Our principal competitors include NetScout, JDSU, Polystar, Astelia, Anritsu, Commprove, Exfo, Empirix and IBM (which acquired *The Now Factory)* In addition to these competitors, we expect competition from established and emerging communications, network management and test equipment companies. Many of our competitors have substantially greater resources than we have, including financial, technological, engineering, manufacturing, marketing and distribution capabilities, and some of them may enjoy greater market recognition than we do. For more information, see Item 3.D - Risks Related to Our Business and Our Industry.

In July 2015, NetScout Systems Inc. announced that it had completed the acquisition of Danaher Corporation's communications business, which includes Tektronix Communications. Each of NetScout and Tektronix have a significant share in the markets for our products, and the competitive landscape pursuant to this purchase where two significant players have combined into one player, may change significantly. We believe that this may also open new opportunities for us, mainly due to potential new prospects with their install base.

We believe that we are differentiated from our competitors in six main areas:

- our leadership in providing full service assurance solutions for NFV networks

- the advanced technology (such as real-time processing, big data support and high capacity performance that underlies our solutions)
- the multi-technology correlation capabilities that supports all major technologies – 3G, 4G, LTE, IMS, VoLTE and VoIP - within the same solution
- our solution being software-based providing cost-efficiency, rapid deployment times and agility in development
- Support for both physical and NFV networks to allow CSPs who have yet to transform to the NFV, to accelerate NFV deployments and smoothly transition from physical infrastructure whilst using the same solutions; and
- proven flexibility and responsiveness in a dynamic customer and technology environment

Customer Service and Support

We believe that providing a high level of customer service and support to end-users is essential to our success, and our strategic goal list to establish RADCOM as an industry leader in customer satisfaction. Investments that we are making to achieve this goal include:

- ***Enhancement of support*:** We are dedicated to the provision of timely, effective and professional support for all our customers. On-call support is provided by our direct sales/support force as well as by our representatives, distributors, and OEM partners. In addition, we routinely contact our customers to solicit feedback and promote full usage of our solutions. We provide all customers with a free one-year warranty, which includes bug-fixing solutions and a hardware warranty on our products. After the initial warranty period, we offer extended warranties which can be purchased for one, two, or three-year periods. Generally the cost of the extended warranty is an annual maintenance fee based on a percentage of the overall cost of the product..

- **Customer-oriented product development:** With the goal of continuously enhancing our customer relationships, we meet regularly with customers, and use the feedback from these discussions to improve our products and guide our R&D roadmap.

- **Regional technical support:** As the sale of a system and solutions requires a high level of technical skill, we decided to enhance our support with local experts located in our regional offices. For example, in our Brazil and India offices we established local support teams responsible for first level engagements with customers (Tier 1), which is advantageous in terms of the time zone, culture and language.

- **Support of our representatives and distributors:** We provide a high level of pre- and post-sale technical support to our distributors and representatives in the field. We use a broad range of channels to deliver this support, including help desks, technical training and others.

Seasonality of Our Business

In addition to general market and economic conditions, such as overall industry consolidation, the pace of adoption of new technologies, and the general state of the economy, our orders are affected by our customers' capital spending plans and patterns. Our orders, and to a lesser degree revenues, are typically highest in our fourth fiscal quarter when our customers have historically increased their spending to fully utilize their annual capital budgets. Consequently, our first quarter orders are usually lower compared to the last quarter of the previous year, and often are the lowest of the year.

Development Facilities

Our corporate office and development facilities, which are located in Tel Aviv, Israel, consist Our corporate office and development facilities, which are located in Tel Aviv, Israel, consist primarily of software development, testing and quality control and installation. For our service assurance solutions, we deploy the MaveriQ solution with standard, non-proprietary third-party hardware that functions together with our software to deliver the product's essential functionality.

Research and Development

In 2015, most of our research and development efforts focused on the development for the NFV. We expect to continue to invest significant efforts in research and development for the NFV in 2016.

The industry in which we compete is subject to rapid technological developments, evolving industry standards, changes in customer requirements, and new product introductions and enhancements.
As a result, our success, in part, depends upon our ability, on a cost-effective and timely basis, to continue to enhance our existing products and to develop and introduce new products that improve performance and reduce total costs.

We intend to continue developing products that meet key industry standards, to support important protocols as they emerge and maintain our technology leadership. Still, there can be no assurances that we will be able to successfully develop products to address new customer requirements and technological changes, or that such products will achieve market acceptance.

Our gross research and development costs were approximately $6.1 million in 2015, $5.8 million in 2014 and $5.6 million in 2013, representing 32.5%, 24.6% and 27.4% of our sales, respectively. Aggregate research and development expenses funded by the Office of the Chief Scientist were approximately $1.6 million in 2015, $1.7 million in 2014 and $1.5 million in 2013. For more information on the Chief Scientist, see "Israeli Office of the Chief Scientist" below. We expect to continue to invest significant resources in research and development.

As of December 31, 2015, our research and development staff consisted of 51employees, an increase of 5 employees compared to December 31, 2014. Research and development activities take place at our facilities in Tel Aviv. We occasionally use independent subcontractors for portions of our development projects.

Israeli Office of the Chief Scientist

Every year we file applications for grants under programs of the Office of the Chief Scientist of the Israeli Ministry of Economy (the "Chief Scientist" or "OCS"). Grants received under such programs are repaid through a mandatory royalty based on revenues from products developed pursuant to such programs or deriving therefrom (and related services). This government support is contingent upon our ability to comply with certain applicable requirements and conditions specified in the Chief Scientist's programs, with the provisions of the R&D Law. Generally, grants from the Chief Scientist constitute up to 50% of qualifying research and development expenditures for particular approved projects. Under the terms of these Chief Scientist projects, a royalty of 3% to 5% is due on revenues from sales of products and related services that incorporate know-how developed, in whole or in part, within the framework of projects funded by the Chief Scientist. As of December 31, 2015, our royalty rate was 3.5%. Royalty obligations are usually 100% of the dollar-linked amount of the grant, plus interest.

The R&D Law provides that know-how developed under an approved research and development program and/or rights associated with such know-how may not be transferred to third parties in Israel without the approval of the Chief Scientist. Such approval is not required for the sale or export of any products resulting from such research or development. The R&D Law, as amended, further provides that the know-how developed under an approved research and development program or rights associated with such know-how may not be transferred to any third parties outside Israel, except in certain special circumstances and subject to the Chief Scientist's prior approval. The Chief Scientist may approve the transfer of Chief Scientist-funded know-how outside Israel, generally, in the following cases: (a) the grant recipient pays to the Chief Scientist up to 600% of the total dollar-linked amount of the grants in consideration for such Chief Scientist-funded know-how (according to certain formulas); (b) if the grant recipient receives know-how from a third party in exchange for its Chief Scientist-funded know-how; (c) if such transfer of funded know-how arises in connection with certain types of cooperation in research and development activities; or (d) if such transfer of know-how arises in connection with a liquidation by reason of insolvency or receivership of the grant recipient, in which case the payment set forth in (a) may be reduced. The R&D Law generally requires that the product developed under an OCS-funded program be manufactured in Israel. Upon notification to the OCS and provided that the OCS did not object within 30 days, a portion of up to 10% of the manufacturing volume may be performed outside of Israel. Upon the OCS approval, a greater portion of the manufacturing volume may be performed abroad. Any such approval will be conditioned upon acceleration of the rate of royalties and an increase in the total amount to be repaid to the OCS of up to 300% of the grants, depending on the portion of the total manufacturing volume that is performed abroad.

The R&D Law imposes reporting requirements with respect to certain changes in the ownership of a grant recipient. The R&D Law requires the grant recipient and its controlling shareholders and foreign interested parties to notify the Chief Scientist of any change in control of the recipient or a change in the holdings of the means of control of the recipient that results in a non-Israeli becoming an interested party directly in the recipient, and requires the new interested party to undertake to the Chief Scientist to comply with the R&D Law. In addition, the Chief Scientist may require additional information or representations in respect of certain of such events. For this purpose, "control" is defined as the ability to direct the activities of a company other than any ability arising solely from serving as an officer or director of the company. A person is presumed to have control if such person holds 50% or more of the means of control of a company. "Means of control" refers to voting rights or the right to appoint directors or the chief executive officer. An "interested party" of a company includes a holder of 5% or more of its outstanding share capital or voting rights, its chief executive officer and directors, someone who has the right to appoint its chief executive officer or at least one director, and a company with respect to which any of the foregoing interested parties owns 25% or more of the outstanding share capital or voting rights or has the right to appoint 25% or more of the directors. Accordingly, any non-Israeli who acquires 5% or more of our ordinary shares will be required to notify the Chief Scientist that it has become an interested party and to sign an undertaking to comply with the R&D Law. In case the new shareholder is an Israeli entity, there is no need to sign an undertaking, only a notification is required. Furthermore, the R&D Law imposes reporting requirements in the event that proceedings commence against the grant recipient, including under certain applicable liquidation, receivership or debtor's relief law or in the event that special officers, such as a receiver or liquidator, are appointed to the grant recipient.

A recent amendment to the R&D Law entered into effect on January 1, 2016. The amendment requires the formation of a new governmental authority to replace the Chief Scientist. Such new authority is required to be established and is expected to establish new guidelines regarding the R&D Law. Such amendment creates uncertainty with respect to the terms of our existing and/or future Chief Scientist programs and incentives as we do not know what guidelines will be adopted by such new authority.

In each of the last ten fiscal years, we have received such royalty-bearing grants from the Chief Scientist. As of December 31, 2015, our contingent liability to the Chief Scientist in respect of grants received including accumulated interest and accumulated royalties paid was approximately $38.4 million.

In May 2010, we received a notice from the Chief Scientist regarding alleged miscalculations in the amount of royalties paid by us to the Chief Scientist for the years 1992 through 2009. See "Item 3.D. Risk Factors – Risks related to our Business and Our Industry" - because we received grants from the Israeli Office of the Chief Scientist, we are subject to ongoing restrictions as detailed above.

Binational Industrial Research and Development Foundation

We received from the Israel-U.S. Binational Industrial Research and Development Foundation (the "BIRD Foundation") funding for the research and development of products. We are obligated to pay royalties to the BIRD Foundation, with respect to sales of products based on technology resulting from research and development funded by the BIRD Foundation. Royalties to the BIRD Foundation are payable at the rate of 5% based on the sales of such products, up to 150% of the grant received, linked to the United States Consumer Price Index. As of December 31, 2015, our contingent liability to the BIRD Foundation for funding received was approximately $359,000. We have not received grants from the BIRD Foundation since 1995. Since 2003, we have not generated sales of products developed with the funds provided by the BIRD Foundation, and we have therefore not been required to pay royalties since such time.

Indian Subsidiary and China Office Funding

In April 2012 and in April 2014, the MoE approved our application for funding to help set up our Indian subsidiary and China office, respectively, as part of a designated grant plan for the purpose of setting up and establishing a marketing agency in India and China. The grant is intended to cover up to 50% of the costs of the office establishment, logistics, expenses and hiring of employees and consultants in India and China, based on the approved budget for the plan for a period of 3 years.

We are obligated to pay to the MoE, over a period of five years commencing as of the lapse of the third year when we received the grant, royalties of 3% of sales in China and India, such amount not to exceed the amount of the grant received.

The total marketing grants that the Company has received from the MoE as of December 31, 2015, with respect to our offices in China and our subsidiary in India, were $523,000. As of December 31, 2015, no liability was accrued.

Proprietary Rights

To protect our rights to our intellectual property, we rely upon a combination of trademarks, contractual rights, trade secret law, copyrights, non-disclosure agreements and technical measures to establish and protect our proprietary rights in our products and technologies. We own a registered trademark for the name Omni-Q®. In addition, we usually enter into non-disclosure and confidentiality agreements with our employees, distributors, sales representatives and with certain suppliers with access to sensitive information.

Employees

As of December 31, 2015, we have a total of 130 employees, out of which 90 employees are located in Israel, 3 employees of RADCOM Equipment are located in the United States, 11 employees of RADCOM Brazil are located in Brazil, 14 employees of RADCOM India are located in India and 12 employees in total are located in Spain, Singapore, China, Russia, Uruguay and Paraguay, collectively. Of the 90 employees located in Israel, 51 were employed in research and development, 5 in operations (including manufacturing and production), 25 in sales and marketing and customer support, and 9 in administration and management. Of the 3 employees located in the United States, 2 were employed in sales, marketing and customer support and 1 was employed in administration and management. Of the 11 employees located in the Brazil, 10 were employed in sales, marketing and customer support and 1 was employed in administration and management. Of the 14 employees located in India, 13 were employed in sales, marketing and customer support and 1 was employed in administration. Of the 12 employees located in Spain, Singapore, China, Russia, Uruguay and Paraguay, 11 were employed in sales, marketing and customer support and 1 was employed in administration and management. We consider our relations with our employees to be good and we have never experienced a strike or work stoppage. All of our employees have employment agreements and, with the exception of Brazil, none of them are represented by labor unions.

Although we are not a party to a collective bargaining agreement in Israel, we are subject to certain provisions of collective bargaining agreements among the Histadrut (General Federation of Labor in Israel) (“Histadrut”) and the Coordinating Bureau of Economic Organizations (including the Industrialists' Association) (“CBEO”) that are applicable to our Israeli employees by virtue of expansion orders of the Israeli Ministry of Economy (formerly known as the Ministry of Industry, Trade and Labor), including transportation allowance, annual recreation allowance, the lengths of the workday and workweek and mandatory general insurance pension. In addition, we may be subject to the provisions of the extension order applicable to the Metal, Electricity, Electronics and Software Industry. Israeli labor laws are applicable to all of our employees in Israel. These provisions and laws principally concern the length of the work day, minimum wages for workers, procedures for dismissing employees, determination of severance pay, leaves of absence (such as annual vacation or maternity leave), sick pay and other conditions of employment.

In Israel, we follow a general practice, which is the contribution of funds on behalf of most of our employees to an individual insurance policy known as "Managers' Insurance" or a pension fund. The contribution rates towards such Managers' Insurance are above and beyond the legal requirement. This policy provides a combination of savings plan, disability insurance and severance pay benefits to the insured employee. It provides for payments to the employee upon retirement or death and accumulates funds on account of severance pay, if any, to which the employee may be legally entitled upon termination of employment. Each participating employee contributes an amount equal to up to 7% of such employee's base salary, and we contribute between 13.3% and 15.8% of the employee's base salary. Pursuant to a recent change to Israeli law as well as the recent collective bargaining agreement entered into by the Histadrut and the CBEO, the amounts that we are required to contribute may increase.

Effective January 1, 2012, our employment agreements with new employees in Israel are in accordance with Section 14 of the Israeli Severance Pay Law – 1963, which provide that our contributions to severance pay fund shall cover our entire severance obligation. Upon termination, the release of the contributed amounts from the fund to the employee shall relieve us from any further severance obligation and no additional payments shall be made by us to the employee. As a result, the related obligation and amounts deposited on behalf of such obligation are not stated on the balance sheet, as we are legally released from severance obligation to employees once the amounts have been deposited, and we have no further legal ownership on the amounts deposited. Consequently, effective from January 1, 2012, we increased our contribution to the deposited funds to cover the full amount of the employees' salaries.

We also provide employees of RADCOM with an Education Fund, to which each participating employee contributes an amount equal to 2.5% of such employee's base salary and we contribute an amount equal to 7.5% of the employee's base salary (generally up to a certain ceiling provided in the Israeli Income Tax Regulations). In the United States we provide benefits in the form of health, dental, vision and disability coverage, in an amount equal to 21.1% of the employee's base salary. Israeli employees and employers also are required to pay pre-determined sums which include a contribution to national health insurance to the Israel National Insurance Institute, which provides a range of social security benefits.

In Brazil, we provide benefits in the form of health coverage, including health, vision and dental coverage, in an amount equal to up to 20% of the employee's base salary.

In India, we provide benefits in form of health coverage, education fund, house rent allowance and life insurance fund.

C. ORGANIZATIONAL STRUCTURE

In January 1993, we established our wholly-owned subsidiary in the United States, RADCOM Equipment, which conducts the sales, marketing, and customer support of our products in North America. In July 1996, we incorporated a wholly-owned subsidiary in Israel, RADCOM Investments, for the purpose of making various investments, including the purchase of securities. In 2010, we established RADCOM Brazil, our wholly-owned subsidiary in Brazil, which conducts the sales, marketing and customer support of our products in Brazil. In 2012, we established RADCOM India, our wholly-owned subsidiary in India, which conducts the sales, marketing and customer support of our products in India. The following is a list of our subsidiaries, each of which is wholly-owned:

Name of Subsidiary	Jurisdiction of Incorporation
RADCOM Equipment	New Jersey
RADCOM Investments	Israel
RADCOM Brazil	Brazil
RADCOM India	India

For more information, see "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions" below.

D. PROPERTY, PLANTS AND EQUIPMENT

We currently lease an aggregate of approximately 17,920 square feet of office space in Tel Aviv, Israel, which includes approximately 17,250 square feet leased from affiliates of our principal shareholders. This space includes our manufacturing facilities, which consist primarily of final assembly, testing and quality control of materials, wiring, subassemblies and systems. In 2015, the aggregate annual lease and maintenance payments for the Tel Aviv premises were approximately $495,000, of which approximately $378,000 was paid to affiliates of our principal shareholders. In 2015, we subleased approximately 646 square feet of our Tel Aviv premises, to unrelated parties, and our aggregate annual lease payments for such premises were approximately $22,000. We may, in the future, lease additional space from affiliated parties.

We also lease an aggregate of approximately 2,850 square feet of office space in Paramus, New Jersey, from an affiliate of our principal shareholders, and subleased approximately 1,260 square feet of such space to a related party. In 2015, our aggregate annual lease payments for such premises were approximately $57,000, and we received approximately $24,000 from the related party for the sub-lease.

We also lease an aggregate of approximately 1,480 square feet of office space in Brazil, 625 square feet in India, 400 square feet in Singapore, and 100 square feet in China. The aggregate annual lease payments for those premises were approximately $37,000, $50,000, $12,000 and $3,000 respectively.

We believe that our offices and facilities are adequate for our current needs and that suitable additional or substitute space will be available when needed.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this Annual Report.

Overview

We provide Service Assurance and Customer Experience Management solutions for CSPs. Our world leading, innovative solutions are uniquely positioned to fulfill the CSPs' ongoing needs to monitor their networks (fixed and mobile) and assure the delivery of a quality service to their subscribers; both on virtual (NFV) networks and non-virtual networks.

General

Our discussion and analysis of our financial condition and results of operation are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Our operating and financial review and prospects should be read in conjunction with our financial statements, accompanying notes thereto and other financial information appearing elsewhere in this Annual Report.

We commenced operations in 1991. Since then, we have focused on developing and enhancing our products, building our worldwide direct and indirect distribution network and establishing and expanding our sales, marketing, and customer support infrastructures.

Most of our revenues are generated in U.S. dollars and the majority of our cost of revenues is incurred in transactions denominated in U.S. dollars. Accordingly, we consider the U.S. dollar to be our functional currency and our consolidated financial statements are prepared in dollars.
As we evaluate our growth prospects and manage our operations for the future, we continue to believe that the leading indicator of our growth will be the deployment of 3G LTE, VoLTE, Triple Play networks.

Furthermore, we believe that the adoption of NFV by leading CSPs will be a major engine of our growth.

We focus our sales efforts on targeted emerging markets, in which CSPs are rolling out 3G and LTE cellular and VoIP networks, and on developed markets currently introducing Triple Play services based on the IMS platform and mobile broadband services.

We have been following the below sales strategy in 2015 designed to expand our sales pipeline and revenues:

- Focusing during 2015 on a top Tier 1 North American mobile operator which is planning to transform its network into NFV in the upcoming years,
- Focusing in emerging markets, including South America, Eastern Europe and Asia, where our strategy has been to target customers rolling out 3G cellular, LTE and VoIP services;
- In developed markets, we have been targeting the IMS activities and deployments of top-tier wireline CSPs, and the LTE and mobile broadband networks of wireless CSPs;
- Pursuing strategic partnering relationships, including OEM partnerships and teaming agreements; and
- Initial sales activities on other leading Tier 1 CSPs planning to transform their networks into NFV in the future.

In February 2014, we officially launched and started selling MaveriQ, our new software-based solutions. The MaveriQ solutions replaced our OmniQ solutions, which are hardware-based solutions, and our transition from hardware-based solutions to software-based solutions has contributed to our 2015 results. We believe that our leading NFV-ready solutions will affect our revenues in 2016.

Revenues. In general, our revenues are derived from sales of our products and, to a lesser extent, from sales of extended warranty services. Product revenues consist of gross sales of products, less discounts and refunds, when applicable.

Cost of sales. Cost of sales consists primarily of our bill of materials, purchase of hardware and royalties for software components from third party, deployment costs, support, warranty expenses, packaging, import taxes, allocation of overhead expenses, recurring and non-recurring write-off of inventory and others, impairment of indirect taxes, subcontractors' expenses, shipping and handling costs, license fees paid to third parties and royalties to the Chief Scientist. As part of our plan to reduce product cost and improve flexibility, we shifted during the last two years to a model whereby we install our software-based solutions on standard, non-proprietary third-party hardware that functions together with our software to deliver the product's essential functionality.

The cost of sales has improved due to two main reasons: selling a software based probe and software as a standalone, and where we do sell a solutions which also includes the hardware component, less hardware components are needed as fewer probes are required to monitor the same amount of data, since the capacity covered by each of our new probe is higher than before. We are also benefitting from the developments made by the standard hardware manufacturers, without the need to do our own developments. The solutions are also more robust and easier to install and maintain on a worldwide basis.

Our gross profit is affected by several factors, including the introduction of new products, price erosion due to increasing competition, the number of people that we have in operations, deployment and in customer support, the bargaining power of larger clients, and product mix and integration of other companies' solutions into our own. Following an initial purchase of a product, a customer can add additional functions by purchasing software packages. These packages may add functions to the product such as retrieving additional reports and related information. Most of our products consist of a combination of hardware and software, that function together to deliver the product's essential functionality. Accordingly, since there is no incremental hardware costs associated with the sale of the add-on software, the gross margins on these sales are higher.

Research and Development expenses, net. Research and development expenses, net consist primarily of salaries and related expenses, including share-based compensation, and, to a lesser extent, payments to subcontractors and for materials and overhead expenses. The allocation of overhead expenses consists of a variety of costs, including rent, office and associated expenses (including telecommunications expenses). The methodology for allocating these expenses depends on the nature of the expense. Costs of rent and associated costs are based on the square meters used by the R&D department while the other expenses are allocated based on headcount. There has been no change in methodology from year to year. The R&D expenses have been partially offset by royalty-bearing grants from the Chief Scientist.

Sales and Marketing expenses, net. Sales and marketing expenses, net consist primarily of salaries and related expenses, including share-based compensation, commissions to representatives, advertising, trade shows, promotional expenses, domestic and international travels, web site maintenance, non-recurring write-off and overhead expenses.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries and related expenses including share-based compensation, and related personnel expenses for executives, accounting and administrative personnel, professional fees (which include legal, audit and additional consulting fees), bad debt expenses, other general corporate expenses and overhead expenses.

Financial Expenses, Net. Financial expenses, net, in 2015 and 2014, consist primarily of interest earned on bank deposits, bank charges, and gains and losses from the exchange rate differences, including of monetary balance sheet items denominated in non-U.S. dollar currencies.

Summary of Our Financial Performance for the Fiscal Year Ended 2015 Compared to the Fiscal Year Ended 2014

For the year ended December 31, 2015, our revenues were $18.7 million, compared with $23.6 million in 2014, reflecting a decrease of 20.7%. On an operating basis, the Company provided $1.9 million in cash on operating activities during 2015, compared to the use of $3.4 million during 2014. The Company's net loss for the year ended December 31, 2015 was $923,000, compared with a net income of $726,000 for 2014. In 2015, the Company decreased revenues by 20.7% compared to 2014, decreased its cost of revenues by 50%, and increased its operating expenses by 7%, compared to 2014.

As of December 31, 2015, our cash and cash equivalents totaled $8.8 million, compared with $6.8 million as of December 31, 2014. The improvement in our cash and cash equivalents in 2015 is mainly as a result of our improved collection cycle and improving the management of our liquidity.

Although our 2015 net loss was $923,000, it includes non-cash expenses due to share-based compensation that totaled $1,409,000.

During 2015, we continued a trend of an increase in the relative portion of large-to-medium sized deals, reflecting our success in creating repeat sales and improving our business relationships with Tier-I and Tier-II CSPs as can be seen in our relationship with Amdocs which is more fully described in "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions" below, and which revenues from such transaction will be included in our 2016 financial results.

Our cost of revenues decreased relatively more than our revenues, which resulted in an increase of our gross margin to 77% in 2015 compared with 63% in 2014.

Reportable Segments

Management receives sales information by product groups and by geographical regions. Research and development, sales and marketing, and general and administrative expenses are reported on a combined basis only (i.e., they are not allocated to product groups or geographical regions). Because a measure of operating profit or loss by product groups or geographical regions is not presented to management due to shared resources, we have concluded that we operate in one reportable segment.

A. OPERATING RESULTS

The following table sets forth, for the periods indicated, certain financial data expressed as a percentage of sales:

	2015	2014	2013
Sales	100%	100%	100%
Cost of sales	23.2	36.8	38.5
Gross profit	76.8	63.2	61.5
Operating expenses:			
Research and development	32.5	24.6	27.4
Less royalty-bearing participation	8.5	7.1	7.5
Research and development, net	24.0	17.5	19.9
Sales and marketing ,net	42.0	30.9	37.1
General and administrative	12.8	9.6	10.0
Total operating expenses	78.8	58.0	67.0
Operating income (loss)	(2.0)	5.2	(5.5)
Financial expenses, net	(2.3)	(1.4)	(1.4)
Income (loss) before taxes on income	(4.3)	3.8	(6.9)
Taxes on income	(0.7)	(0.8)	-
Net income (loss)	(5.0)	3.0	(6.9)

Financial Data for Year Ended December 31, 2015 compared with Year Ended December 31, 2014

Revenues

	Year Ended December 31, (in millions of U.S. dollars)			% Change 2015 vs.	% Change 2014 vs.
	2015	2014	2013	2014	2013
The MaveriQ (including the Omni-Q family)	18.5	23.0	20.0	(19)	15
Others	0.2	0.6	0.5	(100)	20
Total revenues	18.7	23.6	20.5	(21)	15

Revenues. In 2015, our revenues decreased by 20.7% compared to 2014. This decrease reflects the major effort made by the Company during 2015, focusing on winning the deal with Amdocs Software in connection with the top tier North American mobile operator.

For more information, see "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions".

	Year Ended December 31, (in millions of U.S. dollars)			Year Ended December 31, (as percentages)		
	2015	2014	2013	2015	2014	2013
Europe	1.2	3.2	4.0	6.4	13.5	19.7
North America	1.0	1.9	1.7	5.4	8.1	8.2
Asia (Excluding Philippines)	0.6	0.8	0.4	3.1	3.6	2.0
Philippines	8.1	3.5	3.2	43.2	15.0	15.6
South America (Excluding Brazil)	2.4	4.2	4.6	13.2	17.9	22.4
Brazil	3.5	6.5	5.5	18.7	27.3	26.7
Other	1.9	3.5	1.1	10.0	14.6	5.4
Total revenues	18.7	23.6	20.5	100%	100%	100.0%

In 2015, the Company had two customers, one in the Philippines and one in Brazil, that amounted to $8.1 million and $2.7 million, respectively, of the total consolidated revenues. During 2014, the Company had three customers, one in each of Brazil, the Philippines and Israel, that amounted to $5.2 million, $3.5 million and $2.8 million, respectively, of the total consolidated revenues.

Cost of Sales and Gross Profit

	Year ended December 31, (in millions of U.S. dollars)		
	2015	2014	2013
Cost of sales - Product	4.0	8.4	7.5
Cost of sales - Services	0.3	0.3	0.4
Total Cost of sales	4.3	8.7	7.9
Gross profit	14.3	14.9	12.6

Cost of sales. During 2015, our gross profit as a percentage of revenues, calculated to include variable costs, which include purchasing, packaging, royalties to the Chief Scientist, license fees paid to third parties recurring and non-recurring write-off of inventory and import taxes, was 77% compared to 63% in 2014.

The fixed costs of our cost of sales also include employees' salaries and related costs and overhead expenses of approximately $1.5 million for 2015 and $2.1 million for 2014. Our cost of sales included an expense of $33,000 for share-based compensation in 2015 and $12,000 for share-based compensation in 2014.

Our gross profit in 2015 and 2014 was 77% and 63%, respectively, which reflected the decrease in our cost of sales due to our transition to a software based probe and the usage of third party hardware.

Operating Costs and Expenses

The following table provides the operating costs and expenses of the Company in 2015, 2014 and 2013, as well as the percentage change of such expenses in 2015 compared to 2014.

	Year ended December 31, (in millions of U.S. dollars)			% Change	% Change
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Research and development	6.1	5.8	5.6	5.2	3.6
Less royalty-bearing participation	1.6	1.7	1.5	(5.9)	13.3
Research and development, net	4.5	4.1	4.1	9.8	-
Sales and marketing, net	7.8	7.3	7.6	6.8	(3.9)
General and administrative	2.4	2.3	2.0	4.3	15.0
Total operating expenses	14.7	13.7	13.7	7.3	-

Research and Development expenses. Research and development expenses, gross, increased from $5.8 million in 2014 to $6.1 million in 2015. As a percentage of total revenues, research and development expenses, gross, increased from 24.6% in 2014 to 32.5% in 2015. The increase in our gross research and development expenses from $5.8 million in 2014 to $6.1 million in 2015 is attributable partially to the increase in the number of employees and related expenses. As of December 31, 2015, we employed 51 research and development engineers, compared to 46 as of December 31, 2014. We believe that our research and development efforts are a key element of our strategy and are essential to our success. An increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin. Our research and development costs included an expense of $529,000 for share-based compensation in 2015 and $178,000 for share-based compensation in 2014.

Sales and Marketing expenses, net. Sales and marketing expenses increased from approximately $7.3 million in 2014 to approximately $7.8 million in 2015. The increase in our sales and marketing expenses from 2014 to 2015 is mainly attributable to an increase in commissions to third parties. As a percentage of total revenues, sales and marketing expenses in 2015 and 2014 were 42% and 30.9%, respectively. Our sales and marketing expenses included an expense of $380,000 for share-based compensation in 2015 and $146,000 for share-based compensation in 2014.

General and Administrative expenses. General and administrative expenses increased from approximately $2.3 million in 2014 to approximately $2.4 million in 2015. As a percentage of total revenues, general and administrative expenses in 2015 and 2014 were 12.8% and 9.6%, respectively. Our general and administrative expenses included $467,000 for share-based compensation in 2015 and $243,000 for share-based compensation in 2014.

Financial Expenses, Net. Financial expenses, net, increased to approximately $433,000 in 2015 compared to approximately $332,000 in 2014. The increase in our financial expenses, net from 2014 to 2015 is attributable to an increase in foreign currency translation expenses of $101,000.

Taxes on Income. During 2015, we recorded tax expenses of $121,000, compared to $180,000 in 2014, reflecting withholding taxes that were due on payments from certain customers in Central America and Asia.

Summary of Our Financial Performance for the Fiscal Year Ended 2014 Compared to the Fiscal Year Ended 2013

Revenues. In 2014, our revenues increased by 15.4% compared to 2013, reflecting strong execution of our backlog and continued momentum in the emerging markets of Latin America and Asia.

Our sales network includes RADCOM Equipment, our wholly-owned subsidiary in the United States, RADCOM Brazil, our wholly-owned subsidiary in Brazil, RADCOM India, our wholly-owned subsidiary in India, as well as independent representatives, and more than 20 independent distributors in over 20 other countries. During 2014, our sales in South America, mainly in Brazil, increased as a result of large sized deals, and also from new medium sized deals with shorter execution cycle that we recognized during 2014. In addition, we didn't experience a material increase in sales in North America mainly as a result of our strategy to focus on the emerging markets.

In 2014, the Company had three customers in Brazil, Philippines and Israel that amounted to $5.2 million, $3.5 million and $2.8 million, respectively, of the total consolidated revenues. During 2013, the Company had two customers, in Philippines and Brazil that accounted for $3.2 million and $2.2 million, respectively, of the total consolidated revenues.

Cost of sales. During 2014, our gross profit as a percentage of revenues, calculated to include variable costs, which include hardware production, packaging, royalties to the Chief Scientist, license fees paid to third parties, and import taxes, was 63% compared to 61% in 2013.

Our cost of sales consisted of fixed costs, which include employees' salaries and related costs and overhead expenses, of approximately $2.1 million for 2014 and $2.2 million for 2013. Our cost of sales included an expense of $12,000 for share-based compensation in 2014 and $7,000 for share-based compensation in 2013.

Our gross profit in 2014 and 2013 was 63% and 61%, respectively. The gross profit as a percentage of revenues in 2014 was at a similar level as in 2013 despite the substantial increase in our revenues, as a result of a non- recurring write off of approximately $1.6 million, due to an old project cancellation in year 2014 (an effect of about 7%).

Research and Development expenses. Research and development expenses, gross, increased from $5.6 million in 2013 to $5.8 million in 2014. As a percentage of total revenues, research and development expenses, gross, decreased from 27.4% in 2013 to 24.6% in 2014. The increase in our gross research and development expenses from $5.6 million in 2013 to $5.8 million in 2014 is attributable mostly to exchange rate differences on salary and related expenses. As of December 31, 2014, we employed 46 research and development engineers, compared to 49 as of December 31, 2013. We believe that our research and development efforts are a key element of our strategy and are essential to our success. An increase or a decrease in our total revenue would not necessarily result in a proportional increase or decrease in the levels of our research and development expenditures, which could affect our operating margin. Our research and development costs included an expense of $178,000 for share-based compensation in 2014 and $117,000 for share-based compensation in 2013.

Sales and Marketing expenses, net. Sales and marketing expenses decreased from approximately $7.6 million in 2013 to approximately $7.3 million in 2014. The decrease in our sales and marketing expenses from 2013 to 2014 is mainly attributable to a decrease in the number of employees and related expenses by the amount of $0.3 million. As a percentage of total revenues, sales and marketing expenses in 2014 and 2013 were 30.9% and 37.1%, respectively. Our sales and marketing expenses included an expense of $146,000 for share-based compensation in 2014 and $82,000 for share-based compensation in 2013.

General and Administrative expenses. General and administrative expenses increased from approximately $2.0 million in 2013 to approximately $2.3 million in 2014. As a percentage of total revenues, general and administrative expenses in 2014 and 2013 were 9.6% and 10.0%, respectively. The increase in our general and administrative expenses from 2013 to 2014 is mainly attributable to salaries and bonuses payments. Our general and administrative expenses included $243,000 for share-based compensation in 2014 and $293,000 for share-based compensation in 2013.

Financial Expenses, Net. Financial expenses, net, increased to approximately $332,000 in 2014 compared to approximately $291,000 in 2013. The increase in our financial expenses, net from 2013 to 2014 is mainly attributable to an increase in foreign currency translation difference expenses of $239,000, a decrease in interest paid on short-term bank credit that was repaid during 2013 and bank charges of $77,000 and increase in interest received for certain investments of $121,000.

Taxes on Income. During 2014, we recorded tax expenses of $180,000, reflecting withholding taxes that were due on payments from certain customers in Central America and Asia, compared to no tax expenses in 2013.

Impact of Inflation and Foreign Currency Fluctuations

Most of our revenues are generated in U.S. dollars and the majority of our cost of revenues is incurred in transactions denominated in dollars. We also generate revenues in Brazilian Reals, Euros and other currencies; however, we consider the U.S. dollar to be our functional currency. A significant portion of our revenues is denominated in Brazilian Reals, and in the future additional revenues may be denominated in currencies other than U.S. dollars.

Since a significant portion of our expenses is in NIS, as we pay our Israeli employees' salaries in NIS, the dollar cost of our operations is influenced by the exchange rates between the NIS and the dollar. Fluctuations in exchange rates between the U.S. dollar and the Real, Euro, and other currencies in which we generate revenue, and the U.S. dollar, may also have an effect on our results of operations. With respect to our Brazilian subsidiary, the functional currency has been determined to be their local currency. Assets and liabilities are translated at year-end exchange rates and statements of income items are translated at average exchange rates prevailing during the year. Such translation adjustments are recorded as a separate component of accumulated other comprehensive loss in shareholders' equity.

Because exchange rates between the NIS and the U.S. dollar fluctuate continuously, exchange rate fluctuations will have an impact on our profitability and period-to-period comparisons of our results. The effects of foreign currency re-measurements are reported in our financial statements as financial income or expense. Based on our budget for 2016, we expect that an increase of NIS 0.10 to the exchange rate of the NIS to U.S. dollar will decrease our expenses expressed in dollar terms by $90,000 per fiscal quarter and vice versa.

Effective Corporate Tax Rate

Israeli companies are generally subject to corporate tax at the rate of 26.5% for the 2015 tax year and 25% for the 2016 tax year (enacted January 2016). Israeli companies are generally subject to capital gains tax at the corporate tax rate. We do not generate taxable income in Israel, as we have historically incurred operating losses resulting in carry forward losses for tax purposes totaling approximately $37 million as of December 31, 2015. We believe that we will be able to carry forward these tax losses to future tax years. Accordingly, we do not expect to pay taxes in Israel until we have taxable income after the full utilization of our carry forward tax losses. For more information on taxation, see "Item 10.E – Taxation.

Our effective corporate tax rate may exceed the Israeli tax rate. Our U.S. and Brazilian subsidiaries will generally be subject to applicable federal, state, local and foreign taxation, and we may also be subject to taxation in the other foreign jurisdictions in which we own assets, have employees or conduct activities.

We recorded a valuation allowance of $15,392 at December 31, 2015 for all of our deferred tax assets. Based on the weight of available evidence, we believe it is more likely than not that all of our deferred tax assets will not be realized.

In 2014 and 2015, taxes on income included tax expenses which are reflecting withholding taxes that were due on payments from certain customers in Central and South America.

B. LIQUIDITY AND CAPITAL RESOURCES

In March 2016, we received the initial payment of $18 million from Amdocs Software. For more information, see "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions".

We have financed our operations through cash generated from operations, the proceeds of our 1997 initial public offering, our 2004, 2008, 2010, and 2013 private placement transactions, a venture lending loan secured in 2008 which is no longer effective, proceeds from exercise of options and warrants and receiving royalty-bearing participation from Chief Scientist and others. Cash and cash equivalents at December 31, 2015, 2014 and 2013 were approximately $8.8 million, $6.8 million and $1.2 million, respectively.

In previous years we generated losses attributable to our operations We have managed our liquidity during this time through a series of cost reduction initiatives, expansion of our sales into new markets, private placement transactions, a venture capital loan, a bank credit facility and a loan from a major shareholder all of which are no longer relevant. We believe that our existing capital resources and cash flows from operations will be adequate to satisfy our expected liquidity requirements through the next twelve months. Our foregoing estimate is based on, among other things, our current backlog and the pipeline for 2016. Without derogating from the foregoing estimate regarding our existing capital resources and cash flows from operations, we may decide to raise additional funds in 2016. We believe that, if required, we will be able to raise additional capital or reduce discretionary spending to provide the required liquidity beyond the next twelve months.

Net Cash Used in Operating Activities. Net cash provided (used) in operating activities was approximately $1.9 million in 2015, $3.4 million in 2014, and $(2.1) million in 2013. The positive net cash flow in 2015 was primarily due to a decrease in trade receivables of $1.1 million, an increase of share-based compensation and restricted shares of approximately $1.4 million and an increase in deferred revenue and advances from customers of $0.7 million. This was partially offset by an increase of approximately $1.3 million in other accounts receivable and prepaid expenses. The positive net cash flow in 2014 was primarily due to a net profit of approximately $0.7 million, and an increase in deferred revenues and advances from customers of approximately $0.4 million. This was partially offset by the following: a decrease of $1.4 million in inventories, a decrease of $1.0 million in employees and payroll accruals and other current assets, an increase of approximately $0.7 million in trade payables, and a decrease in non-cash share options compensation of $0.6 million.

The trade receivables and days of sales outstanding ("DSO") are primarily impacted by payment terms, the variations in the levels of shipment in the quarter, and collections performance. Trade receivables for 2015 decreased to $3.7 million from $5.5 million in 2014, reflecting mainly the shortening of our DSOs, due to faster completion of our projects and faster collection from customers. We believe that continued expansion of our business, particularly in emerging markets, may require continued investments in working capital as many customers require commercial terms which result in longer payment terms.

The decrease in inventories in 2015 was mainly due to the decrease in inventory delivered to customers for which revenue criteria have been met and recognized, and due to non-recurring noncash write off due to old project cancellations of approximately $170,000.

Net Cash Used in Investing Activities. Our investing activities generally consist of the purchase of equipment; however, in 2013 we invested in short-term deposits in the amounts of $38,000, which was required in order to secure bonds provided to certain customers. Those short-term deposits matured during 2014 and provided $1.5 million in 2014. In 2015 and 2014, we invested $97,000 and $88,000, respectively, for the purchase of equipment. Net cash provided (used) in investing activities in 2015, 2014 and 2013 totaled approximately $(97,000), $1.4 million, and $(126,000), respectively.

Net Cash Used in Financing Activities. In 2015, net cash provided in financing activities totaled approximately $813,000, including exercise of options of $733,000 and warrants of $80,000. In 2014, net cash provided in financing activities totaled approximately $1.1 million, including exercise of options of $1.7 million and warrants of $21,000. In 2013, net cash provided in financing activities totaled approximately $1.9 million, including the $3.4 million from the private placement as described below under "Private Placement", and exercise of options of $226,000 and warrants of $256,000 which was offset by a repayment of short term credit from a bank of approximately $0.4 million and short term loans from the bank and from Mr. Zohar Zisapel of approximately $1.5 million.

Private Placement

During April and June 2013, we raised a gross amount of $3.5 million in a private placement, (or the "2013 PIPE"), from existing and new investors by issuance of ordinary shares and warrants to purchase ordinary shares. Under the 2013 PIPE transaction, we issued 1,239,639 ordinary shares for an aggregate purchase price of $3.5 million, or $2.79 per ordinary share (this price per share was based on the average closing price of our ordinary shares on the thirty trading days prior to the execution date of the definitive agreement, minus a discount of 12%). The investors in the 2013 PIPE also included Mr. David Ripstein, our then President and Chief Executive Officer, and Israeli companies wholly owned by Mr. Zohar Zisapel, our former Chairman of our Board of Directors and a controlling shareholder. We also issued to the investors warrants to purchase up to 413,213 ordinary shares at an exercise price of $3.49 per share (the price per share paid in the transaction plus 25%). The warrants are exercisable for three years from the closing date of the 2013 PIPE. As part of the 2013 PIPE, we filed with the SEC a resale registration statement covering the shares purchased in the 2013 PIPE (including the shares underlying the warrants). Our net proceeds from the offering were approximately $3.4 million. If the warrants are exercised in full for cash, we would realize additional proceeds before expenses, in the amount of approximately $1.4 million. As of December 31, 2015, 102,228 warrants had been exercised for approximately aggregate amount of $357,000.

Investments

We may in the future undertake hedging or other similar transactions or invest in market risk-sensitive instruments, if our management determines that it is necessary to offset risks such as foreign currency and interest rate fluctuations.

Impact of Related Party Transactions

We have entered into a number of agreements with the RAD-BYNET Group) (as described under Item 7.B). Of these agreements, the office space leases with affiliates of the RAD-BYNET Group are material to our operations. The pricing of the transactions with respect to such leases was determined based on negotiations between the parties. Members of our Audit Committee, Board of Directors and management reviewed the pricing of the leases and confirmed that these leases were not different from terms that could have been obtained from unaffiliated third parties. We believe, however, that due to the affiliation between us and the RAD-BYNET Group, we have greater flexibility on certain issues than what may be available from unaffiliated third parties. In the event that the transactions with members of the RAD-BYNET Group are terminated and we enter into similar transactions with unaffiliated third parties, that flexibility may no longer be available to us.

For more information, see "Item 7.B—Major Shareholders and Related Party Transactions—Related Party Transactions" below.

In the 2013 PIPE we raised gross amount of $3.5 million from certain existing and new investors, including our then President and Chief Executive Officer, Mr. David Ripstein (who invested $50,000) and Israeli companies wholly owned by our controlling shareholder who was also serving at the time as our Chairman of the Board of Directors, Mr. Zohar Zisapel (who invested $1.1 million). For more information, see " — Private Placements" above.

Please see "Item 5.F—Operating and Financial Review and Prospects—Tabular Disclosure of Contractual Obligations" below for a discussion of our material commitments for capital expenditures.

Government Grants and Related Royalties

The Government of Israel, through the Chief Scientist, encourages research and development projects pursuant to the R&D Law and the regulations promulgated thereunder. We may receive from the Chief Scientist up to 50% of certain approved research and development expenditures for particular projects. We recorded grants from the Chief Scientist totaling approximately $ 1.6 million in 2015, $ 1.7 million in 2014 and $1.5 million in 2013. Pursuant to the terms of these grants, we are obligated to pay royalties of 3.5% of revenues derived from sales of products (and related services) funded with these grants. In the event that a project funded by the Chief Scientist does not result in the development of a product which generates revenues, we would not be obligated to repay the grants we received for the product's development. Royalty expenses relating to the Chief Scientist grants included in the cost of sales for years ended December 31, 2015, 2014 and 2013 were $655,000, $827,000, and $706,000, respectively. The total research and development grants that we have received from the Chief Scientist as of December 31, 2015 were $38.4 million. For projects authorized since January 1, 1999, the repayment interest rate is LIBOR. As of December 31, 2015, the accumulated interest was $14.0 million, the accumulated royalties paid to the Chief Scientist were $11.7 million and our contingent liability to the Chief Scientist in respect of grants received was according to our records approximately $40.7 million. For additional information, see "Item 4.B—Information on the Company—Business Overview—Israeli Office of the Chief Scientist."

We are also obligated to pay royalties to the BIRD Foundation, with respect to sales of products based on technology resulting from research and development funded by the BIRD Foundation. Royalties to the BIRD Foundation are payable at the rate of 5% based on the sales of such products, up to 150% of the grant received, linked to the United States Consumer Price Index. As of December 31, 2015, we had a contingent obligation to pay the BIRD Foundation aggregate royalties in the amount of approximately $359,000. For additional information, see "Item 4.B—Information on the Company—Business Overview—Binational Industrial Research and Development Foundation."

In April 2012 and in April 2014, the MoE approved our application for funding to help set up our Indian subsidiary and China office as part of a designated grant plan for the purpose of setting up and establishing a marketing agency in India and China. The grant is intended to cover up to 50% of the costs of the office establishment, logistics, expenses and hiring of employees and consultants in India and China, based on the approved budget for the plan for a period of 3 years.

We are obligated to pay to the MoE, royalties of 3% on the increased sales in the target market, with respect to the year during which the grant was approved (2012 for India, and 2014 for China), over a period of five years but not more than the total linked amount of the grant received. As of December 31, 2015, we have no contingent obligation to pay the MoE any royalties. For additional information, see "Item 4.B—Information on the Company—Business Overview—Israeli Ministry of Economy."

Critical Accounting Policies and Estimates

The preparation of Consolidated Financial Statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 2 to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements, and actual results could differ materially from the amounts reported based on these policies.

Revenue recognition. Revenues from sales of products are recognized when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed or determinable, and collectability is probable. Our products contain software components and non-software components that function together to deliver the product's essential functionality.

Products are typically considered delivered upon shipment. In instances where final acceptance of the product is specified by the customer, and the acceptance is deemed substantive, revenue is deferred until all acceptance criteria have been met. Our arrangements generally do not include any provisions for cancellation, termination or refunds that would significantly impact recognized revenue. Large-size deals usually include acceptance criteria and since the delivery of such projects can take on average between 6-15 months, revenue recognition for such projects is delayed.

Our revenues are generated from sales to direct customers and independent distributors. We have a contract that is standard in substance with our distributors. In principle, based on this contract, sales to distributors are final and distributors have no rights of return or price protection. We are not a party to the agreements between distributors and their customers, however we recognize our revenue on a "sale through" basis and therefore, revenues from these distributors are deferred until all revenue recognition criteria of the sale to the end customer are met.

We also generate sales through independent representatives. These representatives do not hold any of the Company's inventories, and they do not buy products from us. We invoice the end-user customers directly, collect payment directly, and then pay commissions to the representative for the sales in their territory.

Revenues from fixed price contracts that require significant customization, integration and installation are recognized based on ASC 605-35, "Construction-Type and Production-Type Contracts", using the percentage-of-completion method of accounting based on the ratio of costs related to contract performance incurred to date to the total estimated amount of such costs. The amount of revenue recognized is based on the total fees under the arrangement and the percentage of completion achieved. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are first determined, in the amount of the estimated loss on the entire contact. During the year ended December 31, 2015, the Company recognized revenue amounted of $622,000 from one contract which was entered in 2014 for the entire sum of $2,827,000, which in addition to the revenue recognized by the Company in 2014 for the same contract, reflects a completion percentage of 100%.

Revenues in arrangements with multiple deliverables are allocated using the relative selling price method. The selling price for each deliverable is based on vendor-specific objective evidence ("VSOE") if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE or TPE is available. The Company determines the ESP based on management estimated selling price by considering several external and internal factors including, but not limited to, pricing practices including discounting, margin objectives, and competition

Under our selling arrangements, we usually provide a one-year warranty, which includes bug fixing and a hardware warranty ("Warranty") for our products. After the Warranty period initially provided with our products, we may sell extended warranty contracts on a standalone basis, which include bug fixing and a hardware warranty. Revenue related to extended warranty contracts is recognized pursuant to ASC 605-20-25, "Separately Priced Extended Warranty and Product Maintenance Contracts." Pursuant to this provision, revenue related to separately priced product maintenance contracts is deferred and recognized over the term of the maintenance period.

Inventories. Inventory is written down based on excess and obsolete inventories determined primarily by future demand forecasts. Inventory write-downs are measured as the difference between the cost of the inventory and market, based upon assumptions about future demand, and are charged to the provision for inventory, which is a component of our cost of sales. At the point of the loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

If there were to be a sudden and significant decrease in demand for our products, or if there were a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements, we could be required to increase our inventory write-downs and our gross margin could be adversely affected. Inventory and supply chain management remain areas of focus as we balance the need to maintain supply chain flexibility, to help ensure competitive lead times with the risk of inventory obsolescence.

In addition, we add to the cost of finished products and work in process held in inventory the overhead from our manufacturing process. If these estimates change in the future, the amount of overhead allocated to cost of revenues would change.

Inventory also includes amounts with respect to inventory delivered to customers for certain projects but for which revenue criteria have not been met yet.

Share-based compensation. Our accounts for share-based compensation are in accordance with ASC 718 "Compensation – Stock-based Compensation" ("ASC 718"), which requires us to estimate the fair value of share-based payment awards on the grant date using an option-pricing model.

We recognize compensation expenses for the value of the awards granted based on the accelerated attribution method over the requisite service period of each of the awards, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

We selected the Black-Scholes option pricing model as the most appropriate fair value method for our stock options awards. This option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon actual historical stock price movements over the most recent periods ending on the grant date, equal to the expected option term, as management believes that this is the best indicator of future volatility. The expected term was generated by running Monte Carlo model pursuant to which historical post-vesting forfeitures and suboptimal exercise factor is estimated by using historical option exercise information. The suboptimal exercise factor is the ratio by which the stock price must increase over the exercise price before employees are expected to exercise their stock options. The expected term of the options granted is derived from the output of the options valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term to the expected life of the options. Historically the Company has not paid dividends and in addition has no plans in the foreseeable future to pay dividends, and therefore use an expected dividend yield of zero in the option pricing model.

Determining the fair value of share-based awards at the grant date requires the exercise of judgment. In addition, the exercise of judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, share-based compensation expense and our results of operations could be materially affected.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

See "Item 4.B—Information on the Company—Business Overview—Research and Development," "Item 4.B—Information on the Company—Business Overview—Proprietary Rights", and "Item 5—Operating and Financial Review and Prospects—Research and Development" and "Item 5.A—Operating and Financial Review and Prospects—Operating Results".

D. TREND INFORMATION

During 2015, we saw an increased interest in NFV capable service assurance solutions and continued demand for traditional service assurance solutions.

We expect that the NFV market will gain momentum during 2016 and beyond. Key benefits that CSPs will derive from NFV include faster time-to-market, enablement of new services, ability to rapidly scale resources up and down, and lower costs (both CAPEX and OPEX).

Many leading CSPs have commercial LTE offerings. Mobile data services are becoming a significant revenue source for CSP.

The competition in the CSPs' market drives increased spending on the marketing of next-generation services, and therefore increased usage, which itself increases the potential need for service assurance solutions. As services become more technologically complex and their volumes increase, service quality becomes an issue that must be addressed.

E. OFF–BALANCE SHEET ARRANGEMENTS

None.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table of our material contractual obligations as of December 31, 2015, summarizes the aggregate effect that these obligations are expected to have on our cash flows in the periods indicated:

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands of U.S. dollars)		
Operating leases obligation (1)	$ 613	$ 613	--	--	--
Open purchase orders (2)	136	136	--	--	--
Other long-term commitments (3)	475	--	--	--	--
Total	1,224	$ 749	--	--	--

(1) Represents operating lease costs, consisting of leases for facilities and vehicles.

(2) We purchase components from a variety of suppliers and vendors, in connection with the development and/or production of our products.

(3) In addition to the obligations noted above, we have potential liability for severance pay for Israeli employees, which is calculated pursuant to Israeli severance pay law, based on the most recent monthly salary of the employees multiplied by the number of years of employment as of the balance sheet date. After completing one full year of employment, our Israeli employees are entitled to one month's salary for each year of employment or a portion thereof. Our obligation for accrued severance pay under Israel's Severance Pay Law as of December 31, 2015 was approximately $3,656,000, of which approximately $3,181,000 was funded through deposits in severance pay funds, leaving a net obligation of approximately $475,000. The timing of payment of this liability is dependent on timing of the departure of the employees and whether they leave of their own will, or are dismissed.

In addition, we are required to pay royalties of 3.5% and 5% of the revenues derived from products incorporating know-how developed from research and development grants from the Chief Scientist and BIRD Foundation, respectively. As of December 31, 2015, our contingent liability to the Chief Scientist in respect of grants received was according to our records approximately $38.4 million, and our contingent liability to the BIRD Foundation in respect of funding received was approximately $359,000. If we do not generate revenues from products incorporating know-how developed within the framework of these programs, we will not be obligated to pay royalties under these programs.

For additional information, see "Item 4.B—Information on the Company—Business Overview—Israeli Office of the Chief Scientist.", and Item 4.B—Information on the Company—Business Overview—Binational Industrial Research and Development Foundation.

We are also obligated to pay to the MoE royalties of 3% on the increased sales in the target market derived in India, with respect to the year during which the grant was approved (2012), over a period of five years but not more than the total linked amount of the grant received by us. As of December 31, 2015, no liability was accrued.

Effect of Recent Accounting Pronouncements

See note 2, Significant Accounting policies, in Notes to the Consolidated Financial Statements in Item 18 of part II of this Report, for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on financial condition and results of operations.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table lists our current directors and executive officers:

Name	Age	Position
Rachel (Heli) Bennun	62	Active Chairwoman of our Board of Directors
Uri Har (1)(2)(3)(4)(5)	79	Director
Irit Hillel (1)(2)(4)(5)(6)	53	Director
Matty Karp (2)(4)(5)	67	Director
Zohar Zisapel	67	Director*
Yaron Ravkaie	47	Chief Executive Officer**
Eyal Harari	39	Chief Operating Officer***
Uri Birenberg	40	Chief Financial Officer
Hilik Itman	43	Vice President, Research and Development
Ronen Hovav	44	Vice President, Sales

(1) External Director, pursuant to the Israeli Companies Law
(2) Independent Director, under Rule 5000 of the NASDAQ Stock Market Rules currently in effect (the “NASDAQ Listing Rules”)
(3) Chairman of Audit Committee
(4) Audit Committee Member
(5) Compensation Committee Member
(6) Chairman of Compensation Committee

(*) On September 10, 2015, Zohar Zisapel resigned his position as the Chairman of our Board of Directors. Mr. Zisapel continues to serve as a director.

(**) On January 16 2016, Yaron Ravkaie was appointed as our Chief Executive Officer replacing Mr. David Ripstein who resigned from his role as President and Chief Executive Officer on December 31, 2015

(***) Eyal Harari, who was our Vice President Products and Marketing, was appointed as our Chief Operating Officer as of January 1, 2016.

Ms. Rachel (Heli) Bennun has served as a director since December 2012 and was appointed as our Active Chairwoman of our Board of Directors on September 10, 2015. In addition, Ms Bennun served as a consultant to Company’s management for almost four years, beginning January 2012. Ms. Bennun has over 25 years of professional experience in hi-tech companies. In 1988, Ms. Bennun co-founded Arel Communications & Software Ltd. (formerly NASDAQ:ARLC) ("Arel"), a company focused on offering integrated video, audio and data-enabled conferencing solutions, including real time Interactive Distance Learning. Ms. Bennun served as Arel's CEO and CFO from 1988 until 1998, during which time Arel went public on the NASDAQ (1994). In addition, Ms. Bennun served as a director of Arel from 1988 until 1998 and as the vice-chairman of Arel's board of directors from 1998 until 2001. In 1996, Ms. Bennun co-founded ArelNet Ltd. (formerly TASE: ARNT) ("ArelNet"), a pioneer in the field of Voice over IP. Ms. Bennun served as ArelNet's CEO from 1998 until 2001, during which time ArelNet went public on the TASE. In 2004, Ms. Bennun resumed her position as ArelNet's CEO and a director, until ArelNet was acquired by Airspan Network Inc. in 2005. From 2006 until 2009, Ms. Bennun served as the CEO and director of OrganiTech USA, Inc. (PINK:ORGT), a pioneer in the Cleantech industry. Ms. Bennun holds an M.Sc. and B.Sc. degree in Industrial and Management Engineering from Ben-Gurion University.

Mr. Uri Har has served as a director since October 2007. He was the Director General of the Electronics and Software Industries Association of Israel from 1984 until 2006. Prior to that, Mr. Har served for 26 years in engineering and managerial positions in the Israeli Navy where his last assignment was the Israeli Naval Attache in the United States and Canada. Among his various positions in the Israeli Navy, he served for three years (1977 - 1980) as Head of the Budget and Comptroller Department. He holds a B.Sc. degree and a M.Sc. degree in Mechanical Engineering from the Technion - Israel Institute of Technology.

Ms. Irit Hillel has served as a director since October 2007. She has spent the last 20 years as an entrepreneur and senior executive in digital media, technology and investment firms. She currently serves as Senior Manager & Venture Outreach & Investment, Office of the CTO, at HP Inc. (Nasdaq: HPQ). She is also a board member of Imagesat NV, and is on the advisory board of BioGaming. From 2005 until 2008 she was Managing Director at Magnolia Capital Partners, managing the operations in Israel of Thomas Weisel Partners and Nomura, providing investment banking services to Israeli high tech and healthcare companies. In 2008 to 2009 she served as Head of Interactive at Animation Lab, a JVP 3D feature animation company. Ms. Hillel served as Head of Mattel Interactive Europe, bringing to market some of Europe's best-selling computer game titles. Previously, Ms. Hillel founded and served as EVP business development and board director for PrintPaks, acquired by Mattel Inc. (NYSE: MAT) in 1997. Prior experience also includes VP at Power Paper Ltd., Advisor to Hewlett Packard Co. (NYSE: HPQ), and Investment Manager at Columbia Savings in Beverly Hills, California. Ms. Hillel has an M.B.A. degree from the Anderson Graduate School of Business at UCLA, and a B.Sc. in Mathematics and Computer Science from Tel Aviv University.

Mr. Matty Karp has served as a director since December 2009. From1996 to 2015 he was the managing partner of Concord Ventures, an Israeli venture capital fund focused on Israeli early stage technology companies, which he co-founded in 1997. From 2007 to 2008, he served as the Chairman of Israel Growth Partners Acquisition Corp. From 1994 to 1999, he served as the Chief Executive Officer of Kardan Technologies, a technology investment company, and continued to serve as a director until October 2001. From 1994 to 1997, he served as the President of Nitzanim Venture Fund, an Israeli venture capital fund focused on early-stage high technology companies. From 1987 to 1994, he served in numerous positions at Elbit Systems Ltd. (NASDAQ and TASE: ESLT). Mr. Karp is a director of Elta Ltd. He has served as a director of a number of companies, including: Galileo Technology, which was acquired by Marvell Technology Group (NASDAQ: MRVL); Accord Networks which was acquired by Polycom (NASDAQ: PLCM); Saifun Semiconductors, which merged with Spansion, and El Al Israel Airlines (TASE: ELAL). Mr. Karp received a B.Sc., cum laude, in Electrical Engineering from the Technion - Israel Institute of Technology and is a graduate of the Harvard Business School Advanced Management Program.

Mr. Zohar Zisapel, a co-founder of our Company, has served as our Chairman of the Board from inception in 1985 until September 10, 2015. Mr. Zisapel is the Chairman of Ceragon Networks Ltd. (NASDAQ: CRNT), RADWIN Ltd RADIFLOW Ltd., RADHEAR Ltd., ARGUS Cyber security Ltd,Innoviz Ltd. and director in the following companies: Amdocs Ltd., RAD Data Communications Ltd., RAD-Bynet Properties and Assets (1981) Ltd., Packetlight Networks Ltd., CyberInt Technologies Ltd., TopSpin Security Ltd., Armis Security Ltd Satixfy Ltd., Nucleix Ltd. and several other private holdings, real estate and medical devices companies. Mr. Zisapel has a B.Sc. degree and an M.Sc. degree in Electrical Engineering from the Technion - Israel Institute of Technology and an M.B.A. degree from Tel-Aviv University.

Mr. Yaron Ravkaie, is our Chief Executive Officer since January 16, 2016. Prior to joining our company, Mr. Ravkaie served during 2015 as the Chief Business Officer of RR Media Ltd. (NASDAQ: RRM). Prior to serving at RR Media Ltd., Mr. Ravkaie served as the President of the Mobile Financial Services Division in Amdocs (NASDAQ: DOX) for two years executing an M&A and a successful post-merger integration with a global organization offering mobile payments and mobile commerce. From 2008 through 2012, Mr. Ravkaie served as President of the AT&T division, with a $1B P&L, the largest in Amdocs, running sales, client management, strategy, projects, programs, long-term outsourcing and managed services activities. Mr. Ravkaie joined Amdocs in 1998 and, after a brief stint in the Israel Development Center he relocated to the U.S., where he performed various director and vice president roles. Mr. Ravkaie served for nine years in information systems, industrial engineering and logistics with the Israeli Air Force as a Major. Mr. Ravkaie holds an M.B.A. from the University of Beersheba and a B.Sc. in Industrial Engineering & Management from the Technion, Haifa.

Mr. Eyal Harari, our Chief Operating Officer, has been with us since 2000. Mr. Harari began in the Development side of RADCOM in 2000 as a software R&D group manager, later becoming the Director of Product Management for VoIP Monitoring Solutions, then the Senior Director of RADCOM's Product Management department, the Vice President of Products and Marketing and finally in his current position since the beginning of year 2016. Before joining us, Mr. Harari served from 1995 in the Communication, Computers & Electronics Corps of the Israel Defense Forces, managing large-scale software projects. Mr. Harari received a B.A. in Computer Science from the Open University of Tel Aviv, and also holds an M.B.A. from Tel-Aviv University and an LL.M in Business Law from Bar Ilan University.

Mr. Uri Birenberg, our Chief Financial Officer, joined us in May 2014. Prior to joining us, Mr. Birenberg was a VP Finance at SunGard, from June 2007 to May 2014. Previously, Mr. Birenberg served as Controller at HP (Indigo division) and before that, as an auditor at Ernst & Young. Mr. Birenberg holds a B.B. and M.B.A. in Accounting and Business Management from the College of Management in Israel, and is certified in Israel as a CPA.

Mr. Hilik Itman, our Vice President of Research and Development joined us in 1997 as a software engineer, and was appointed as VP R&D in 2014. Mr. Itman led the R70S software development, and also led the MaveriQ development during the company's transition from hardware based products, to software based probe products. Mr. Itman holds a B.A. in Mathematics and Computer Science from the Open University.

Ronen Hovav, our Vice President of Sales, joined RADCOM in 2000. Mr. Hovav performed several managerial positions in RADCOM's Sales, Product Management and Quality Assurance departments, with several years in RADCOM's U.S. office as the President of RADCOM's Americas operation. His current position as the company Vice President of Global Sales. In 2006 to 2007, Mr. Hovav was the CEO of the USA IT and SW Testing Company - QualiTest-Ibase, a company owned by Malam Group. Prior to joining RADCOM in 1998, Mr. Hovav was a Software Engineer at EL-ON, developing a Robot for Israel TV Channel 2. Ronen holds MSCE and Computer Science degree from Robert Half College.

Ms. Bennun is the life partner of Mr. Zohar Zisapel. Otherwise, there are no family relationships between any of the directors or executive officers named above.

B. COMPENSATION

Name and Principal Position	Year	Salary ($)	Bonus ($)***	Equity-Based Compensation ($)*	All Other Compensation ($)**	Total ($)
David Ripstein *Former CEO****	2015	265,236	98,411	163,153	74,925	601,725
Eyal Harari *COO*	2015	136,720	125,962	101,936	54,135	418,753
Ronen Hovav *VP Sales*	2015	184,645	175,431	8,369	2,792	371,237
Hilik Itman *VP R&D*	2015	149,034	30,581	88,294	39,000	306,909
Uri Birenberg *CFO*	2015	123,966	12,916	48,882	52,885	238,649

*Equity based compensation includes the actual cost to the company in 2015.
**All other compensation includes social benefits and car leasing costs.
*** Except for the bonus payment of our CEO and CFO, the bonus payments of the other officers are comprised of bonus and commission payments.
****On December 31, 2015, David Ripstein retired from his role as our President and CEO, and the employer-employee relationship between the Company and Mr. Ripstein will remain in effect until November 2016, under those same terms which were in effect before his retirement.

The bonus paid to our former CEO and to our CFO is based on a formula, that includes the aggregation of 3 independent components, both measureable and non measureable, and which was approved for our former CEO for each of the years 2013, 2014 and 2015, by our shareholders on January 8, 2014.

The bonus and commission payments made to our other officers, are based on the achievements of goals and objectives that are set and communicated at the beginning of each year, and which are made in accordance with our compensation policy, as approved by our shareholders from time to time.

The aggregate direct remuneration paid to all of our directors and executive officers as a group (10 persons) for the year ended December 31, 2015 was approximately $1 million in salaries, bonus, commissions and directors' fees. This amount includes approximately $195,000 that was set aside or accrued to provide pension, retirement or similar benefits. These amounts do not include the expense of share-based compensation as per ASC 718.

During 2015, our directors and officers received, in the aggregate, options to purchase 144,500 ordinary shares and 17,000 restricted share units (“RSUs”) under our 2013 Share Option Plan (the "2013 Plan"). The options have an average exercise price of $12.45 per share and expire five years from the grant date. The RSUs have a vesting schedule of one year over four equal quarterly installments, commencing as of the date of the grant. Further information regarding the options and RSU grants to our directors is detailed below.

As of December 31, 2015, our current directors and officers as a group held options to purchase an aggregate of 469,386 ordinary shares of the Company and 7,000 RSUs. Options to purchase an aggregate of 215,911 ordinary shares of the Company were granted under our 2003 Share Option Plan (the "2003 Plan") and options to purchase an aggregate of 253,475 ordinary shares of the Company and 7,000 RSUs were granted under our 2013 Plan. The directors are reimbursed for expenses and receive cash and equity compensation, which terms are detailed below.

The cash compensation paid to our independent directors and external directors (other than to our Active Chairwoman, as of September 10 2015), is an annual fee of NIS 21,710 (currently equivalent to approximately $5,420) and a per meeting attendance fee of NIS 1,225 (currently equivalent to approximately $314), which amounts are subject to adjustment for changes in the Israeli CPI and changes in the amounts payable pursuant to Israeli law from time to time.

On October 18, and October 26, 2015, our compensation committee and our Board of Directors approved, and on December 30 2015, our shareholders confirmed, a monthly salary of NIS 25,000 to be paid to our Active Chairwoman, for the scope of the services that she provides to our company as an Active Chairwoman.

In addition, on May 22, 2013, the Compensation Committee of our Board of Directors (the "Compensation Committee") and our Board of Directors, and on June 30, 2013, our shareholders, approved an annual grant of options (under the 2013 Plan) to purchase 10,000 ordinary shares. The options will be fully vested in one year over four (4) equal quarterly installments commencing as of the applicable date of grant of the relevant year of service, will expire on the earlier of five years or 180 days from the date of such director's termination or resignation from office. The exercise price per share of the options will be equal to the closing price per share of our ordinary shares on the NASDAQ Capital Market on the applicable date of grant, which for all the directors was initially June 30, 2013, the date of our 2013 annual general meeting, and for each of the two (2) years of service thereafter, was as follows: for the external directors, the grant dates shall be November 1, 2014 and November 1, 2015 (provided that the external director still serves as a director); for non-external directors, the grant date was the date of the relevant annual shareholders meeting, during which the non-external directors were being elected to serve as directors of the Company for another year of service. The exercise price of the options granted to our non-external directors on September 30, 2014, the date of our 2014 annual general shareholders' meeting, was $5.90 per share, which was the closing price per share of the ordinary shares on the NASDAQ Capital Market on such date, and the exercise price of the options granted to our external directors on November 1, 2014, was $8.60. The exercise price of the options granted to our non-external directors on December 30, 2015, the date of our 2015 annual general shareholders' meeting, was $14.52 per share, which was the closing price per share of the ordinary shares on the NASDAQ Capital Market on such date, and the exercise price of the options granted to our external directors on November 1, 2015, was $11.20. The term of such compensation arrangement is for three years' term of service, commencing on June 30, 2013.

In addition, on May 22, 2013, our Compensation Committee and our Board of Directors, and on June 30, 2013, our shareholders approved the annual grant of options to purchase an annual quantity of 30,000 ordinary shares to Mr. Zohar Zisapel, in his capacity as the Chairman of the Company. The terms of the options are the same as those described in the above paragraph. The term of such compensation arrangement is for three years commencing on June 30, 2013.

Share Option Plans

On April 3, 2013, our Board of Directors adopted our 2013 Stock Option Plan following to the expiration of the 2003 Plan that expired in 2013, which was amended on February 19, 2015, and on March 3, 2016 (as amended, the "2013 Plan"). The 2013 Plan expires on April 2, 2023. Under the 2013 Plan, we may grant options to purchase our ordinary shares, restricted shares and RSUs to our employees, directors, consultants and contractors. As of March 25, 2016, we have granted 778,000 options under the 2013 Plan, and 63,500 RSUs. Options granted under our option plans generally vest over a period of between one and four years, and generally expire five to seven years from the date of grant, subject to the discretion of our Board of Directors, which has the authority to deviate from such parameters in respect of specific grants. The share option plans are administered either by our Board of Directors or, subject to applicable law, by our Compensation Committee, which has the discretion to make all decisions relating to the interpretation and operation of the options plans, including determining who will receive an option award and the terms and conditions of the option awards. On March 3, 2016, our Board of Directors resolved to increase the number of outstanding shares reserved under the 2013 Plan, from 750,000 to 1,250,000.

The Company measures the compensation expense for all share-based payments (including employee stock options) at fair value, in accordance with ASC 718. We recorded an expense of $1.4 million for share-based compensation plans during 2015. During 2015, we granted options to purchase a total of 285,250 ordinary shares which will result in ongoing accounting charges that will significantly reduce our net income. See Notes 2(l) and 9(b) of the Notes to the Consolidated Financial Statements for further information.

As of March 25, 2016, we have under the 2003 Plan and the 2013 Plan a total of 763,225 outstanding options to purchase ordinary shares

Pursuant to Rule 5615(a)(3) of the NASDAQ Listing Rules, we follow our home country practice in lieu of the NASDAQ Listing Rules with respect to the approvals required for the establishment and for material amendments to our share option plans. Consequently, we have adopted share option plans and material amendments thereto by action of our Board of Directors, without shareholder approval. See also "Item 16G—Corporate Governance."

Compensation Policy

Our Compensation Committee and Board of Directors have approved on December 1, 2013, a proposed compensation policy for Executive Officers and Directors, and our shareholders approved our compensation policy on January 8, 2014 and our Compensation Committee and Board of Directors have approved on October 18 and October 26, 2015 certain proposed amendments to our compensation policy for Executive Officers and Directors, and our shareholders approved such amendments on December 30, 2015.

C. BOARD PRACTICES

Terms of Office

Our current Board of Directors is comprised of Rachel (Heli) Bennun (Active Chairwoman), Uri Har, Irit Hillel, Matty Karp and Zohar Zisapel. Our directors are elected by the shareholders at the annual general meeting of the shareholders, except in certain cases where directors are appointed by the Board of Directors and their appointment is later ratified at the first meeting of the shareholders thereafter. Our non-external directors serve until the next annual general meeting. The three-year term of office for our external directors, Mr. Har and Ms. Hillel, expires in 2016. None of our directors have service contracts with the Company relating to their service as a director, and none of the directors will receive benefits upon termination of their position as a director. For a description of our compensation of directors see "Item 6.B—Directors, Senior Management and Employees—Compensation."

External Directors

We are subject to the provisions of the Israeli Companies Law, 5759-1999 (the "Israeli Companies Law").

Under the Israeli Companies Law and the regulations promulgated pursuant thereto, Israeli public companies, namely companies whose shares have been offered to the public or are publicly traded, are required to appoint at least two natural persons as "external directors".

Pursuant to the Israeli Companies Law, (1) an external director must have either "accounting and financial expertise" or "professional qualifications" (as such terms are defined in regulations promulgated under the Israeli Companies Law) and (2) at least one of the external directors must have "accounting and financial expertise." Our external directors are Mr. Uri Har and Ms. Irit Hillel. We have determined that Ms. Hillel has the requisite "accounting and financial expertise" and that Mr. Har has the requisite "professional qualifications."

External directors are to be elected by a majority vote at a shareholders meeting, provided that either:

- a majority of the shares of non-controlling shareholders and shareholders who do not have a personal interest in the election of the candidate (other than a personal interest that is unrelated to a relationship with the controlling shareholders) voted at the meeting, voted in favor of the external director's election; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the election of the candidate (other than a personal interest that is unrelated to a relationship with the controlling shareholders) that voted against the election of the external director, does not exceed two percent of the aggregate number of voting rights in the company.

The initial term of an external director is three years and may be extended subject to the shareholders' approval, for up to two additional three year terms. In certain special situations, the term may be extended beyond these periods. Each committee of a company's board of directors is required to include at least one external director except for the audit committee and the compensation committee, of which all the external directors are to be members. At our 2013 annual general meeting, held on June 30, 2013, our shareholders approved the re-election of Mr. Uri Har and Ms. Irit Hillel as our external directors, each for a third three-year term. Both Mr. Uri Har and Ms. Irit Hillel qualify as external directors under the Israeli Companies Law, and both are members of the Company's Audit Committee, Nominating Committee and Compensation Committee.

Audit Committee

NASDAQ Requirements

Our ordinary shares are listed on NASDAQ, and we are subject to the NASDAQ Listing Rules applicable to listed companies. Under the current NASDAQ Listing Rules, a listed company is required to have an audit committee consisting of at least three independent directors, all of whom are financially literate and one of whom has accounting or related financial management expertise. Uri Har, Irit Hillel and Matty Karp qualify as independent directors under the current NASDAQ requirements, and each is a member of the Audit Committee. Irit Hillel is our "audit committee financial expert." In addition, we have adopted an Audit Committee charter, which sets forth the Audit Committee's responsibilities.

As stated in our Audit Committee charter, the Audit Committee assists our Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices and financial statements, and the "independence" requirements and performance of our independent auditors. The Audit Committee also has the authority and responsibility to oversee our independent auditors, to recommend for shareholder approval the appointment and, where appropriate, the replacement of our independent auditors, and to pre-approve audit engagement fees and all permitted non-audit services and fees.

Israeli Companies Law Requirements

Audit committee

Under the Israeli Companies Law, the board of directors of a public company is required to appoint an audit committee, which must be comprised of at least three directors and include all of the external directors. The majority of the members of the audit committee are required to be "independent" (as such term is defined in the Israeli Companies Law) and the chairman of the audit committee is required to be an external director. Our independent directors are Irit Hillel, Uri Har and Matty Karp.

In addition: (1) all audit committee decisions must be made by a majority of the committee members, of which the majority of members present are independent and external directors, and (2) any person who is not eligible to serve on the audit committee is further restricted from participating in its meetings and votes, unless the chairman of the audit committee determines that such person's presence is necessary in order to present a certain matter, provided however, that company employees who are not controlling shareholders or relatives of such shareholders may be present in the meetings but not in the actual votes and likewise, company counsel and secretary who are not controlling shareholders or relatives of such shareholders may be present in meetings and decisions if such presence is requested by the audit committee.

The function of the audit committee is to determine if there are any irregularities in the management of our business and if there are any, to recommend remedial measures. The audit committee is also required, under the Israeli Companies Law, to approve certain related party transactions. In addition, the responsibilities of the audit committee shall also include classifying company transactions as extraordinary transactions or non-extraordinary transactions and as material or non-material transactions, in which an officer has an interest (which will have the effect of determining the kind of corporate approvals required for such transaction); assessing the proper function of the company's internal audit regime, overseeing the activities of the internal auditor, determining whether the internal auditor has the requisite tools and resources required to perform his role, and reviewing his work plan; and to regulate the company's rules on employee complaints, reviewing the scope of work of the company's independent accountants and their fees, and implementing a whistleblower protection plan with respect to employee complaints of business irregularities.

An audit committee of a public company may not approve a related-party transaction under the Israeli Companies Law unless at the time of such approval, the external directors are serving as members of the audit committee and at least one of them is present at the meeting at which such approval is granted. All related party transactions have been approved in accordance with this requirement.

Compensation Committee

NASDAQ Requirements

Under the NASDAQ Listing Rules, a listed company is required to have a compensation committee comprised solely of independent directors. Our Compensation Committee consists of Irit Hillel (Chairman), Uri Har and Matty Karp, each of whom satisfies the independence requirements under the current NASDAQ Listing Rules. The Company has adopted a Compensation Committee charter, which sets forth the responsibilities of the Compensation Committee. The Compensation Committee is responsible for, among other things, assisting the Board of Directors in the reviewing and approving the compensation structure and policy, including all forms of compensation relating to our directors and executive officers.

As stated in our Compensation Committee Charter, the purpose of the Compensation Committee is to review and approve, or, where required under the Israeli Companies Law or appropriate at the Compensation Committee's discretion, recommend to the Audit Committee of the Board of Directors (the "Audit Committee") and/or the Board of Directors for approval, the compensation policy for "office holders" (office holder is defined in the Israeli Companies Law as a director, the chief executive officer, the chief financial officer and any manager who is directly subordinate to the chief executive officer) of the Company, the compensation policy for executive officers of the Company (including renewal and reassessment thereof) who are not "office holders" of the Company within the meaning of the Israeli Companies Law, but who are defined as such according to the NASDAQ Listing Rules (as defined below), the compensation (including exculpation, indemnification and insurance) of such office holders, and the administration of the Company's equity-based plans.

Israeli Companies Law Requirements

Under the Israeli Companies Law, the board of directors of a public company must establish a compensation committee. The compensation committee must consist of at least three directors who satisfy certain independence qualifications. Under the Israeli Companies Law, the role of the compensation committee is to recommend to the board of directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of office holders based on specified criteria, to review modifications to the compensation policy from time to time, to review its implementation, and to approve the actual compensation terms of office holders prior to approval by the board of directors.

On December 1, 2013, our Compensation Committee and Board of Directors approved a proposed compensation policy for Executive Officers and Directors, and our shareholders approved such compensation policy on January 8, 2014. On October 16 and October 18, 2015, our Compensation Committee and Board of Directors, respectively, approved certain proposed amendments to our compensation policy for Executive Officers and Directors, and our shareholders approved such amendments on December 30, 2015.

Internal auditor

Under the Israeli Companies Law, the board of directors of a public company must also appoint an internal auditor proposed by the audit committee. The duty of the internal auditor is to examine, among other things, whether the company's conduct complies with applicable law and orderly business procedure. Under the Israeli Companies Law, the internal auditor may not be an interested party, an office holder or an affiliate, or a relative of an interested party, an office holder or affiliate, nor may the internal auditor be the company's independent accountant or its representative. An interested party is defined in the Israeli Companies Law as a 5% or greater shareholder, any person or entity that has the right to designate at least one director or the general manager of the company and any person who serves as a director or as a general manager.

Mr. Yisrael Gewirt, who is a partner of Fahn Kanne & Co., a member of Grant Thornton, serves as our internal auditor.

Exculpation, Indemnification and Insurance of Directors and Officers

We have agreed to exculpate and indemnify our office holders to the fullest extent permitted under the Israeli Companies Law. We have also purchased a directors and officers liability insurance policy. For information regarding exculpation, indemnification and insurance of directors and officers under applicable law and our articles of association, see "Item 10.B—Additional Information—Memorandum and Articles of Association."

Management Employment Agreements

We maintain written employment agreements with all of our employees. These agreements provide, among other matters, for monthly salaries, our contributions to Managers' Insurance and an Education Fund and severance benefits. Most of our agreements with our key employees are subject to termination by either party upon the delivery of notice of termination as provided therein.

Nominating Committee

On July 22, 2014, our Board of Directors resolved to disband our Nominating Committee of Zohar Zisapel, Uri Har and Irit Hillel, that made recommendations to the Board of Directors concerning potential Board of Directors nominees. Consistent with the requirements of the NASDAQ Listing Rules, our director nominees will either be selected for or recommended to the Board of Directors' by a majority of the independent directors of the Board of Directors.

D. EMPLOYEES

As of December 31, 2015, we had a total of 130 employees, out of which 90 employees are located in Israel, 3 employees of RADCOM Equipment Inc. located in the United States, 11 employees of RADCOM Brazil located in Brazil, 14 employees of RADCOM India located in India, and 12 employees in total located in Spain, Singapore, China, Russia, Uruguay and Paraguay, collectively. Of the 90 employees located in Israel, 51 were employed in research and development, 5 in operations (including manufacturing and production), 25 in sales and marketing and customer support, and 9 in administration and management. Of the 3 employees located in the United States, 2 were employed in sales, marketing and customer support and 1 was employed in administration and management. Of the 11 employees located in the Brazil, 10 were employed in sales, marketing, and customer support and 1 was employed in administration and management. Of the 14 employees located in India, 13 were employed in sales, marketing, and customer support and 1 was employed in administration. Of the 12 employees located in Spain, Singapore, China, Russia, Uruguay, and Paraguay, 11 were employed in sales, marketing, and customer support and 1 was employed in administration and management. We consider our relations with our employees to be good and we have never experienced a strike or work stoppage. As of December 31, 2015, all of our 130 employees located worldwide were permanent employees. All of our permanent employees have employment agreements and, with the exception of Brazil, none of them are represented by labor unions.

For more information, see "Item 4.B—Information on the Company—Business Overview—Employees."

E. SHARE OWNERSHIP

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares by our directors and officers as of March 24, 2016. The percentage of outstanding ordinary shares is based on 8,781,478 ordinary shares outstanding as of March 24, 2016. Except for Mr. Zohar Zisapel, none of our executive officers or directors beneficially owns 1% or more of our outstanding ordinary shares.

Name	Number of Ordinary Shares Beneficially Owned(1)	Percentage of Outstanding Ordinary Shares Beneficially Owned(2)(3)
Zohar Zisapel	2,795,883(4)	30.5%
All directors and executive officers as a group, except Zohar Zisapel (8 persons)	230,500 (5)	2.5%

(1) Except as otherwise noted and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to all ordinary shares listed as owned by such person. Shares beneficially owned include shares that may be acquired pursuant to options to purchase ordinary shares that are exercisable within 60 days of March 24, 2016.

(2) In determining the percentage owned by each person or group, ordinary shares for each person or group includes ordinary shares that may be acquired by such person or group pursuant to options to purchase ordinary shares that are exercisable within 60 days of March 24, 2016.

(3) The number of outstanding ordinary shares does not include 5,189 shares held by RADCOM Equipment, Inc., a wholly owned subsidiary, and 30,843 shares that were repurchased by us.

(4) Includes (i) 2,031,472 ordinary shares held of record by Mr. Zohar Zisapel, (ii) 13,625 ordinary shares held by Klil & Michael Ltd., an Israeli company wholly owned by Mr. Zohar Zisapel,(iii) 224,562 ordinary shares held of record by Michael & Klil Holdings (93) Ltd ("Klil"), an Israeli company, wholly owned by Mr. Zohar Zisapel, (iv) 238,187 ordinary shares held of record by Lomsha Ltd. ("Lomsha"), an Israeli company wholly owned by Mr. Zohar Zisapel, (v) 152,500 ordinary shares issuable upon exercise of options, with an average exercise price per share of $5.68, expiring between the years 2015 and 2019, (vi) 74,854 ordinary shares issuable upon exercise of warrants held by Klil and (vii) 60,683 ordinary shares issuable upon exercise of warrants held by Lomsha, all of which have an exercise price per share of $3.49, and expire in June 2016. The options and warrants listed above are exercisable currently or within 60 days of March 24, 2016. Mr. Zohar Zisapel is a principal shareholder and our former Chairman of the Board of Directors of RAD Data Communication. Mr. Zohar Zisapel and his brother, Mr. Yehuda Zisapel, have shared voting and dispositive power with respect to the shares held by RDC. Mr. Zisapel disclaims beneficial ownership of these ordinary shares except to the extent of his pecuniary interest therein. This information is based on information provided to the Company by Mr. Zohar Zisapel and based on Mr. Zohar Zisapel's Schedule 13D/A filed with the SEC on February 18, 2014.

(5) Each of the directors and executive officers not separately identified in the above table beneficially owns less than 1% of our outstanding ordinary shares (including options or warrants held by each such party, which are vested or shall become vested within 60 days of March 24, 2016 and have, therefore, not been separately disclosed. The amount of shares is comprised of 230,500 ordinary shares issuable upon exercise of options and warrants exercisable within 60 days March 24, 2016.

For a description of our share option plans for the granting of options to our employees see "Item 6.B—Directors, Senior Management and Employees—Compensation—Share Option Plans."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of March 24, 2016, by each person or entity known to own beneficially 5% or more of our outstanding ordinary shares, based on information provided to us by the shareholders or disclosed in public filings with the SEC. The voting rights of our major shareholders do not differ from the voting rights of other holders of our ordinary shares. As of March 24, 2016, our ordinary shares had a total of 24 holders of record, of which 14 were registered with addresses in the United States, and 9 were registered with addresses in Israel.We believe that the number of beneficial owners of our shares is substantially greater than the number of record holders, because a large portion of our ordinary shares is held of record in broker "street name." As of March 24, 2016, U.S. holders of record held approximately 71% of our outstanding ordinary shares.

Name	Number of Ordinary Shares(1)	Percentage of Outstanding Ordinary Shares(2)
Zohar Zisapel	2,795,883(3)	30.5%
G2 Investment Partners Management LLC	865,323(4)	9.3%
Yehuda Zisapel	462,330(5)	5.0%

(1) Except as otherwise noted and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to all ordinary shares listed as owned by such person. Shares beneficially owned include shares that may be acquired pursuant to options to purchase ordinary shares that are exercisable within 60 days of March 24, 2016.

(2) The percentage of outstanding ordinary shares is based on 8,781,478 ordinary shares outstanding as of March 24, 2016. In determining the percentage owned by each person, ordinary shares for each person includes ordinary shares that may be acquired by such person pursuant to options to purchase ordinary shares that are exercisable within 60 days of March 24, 2016. The number of outstanding ordinary shares does not include 5,189 shares held by RADCOM Equipment, Inc., a wholly owned subsidiary and 30,843 shares that were repurchased by us.

(3) Includes (i) 2,031,472 ordinary shares held of record by Mr. Zohar Zisapel, (ii) 13,625 ordinary shares held by Klil &Michael Ltd., (iii) 224,562 ordinary shares held of record by Klil, (iv) 238,187 ordinary shares held of record by Lomsha, (v) 152,500 ordinary shares issuable upon exercise of options, with an average exercise price per share of $5.68, expiring between the years 2015 and 2019, (vi) 74,854 ordinary shares issuable upon exercise of warrants held by Klil and (vii) 60,683 ordinary shares issuable upon exercise of warrants held by Lomsha, all of which have an exercise price per share of $3.49, and expire in June 2016. The options and warrants listed above are exercisable currently or within 60 days of March 24, 2016. Mr. Zohar Zisapel and his brother, Mr. Yehuda Zisapel, have shared voting and dispositive power with respect to the shares held by RDC. Mr. Zohar Zisapel is a principal shareholder and Chairman of the Board of Directors of RDC and, as such, Mr. Zisapel may be deemed to have voting and dispositive power over the ordinary shares held by RDC. Mr. Zisapel disclaims beneficial ownership of these ordinary shares except to the extent of his pecuniary interest therein. This information is based on information provided to the Company by Mr. Zohar Zisapel.

(4) The information with respect to the holdings of G2 Investment Partners Management LLC ("G2 Management") is based on information provided to the Company by G2 Management and a Schedule 13G/A filed with the SEC by G2 Management on February 16, 2016.

(5) Includes (i) 234,740 ordinary shares held of record by Mr. Yehuda Zisapel, and (ii) 227,590 ordinary shares held of record by Retem Local Networks Ltd., an Israeli company. Mr. Yehuda Zisapel and his brother, Mr. Zohar Zisapel, have shared voting and dispositive power with respect to the shares held by RDC. Mr. Yehuda Zisapel is a principal shareholder and director of each of RDC and Retem Local Networks Ltd. and, as such, Mr. Yehuda Zisapel may be deemed to have voting and dispositive power over the ordinary shares held by such companies. Mr. Yehuda Zisapel disclaims beneficial ownership of these ordinary shares except to the extent of his pecuniary interest therein. This information is based on Mr. Yehuda Zisapel's Schedule 13G/A, filed with the SEC on February 14, 2007.

B. RELATED PARTY TRANSACTIONS

The RAD-BYNET Group

Zohar Zisapel is the Chairman of the board of Ceragon Networks Ltd., RADWIN Ltd., RADIFLOW Ltd., RADHEAR Ltd., ARGUS Cyber Security Ltd., and Innoviz Ltd. and director in the following companies: Amdocs Ltd., RAD Data Communications Ltd., RAD-Bynet Properties and Assets (1981) Ltd., Packetlight Networks Ltd., CyberInt Technologies Ltd., TopSpin Security Ltd., Armis Security Ltd., Satixfy Ltd., Nucleix Ltd. and several other private holdings, real estate and medical devices companies. The above list does not constitute a complete list of Zohar Zisapel's holdings. In some of these companies his brother, Yehuda Zisapel is also a director.

Yehuda Zisapel (brother of Zohar Zisapel) serves also as director in additional companies, including: RADWARE Ltd., Bynet Data Communications Ltd., Bynet Electronics Ltd., Bynet Semech (Outsourcing) Ltd., Bynet Systems Applications Ltd., Ab-Net Communications Ltd., BYNET Software Systems Ltd., Internet Binat Ltd., SecurityDam Ltd., Binat Business Ltd and several other private holdings, real estate and medical devices companies. The above list does not constitute a complete list of Yehuda Zisapel's holdings.

Some of the above companies may be suppliers/distributors/consumers of RADCOM products, or may render additional services by arm's length transactions or share logistic arrangement with the Company. Some of the above companies are known as the "RAD-BYNET Group."

Ms. Rachel (Heli) Bennun, who is the Active Chairwoman of our Board of Directors, is Zohar Zisapel's life partner.

We and other members of the RAD-BYNET Group also market certain of our products through the same distribution channels. Certain products of members of the RAD-BYNET Group are complementary to, and may be used in connection with, products of ours, and others of such products may be used in place of (and thus may be deemed to be competitive with) our products.

We purchase certain products and services from members of the RAD-BYNET group, on terms that are either beneficial to us or are no less favorable than terms that might be available to us from unrelated third parties, based on quotes we received from unrelated third parties. In some cases, the RAD-BYNET Group obtains volume discounts for services from unrelated parties, and we pay our pro rata cost of such services. Based on our experience, the volume discounts provide better terms than we would be able to obtain on our own. The aggregate amounts of such purchases were approximately $87,000, $75,000 and $68,000 in 2015, 2014 and 2013, respectively.

Each of RAD and BYNET may provide legal, personnel and administrative services to us and lease space to us, for which we pay on market terms and rates. The aggregate amounts of such payments were approximately $12,000, $14,000, and $14,000 in 2015, 2014 and 2013, respectively.

We currently lease office premises in Tel Aviv, Israel and in Paramus, New Jersey, from private companies controlled by Yehuda, Nava and Zohar Zisapel. When these agreements were signed, the lease payments were at fair market prices based on quotes we received from third parties for similar space. Historically, we have had some additional flexibility to change the leased space, which we might not have had with unrelated third parties. The aggregate amounts of lease payments were approximately $411,000, $427,000 and $422,000 in 2015, 2014 and 2013 respectively. We also sublet approximately 1,260 square feet of the New Jersey premises to a related party, and received aggregate rental payments of approximately $24,000 for 2015, $25,000 for 2014 and $12,000 for 2013.

We believe that the terms of the transactions in which we have entered and are currently engaged with other members of the RAD-BYNET Group are beneficial to us and no less favorable to us than terms that might be available to us from unaffiliated third parties. All future transactions and arrangements (or modifications of existing ones) with members of the RAD-BYNET Group in which our office holders have a personal interest or which raise issues of such office holders' fiduciary duties will require approval by our Board of Directors and, in certain circumstances, approval of our Audit Committee and shareholders under the Israeli Companies Law.

In 2015, we entered into a number of material contracts with subsidiaries of Amdocs Limited, a company with limited liability under the laws of the Island of Guernsey (“Amdocs”). Mr. Zohar Zisapel, the Company’s controlling shareholder and director, also serves as a director of Amdocs.

On March 23, 2015, Radcom Equipment, Inc., a New Jersey corporation and one of our significant subsidiaries (“Radcom US”), entered into a Master Subcontractor Agreement (“MSA”) with Amdocs, Inc., a Delaware corporation and a significant subsidiary of Amdocs (“Amdocs US”), which MSA was subsequently assigned to us by Radcom US. At the time the MSA was entered into, there were no business commitments pursuant to such agreement.

On December 30 2015, we entered into a multi-year supplemental agreement (the “Supplemental Agreement”, and together with the MSA, the “Subcontractor Agreement”) with Amdocs Software Systems Limited, a company formed under the laws of Ireland and a significant subsidiary of Amdocs (“Amdocs Software”).

On December 30, 2015, we entered into a value added reseller agreement with Amdocs Software (the “VAR Agreement”), as amended by the Addendum to the VAR, dated December 30, 2015 (the “Addendum”). Pursuant to the VAR Agreement and the Addendum, Amdocs Software is authorized to resell our products to various end user customers as may be agreed upon from time to time by the parties.

On December 28, 2015, we entered into an End User License Agreement with one of Amdocs Software's customers, a top-tier North American mobile operator, pursuant to which we would grant a license to use our products' software. As per the Supplemental Agreement, and in addition to the licenses to our MaveriQ solutions which we grant under the End User License Agreement and in connection with the Supplemental Agreement, we provide related services in our capacity as a subcontractor of Amdocs US in accordance with the Subcontractor Agreement.

In March 2016, we received an initial payment of $18 million from Amdocs Software, pursuant to the Supplemental Agreement.

The pricing and other terms of the abovementioned agreements were determined based on negotiations between the applicable parties. Certain members of our board of directors and management reviewed such agreements and confirmed that such agreements were not different from terms that could have been obtained from unaffiliated third parties.

In January 2012, we entered into a consulting agreement with Ms. Rachel (Heli) Bennun (the "Consultant"). The initial term of said agreement expired in January 2013, but was subsequently extended until September 10, 2015, the date Ms. Bennun was appointed as our Active Chairwoman of our Board of Directors as detailed below.

The key terms of the initial agreement were as follows: (i) the Consultant will provide advisory services to our management with respect to our business operations, (ii) we will pay the Consultant a monthly amount which may not exceed the average monthly salary of employees in Israel, plus Israeli Value Added Tax, (iii) the term of engagement shall be for a period of 12 months from commencement of services or as otherwise agreed by us and the Consultant, and (iv) during the term of the agreement, the Consultant will provide services for at least 25 hours a month on the average.

Ms. Bennun has served as a director since December 2012 and was appointed as our Active Chairwoman of our Board of Directors on September 10, 2015. For more information on the compensation terms of our Active Chairwoman, see "Item 6. B Directors, Senior Management and Employees- Compensation".

Ms. Bennun is also the life partner of Mr. Zohar Zisapel, our largest shareholder, a director and our former Chairman of our Board of Directors.

Registration Rights

In April and June 2013, we completed the 2013 PIPE in which we raised $3.5 million from certain investors, including our former President and Chief Executive Officer, Mr. David Ripstein (who invested $50,000), and Israeli companies wholly owned by our controlling shareholder and our former Chairman of our Board of Directors, Mr. Zohar Zisapel (who invested $1.1 million). As part of the 2013 PIPE, we entered into agreements with certain of our directors, officers and principal shareholders entitling them to certain registration rights. Pursuant to such agreements, such parties have the right to demand registration of their shares purchased in the 2013 PIPE. We filed a registration statement in regards to the shares and warrants of the 2013 PIPE transaction which became effective on July 3, 2013, and according to the agreement entered, we have to use commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act until the date which is three years after the date that such Registration Statement is declared effective by the SEC.

For more information on the 2013 PIPE transaction, see "Item 5.B—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Private Placements" above.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Our consolidated financial statements and other financial information, which can be found at the end of this Annual Report beginning on page F-1, are incorporated herein by reference.

Export Sales

In 2015 and 2014, the amount of our export sales was approximately $17.3 million and $20.4 million respectively, which represented 93% and 86% of our total sales.

Legal Proceedings

None.

Dividend Policy

We have never declared or paid any cash dividends on our ordinary shares. We currently intend to retain any future earnings to finance operations and to expand our business and, therefore, do not expect to pay any cash dividends in the foreseeable future.

B. SIGNIFICANT CHANGES

Except as otherwise disclosed below and/or in this Annual Report, there has been no significant change affecting our financial statements since December 31, 2015.

In March 2016, we received an initial payment of $18 million pursuant to the Supplemental Agreement with Amdocs Software, in connection with which we entered into the End User License Agreement with the Tier 1 North American mobile operator.

The exchange rate between the Brazilian Real and the U.S. dollar, expressed as Brazilian Real per U.S. dollar and based upon the daily representative rate of exchange as published by the Central Bank of Brazil, has Strengthened during the period from January 1, 2016 until March 24, 2016, by approximately 5.4% from 3.904 Brazilian Real per U.S. Dollar to 3.694 Brazilian Real per U.S. Dollar.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

NASDAQ Capital Market

The following table sets forth the high and low market prices of our ordinary shares as reported on NASDAQ for the periods indicated.

Annual	High	Low
2015	$ 14.93	$ 9.59
2014	$ 13.23	$ 4.65
2013	$ 7.35	$ 2.21
2012	$ 5.69	$ 2.08
2011	$ 13.98	$ 3.45
Quarterly 2016		
First Quarter (Through March 24)	$ 16.63	$ 11.72
Quarterly 2015		
Fourth Quarter	$ 14.93	$ 9.6
Third Quarter	$ 11.65	$ 9.67
Second Quarter	$ 10.93	$ 9.59
First Quarter	$ 11.97	$ 9.62
Quarterly 2014		
Fourth Quarter	$ 13.23	$ 5.60
Third Quarter	$ 6.14	$ 5.09
Second Quarter	$ 7.05	$ 4.65
First Quarter	$ 6.69	$ 5.05
Most recent six months		
March (Through March [24])	$ 14.69	$ 13.05
February 2016	$ 15.84	$ 12.89
January 2016	$ 16.63	$ 11.72
December 2015	$ 14.93	$ 12.26
November 2015	$ 11.57	$ 11.07
October 2015	$ 11.2	$ 9.6
September 2015	$ 11.5	$ 10.53

On March 28 2016, the closing price of our ordinary shares on the NASDAQ was $13.41 per share.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

From our initial public offering on September 24, 1997 until September 30, 2007 our ordinary shares were traded on the NASDAQ Global Market under the symbol "RDCM", and since October 1, 2007 our shares have been traded on the NASDAQ Capital Market.

Our ordinary shares are currently listed on NASDAQ and are thereby subject to the rules and regulations established by NASDAQ and applicable to listed companies. The Rule 5600 Series of the NASDAQ Listing Rules imposes various corporate governance requirements on listed securities. Section (a)(3) of Rule 5615 provides that foreign private issuers are required to comply with certain specific requirements of the Rule 5600 Series, but may comply with the laws of their home jurisdiction in lieu of other requirements of the Rule 5600 Series and certain other enumerated rules.

We have chosen to follow the rules of our home jurisdiction, the Israeli Companies Law, in lieu of the requirements of (i) Rule 5250(d)(1) regarding distribution of annual reports to our shareholders prior to our annual meeting of shareholders; (ii) Rule 5635(c) relating to the solicitation of shareholder approval prior to the issuance of (a) designated securities when a stock option or purchase plan is to be established or materially amended and (b) ordinary shares or securities convertible into or exercisable for ordinary share by us to our officers, directors, employees, or consultants, or an affiliated entity of such a person, in a private placement at a price less than the market value of the stock; and (iii) Rule 5210(c) and Rule 5255 relating to the direct registration program These requirements of the NASDAQ Listing Rules are not required under the Israeli Companies Law. The NASDAQ Listing Rules generally require shareholder approval when an equity-based compensation plan is established or materially amended, but we follow the Israeli Companies Law, which requires the approval of the board of directors or a duly authorized committee thereof, unless such arrangements are for the compensation of directors, in which case they also require audit committee and shareholder approval. See also "Item 10.B—Additional Information—Memorandum and Articles of Association" and "Item 16G—Corporate Governance."

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Our memorandum of association and our articles of association were last amended on December 30, 2015. The following is a summary description of certain provisions of our memorandum of association and articles of association, in each case as is currently in effect, and certain relevant provisions of the Israeli Companies Law (as currently in effect) which apply to us. This description is only a summary and does not purport to be complete and is qualified by reference to the full text of the memorandum and articles, which are incorporated by reference and/or filed as exhibits to this Annual Report, and to the Israeli Companies Law.

Objectives and Purposes

We were first registered by the Israeli Registrar of Companies on July 5, 1985, as a private company. We later became a public company, registered by the Israeli Registrar of Companies on October 1, 1997 with the company number 52-004345-6.

The full details of all of our objectives and purposes can be found in Section 2 of our memorandum of association, as filed with the Israeli Registrar of Companies and amended from time to time by resolutions of our shareholders. One of our objectives is to manufacture, market and deal – in all ways – with computer equipment, including communications equipment and all other equipment related in any way to such equipment. Some additional objectives of our listing include: having business relationships with representatives and agents; engaging in research and development; acquiring intellectual property; engaging in business actions with other business owners; lending money when we deem it proper to do so; dealing in any form of business (e.g., import, export, marketing, etc.); and many other general business activities, whether in Israel or in any other country.

Directors

According to our articles of association, our Board of Directors is to consist of not less than three and not more than nine directors, the exact number to be fixed from time to time by resolutions of our shareholders. On December 9, 2009, at our annual general meeting, our shareholders fixed the number of directors on our Board of Directors at five. Our non-external directors do not stand for reelection at staggered intervals, and they serve until the next annual general meeting (in 2016). The three-year term of office for our external directors, Mr. Har and Ms. Hillel, expires in 2016.

Election of Directors

Directors, other than external directors, are elected by the shareholders at the annual general meeting of the shareholders, or appointed by the board of directors. In the event that any directors are appointed by the board of directors, their appointment is required to be ratified by the shareholders at the next shareholders' meeting following such appointment. Our shareholders may remove a director from office in certain circumstances. There is no requirement that a director own any of our capital shares. Directors may appoint alternative directors in their place, with the exception of external directors, who may appoint an alternate director only in very limited circumstances. See Item 6C.

Remuneration of Directors

Directors' remuneration is subject to our compensation policy and to shareholder approval. Monetary compensation to external directors is mandated by Israeli regulations, which is subject to approval by the board of directors only in certain circumstances.

Powers of the Board of Directors

Our Board of Directors may resolve to take action at a meeting when a quorum is present, and resolutions must be passed by a vote of at least a majority of the directors present at the meeting who are entitled to participate in the meeting. A quorum of directors requires at least a majority of the directors then in office who are lawfully entitled to participate in the meeting, but shall not be less than two

Our Board of Directors may elect one director to serve as Chairman of the Board to preside at the meetings of our Board of Directors, and may also remove such director.

Our Board of Directors retains all power in running the Company that is not specifically granted to the shareholders. Our Board of Directors may, at its discretion, cause us to borrow or secure the payment of any sum or sums of money for our purposes at such times and upon such terms and conditions in all respects as it deems fit, and, in particular, through the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of our property, both present and future, including our uncalled or called but unpaid capital for the time being.

Subject to the provisions of the Israeli Companies Law, the Company may enter into any contract or otherwise transact any business with any director in which contract or business such director has a personal interest, directly or indirectly; and may enter into any contract of otherwise transact any business with any third party in which contract or business a director has a personal interest, directly or indirectly.

No person shall be disqualified to serve as a director by reason of his not holding shares in the Company.

Dividends

Our Board of Directors may declare dividends as it deems justified. Dividends may be paid in assets or shares of capital stock, debentures or debenture stock of us or of other companies. Our Board of Directors may decide to distribute our profits among the shareholders. Dividends that remain unclaimed after seven years will be forfeited and returned to us. Unless there are shareholders with special dividend rights, any dividend declared will be distributed among the shareholders in proportion to their respective holdings of our shares for which the dividend is being declared.

Neither our memorandum of association or our articles of association nor the laws of the State of Israel restrict in any way, the ownership or voting of ordinary shares by non-residents of Israel, except with regard to subjects of countries which are in a state of war with Israel who may not be recognized as owners of ordinary shares. If we are wound up, then aside from any special rights of shareholders our remaining assets will be distributed among the shareholders in proportion to their respective holdings.

Our articles of association allow us to create redeemable shares, although at the present time we do not have any such redeemable shares.

External Directors

See "Item 6.C—Directors, Senior Management and Employees—Board Practices—External Directors."

Fiduciary Duties of Office Holders

The Israeli Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company.

The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care of an office holder includes a duty to utilize reasonable means to obtain:

- information regarding the advisability of a given action submitted for his or her approval or performed by him or her by virtue of his position; and
- all other important information pertaining to such actions.

The duty of loyalty of an office holder includes a duty to:

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

Each person listed in the table above under "Item 6.A—Directors, Senior Management and Employees—Directors and Senior Management" above is an office holder. Under the Israeli Companies Law, all arrangements as to compensation of office holders who are not directors, or controlling parties, require approval of the compensation committee to the extent that it complies with the statutory requirements which apply to the compensation committee, and the Board of Directors. Arrangements regarding the terms of employment and compensation of directors also require approval by the compensation committee, the Board of Directors and the shareholders.

Approval of Officeholder Compensation

The Israeli Companies Law imposes approval requirements for the compensation of office holders. Every Israeli public company must adopt a compensation policy, recommended by the compensation committee, and approved by the board of directors and the shareholders, in that order. The shareholder approval requires a majority of the votes cast by shareholders, excluding any controlling shareholder and those who have a personal interest in the matter (similar to the threshold described below under " – Duties of Shareholders"). In general, all office holders' terms of compensation – including fixed remuneration, bonuses, equity compensation, retirement or termination payments, indemnification, liability insurance and the grant of an exemption from liability – must comply with the company's compensation policy. In addition, the compensation terms of directors, the chief executive officer, and any employee or service provider who is considered a controlling shareholder must be approved separately by the compensation committee, the board of directors and the shareholders of the company (by the same majority noted above), in that order. The compensation terms of other officers require the approval of the compensation committee and the board of directors.

Conflict of Interest

The Israeli Companies Law requires that an office holder of a company disclose to the company, promptly and in any event no later than the board of directors meeting in which the transaction is first discussed, any personal interest that he or she may have and all related material information known to him or her in connection with any existing or proposed transaction by the company. A personal interest of an office holder includes an interest of a company in which the office holder is a 5% or greater shareholder, director or general manager or in which the office holder has the right to appoint at least one director or the general manager.

Extraordinary Transactions

In addition, if the transaction is an extraordinary transaction as defined under Israeli law, the office holder must also disclose any personal interest held by the office holder's spouse, siblings, parents, grandparents, descendants, spouse's descendants, as well as the siblings and parents of the office holder's spouse and the spouses of any of the foregoing. Under Israeli law, an extraordinary transaction is a transaction which is:

- not in the ordinary course of business;
- not on market terms; or
- is likely to have a material impact of the Company's profitability, assets or liabilities.

Under the Israeli Companies Law, the board of directors may approve a transaction between the company and an office holder or a third party in which an office holder has a personal interest, but only if the transaction is in the best interests of the company. If the transaction is an extraordinary transaction, the transaction requires the approval of the audit committee and the board of directors, in that order. In certain circumstances, shareholder approval may also be required. An office holder who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may not be present at the deliberations or vote on this matter, however, with respect to an office holder, he/she may be present at the meeting discussions if the chairman determines that the office holder has to present the matter or a majority of the members of the board of directors or the audit committee, as the case may be, also have a personal interest. If a majority of the members of the board of directors or the audit committee, as the case may be, also have a personal interest, shareholder approval is also required.

Amending the Rights of Shareholders

Pursuant to the Israeli Companies Law and the Company's articles of association, the Company may change the rights of owners of shares of a class of capital stock only with the approval of a majority of the holders of such class of stock present and voting at a separate general meeting called for such class of stock. An enlargement of a class of stock is not considered changing the rights of such class of stock.

Shareholder Meetings

The Company has two types of general shareholder meetings: the annual general meeting and the extraordinary general meeting. An annual general meeting must be held once in every calendar year, but not more than 15 months after the last annual general meeting. We are required to give notice of general meetings (annual or extraordinary) no less than seven days before the general meetings. We may provide notice of our general meetings by publishing such notice, either (1) on our website and/or (2) in one international wire service and/or (3) in any other common form of electronic dissemination. A quorum in a general meeting consists of two or more holders of ordinary shares (present in person or by proxy), who together hold at least one-third (1/3) of the voting power of the company. If there is no quorum within an hour of the time set, the meeting is postponed until the following week (or any other time upon which the Chairman of the Board and the majority of the voting power represented at the meeting agree). Every ordinary share has one vote. A shareholder may only vote the shares for which all calls have been paid, except in separate general meetings of a particular class. A shareholder may vote in person or by proxy, or, if the shareholder is a corporate body, by its representative. We are exempted by the NASDAQ Listing Rules from the requirement to distribute our annual report to our shareholders, but we have undertaken to post a copy of it on our website, www.radcom.com, after filing it with the SEC. See also "Item 16G—Corporate Governance."

Duties of Shareholders; Extraordinary Transactions with Controlling Shareholders

Under the Israeli Companies Law, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. A controlling shareholder is a shareholder who has the ability to direct the activities of a company, including a shareholder that holds 25% or more of the voting power of a company if no other shareholder owns more than 50% of the voting power of the company, but excluding a shareholder whose power derives solely from his or her position as a director of the company or any other position with the company. Extraordinary transactions of a public company with a controlling shareholder or with a third party in which a controlling shareholder has a personal interest, and the terms of engagement of a controlling shareholder as an office holder or employee, require the approval of the audit committee, the board of directors and the shareholders of the company, in such order. The shareholder approval must be by a majority vote, provided that either:

- a majority of the shares of shareholders who have no personal interest in the transaction and are present and voting, in person, by proxy or by written ballot, at the meeting, vote in favor of the transaction; or
- the shareholders who have no personal interest in the transaction who vote against the transaction do not represent more than two percent of the voting power of the company.

It is the responsibility of the audit committee to determine whether or not a transaction is extraordinary. In addition, the audit committee must also establish: (i) procedures for the consideration of any transaction with a controlling shareholder, even if it is not extraordinary, such as a competitive process with third parties or negotiation by independent directors; and (ii) approval requirements for controlling shareholder transactions that are not material.

Agreements and extraordinary transactions with a duration exceeding three years are subject to re-approval once every three years by the audit committee (or compensation committee, in certain circumstances under applicable law),, board of directors and the shareholders of the company. Extraordinary transactions may be approved in advance for a period exceeding three years if the audit committee determines such approval is reasonable under the circumstances.

For information concerning the direct and indirect personal interests of certain of our office holders and principal shareholders in certain transactions with us, see "Item 7—Major Shareholders and Related Party Transactions."

In addition, under the Israeli Companies Law each shareholder has a duty to act in good faith in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing any power he or she has in the company, such as in shareholder votes. In addition, certain shareholders have a duty of fairness toward the company, although such duty is not defined in the Israeli Companies Law. These shareholders include any controlling shareholder, any shareholder who knows that he or she possesses the power to determine the outcome of a shareholder vote and any shareholder who, pursuant to the provisions of the articles of association, has the power to appoint or to prevent the appointment of an office holder or any other power in regard to the company.

Exculpation of Office Holders

Under the Israeli Companies Law, an Israeli company may not exculpate an office holder from liability with respect to a breach of his duty of loyalty, but may exculpate in advance an office holder from his liability to the company, in whole or in part, with respect to a breach of his duty of care (except in connection with distributions), provided that the articles of association of the company permit it to do so. Our articles of association allow us, subject to the provisions of the Israeli Companies Law, to prospectively exculpate an office holder from all or some of the office holder's responsibility for damage resulting from the office holder's breach of the office holder's duty of care to the Company.

Insurance of Office Holders

Our articles of association further provide that, subject to the provisions of the Israeli Companies Law, we may enter into a contract for the insurance of the liability of any of our office holders with respect to an act performed by such individual in his or her capacity as an office holder, in respect of each of the following:

- a breach of an office holder's duty of care to us or to another person;
- a breach of an office holder's duty of loyalty to us, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice our interests;
- a financial obligation imposed on him in favor of another person; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of administrative enforcement proceedings instituted against him. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 5728-1968, as amended (the "Israeli Securities Law") and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Israeli Securities Law, including reasonable legal expenses, which term includes attorneys' fees.

Indemnification of Office Holders

Our articles of association also provide that we may indemnify an office holder in respect of an obligation or expense imposed on the office holder in respect of an act performed in his or her capacity as an office holder, as follows:

- a financial obligation imposed on him in favor of another person by a court judgment, including a compromise judgment or an arbitrator's award approved by court;
- reasonable litigation expenses, including attorneys' fees, expended by the office holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding was concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Israeli Securities Law, including reasonable legal expenses, which term includes attorney fees; and
- reasonable litigation expenses, including attorneys' fees, expended by an office holder or charged to the office holder by a court, in a proceeding instituted against the office holder by the Company or on its behalf or by another person, or in a criminal charge from which the office holder was acquitted, or in a criminal proceeding in which the office holder was convicted of an offense that does not require proof of criminal intent.

Our articles of association also include provisions allowing us to undertake to indemnify an office holder as aforesaid:

- in advance, provided that in respect of bullet number 1 above, the undertaking is restricted to events which our Board of Directors deems to be foreseeable in light of our actual operations at the time of the undertaking and limited to an amount or criteria determined by our Board of Directors to be reasonable under the circumstances, and further provided that such events and amounts or criteria are set forth in the undertaking to indemnify; and
- retroactively.

Limitations on Exculpation, Indemnification and Insurance

The Israeli Companies Law provides that a company may not exempt or indemnify an office holder, or enter into an insurance contract, which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his duty of loyalty unless, with respect to insurance coverage or indemnification, the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the office holder of his duty of care if the breach was done intentionally or recklessly (other than if solely done in negligence);
- any act or omission done with the intent to derive an illegal personal benefit
- a fine, civil fine or ransom levied on an office holder, or a financial sanction imposed upon an office holder under Israeli Law.

Required Approvals

In addition, under the Israeli Companies Law, any exculpation of, indemnification of, or procurement of insurance coverage for, the Company's office holders must be approved by the Company's compensation committee and the Company's board of directors and, if the beneficiary is a director or the chief executive officer, by the Company's shareholders. The Company's audit committee, board of directors and shareholders resolved to indemnify and exculpate the Company's office holders by providing them with indemnification agreements, and approving the purchase of a directors and officers liability insurance policy. We currently maintain directors and officers' liability insurance policy limited to $15 million, at an annual premium of approximately $45,000.

Anti-Takeover Provisions; Mergers and Acquisitions

The Israeli Companies Law prohibits the purchase of our shares if the purchaser's holding following such purchase increases above certain percentages without conducting a tender offer or obtaining shareholder approval. See "Item 3.D. Risk Factors - Risks Related to Our Location in Israel - Provisions of Israeli law may delay, prevent or make difficult a merger or acquisition of us, which could prevent a change of control and depress the market price of our shares" above.

Delivery of Financial Statements

Our articles of association also provide that we will only mail out copies of our annual financial statements to those shareholders that submit a written request for such statements. In accordance with applicable law, our annual financial statements are filed with the SEC and are available at the SEC's website, www.sec.gov, and on our website, www.radcom.com.

C. MATERIAL CONTRACTS

For a summary of (i) the lease agreement for our Tel Aviv premises, see "Item 4.D—Information on the Company—Property, Plants and Equipment," (ii) the 2013 PIPE, see "Item 5.B—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Private Placements," and (iii) the agreements with Amdocs, see “Item 7.B- Related Party Transactions”.

D. EXCHANGE CONTROLS

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of our ordinary shares, except for the obligation upon Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time and from time to time.

E. TAXATION

Israeli Tax Considerations

The following is a summary of the current tax structure applicable to companies incorporated in Israel, with special reference to its effect on us. The following also contains a discussion of the material Israeli consequences to purchasers of our ordinary shares and Israeli government programs that benefit us.

This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts. The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

Holders of our ordinary shares should consult their own tax advisors as to the United States, Israeli or other tax consequences of the purchase, ownership and disposition of ordinary shares, including, in particular, the effect of any foreign state or local taxes.

General Corporate Tax Structure

Israeli companies were generally subject to corporate tax at the rate of 26.5% for the 2015 tax year. On January 5, 2016 the Israeli parliament approved the reduction of the corporate tax rate by 1.5%, from 26.5% to 25%, effective January 1, 2016. Israeli companies are generally subject to Capital Gains Tax at the corporate tax rate.

Tax Benefits under the Law for the Encouragement of Industry (Taxes), 1969

Under the Law for the Encouragement of Industry (Taxes), 1969 (the “Industry Encouragement Law”), Industrial Companies (as defined below) are entitled to the following tax benefits, among others:

- deductions over an eight-year period in equal amounts (12.5%) for purchases of know-how, patents and the right to exploit patent which are used for the development or the advancement of the company;

- deductions over a three-year period in equal amounts of expenses involved with the issuance and listing of shares on a stock exchange;
- the right to elect, under specified conditions, to file a consolidated tax return with other related Israeli Industrial Companies; and
- accelerated depreciation rates on equipment and buildings owned by the industrial company.

Eligibility for benefits under the Industry Encouragement Law is not subject to receipt of prior approval from any governmental authority. Under the Industry Encouragement Law, an "Industrial Company" is defined as a company resident in Israel, at least 90% of the income of which (exclusive of income from capital gains, direct real estate tax, interest and dividends), in any tax year, is derived from an "Industrial Enterprise" owned by it. An "Industrial Enterprise" is defined as an enterprise whose primary major activity in a given tax year is industrial production activity.

We believe that we currently qualify as an Industrial Company within the definition of the Industry Encouragement Law. No assurance can be given that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Capital Gains Tax on Sales of Our Ordinary Shares

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of assets located in Israel, including shares in Israeli companies, by non-residents of Israel, if those assets are either (i) located in Israel; (ii) are shares or a right to a share in an Israeli resident corporation; or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The Israeli Income Tax Ordinance New Version, 1961 (the "Tax Ordinance") distinguishes between a real gain and inflationary surplus. The inflationary surplus is equal to the increase in the purchase price of the relevant asset attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

As of January 1, 2012, the tax rate generally applicable to capital gains derived from the sale of shares, whether listed on a stock market or not, is 25% for Israeli individuals, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a "Significant Shareholder" at any time during the 12-month period preceding such sale, i.e. such shareholder holds directly or indirectly, including with others, at least 10% of any means of control in the company, the tax rate shall be 30%. Israeli companies are subject to the corporate tax rate on capital gains derived from the sale of listed shares. However, the foregoing tax rates will not apply to: (i) dealers in securities; and (ii) shareholders that acquired their shares prior to an initial public offering (which may be subject to a different tax arrangement).

The tax basis of our shares acquired prior to January 1, 2003 will generally be determined in accordance with the average closing share price in the three trading days preceding January 1, 2003. However, a request may be made to the tax authorities to consider the actual adjusted cost of the shares as the tax basis if it is higher than such average price.

As of January 1, 2013, shareholders that are individuals who have taxable income that exceeds NIS 800,000 in a tax year (linked to the CPI each year– NIS 810,720 for 2015 / 2016), will be subject to an additional tax, referred to as High Income Tax, at the rate of 2% on their taxable income for such tax year which is in excess of such threshold. For this purpose taxable income will include taxable capital gains from the sale of our shares and taxable income from dividend distributions.

Shareholders that are not Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our ordinary shares, provided that (1) such shareholders did not acquire their shares prior to our initial public offering, (2) the shares are listed for trading on the Tel Aviv Stock Exchange and/or a foreign exchange, and (3) such gains did not derive from a permanent establishment of such shareholders in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident or Israeli residents (i) have a controlling interest of more than 25% in such non-Israeli corporation, or (ii) are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. In certain instances, where our shareholders may be liable to Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at the source.

U.S.-Israel Tax Treaty

Pursuant to the Convention between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended (the " U.S. - Israel Tax Treaty"), the sale, exchange or disposition of ordinary shares by a person who (i) holds the ordinary shares as a capital asset, (ii) qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty and (iii) is entitled to claim the benefits afforded to such resident by the U.S.-Israel Tax Treaty, generally will not be subject to Israeli capital gains tax unless either (a) such resident holds, directly or indirectly, shares representing 10% or more of the voting power of a company during any part of the 12-month period preceding such sale, exchange or disposition, subject to certain conditions, or (b) the capital gains from such sale, exchange or disposition can be allocated to a permanent establishment in Israel. In the event that the exemption shall not be available, the sale, exchange or disposition of ordinary shares would be subject to such Israeli capital gains tax to the extent applicable; however, under the U.S.-Israel Tax Treaty, such residents may be permitted to claim a credit for such taxes against U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to state or local taxes.

In some instances where our shareholders may be liable to Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source.

Taxation of Non-Residents on Dividends

Non-residents of Israel are subject to income tax on income accrued or derived from sources in Israel. Such sources of income include passive income such as dividends. On distributions of dividends by an Israeli resident company to non-residents of Israel, income tax is applicable at the rate of 25%, or 30% for a shareholder that is considered a Significant Shareholder at any time during the 12-month period preceding such distribution. Distributions of dividends are subject to the withholding of Israeli tax at the source at the prevailing rates under Israeli tax law.

Under the U.S.-Israel Tax Treaty, the maximum tax on dividends paid to a holder of ordinary shares who is a U.S. resident will be 25%; provided, however, that dividends deriving from income generated by an Approved or Benefited Enterprise are taxed at the rate of 15% (or 20% for dividends from a Preferred Enterprise). Furthermore, dividends not generated by an Approved Enterprise (or Benefited Enterprise or Preferred Enterprise) paid to a U.S. company holding at least 10% of our issued voting power during the part of the tax year which precedes the date of payment of the dividend and during the whole of its prior tax year, are generally taxed at a rate of 12.5%, provided that not more than 25% of our gross income consists of interests or dividends.

A non-resident of Israel who receives dividends from which tax was withheld is generally exempt from the duty to file returns in Israel in respect of such income, provided such income was not derived from a business conducted in Israel by the taxpayer, and the taxpayer has no other taxable sources of income in Israel.

For information with respect to the applicability of High Income Tax on distribution of dividends and the applicability of Israeli capital gains taxes on the sale of ordinary shares by United States residents, see above under "—Capital Gains Tax on Sales of Our Ordinary Shares" above.

Israeli Transfer Pricing Regulations

In accordance with Section 85A of the Israeli Tax Ordinance, if in an international transaction (whereby at least one party is a foreigner or all or part of the income from such transaction is to be taxed abroad as well as in Israel) there is a special relationship between the parties (including but not limited to a family relationship or a relationship of control between companies), and due to this relationship the price set for an asset, right, service or credit was determined or other conditions for the transaction were set such that a smaller profit was realized than what would have been expected to be realized from a transaction of this nature, then such transaction shall be reported in accordance with customary market conditions and tax shall be charged accordingly. The assessment of whether a transaction falls under the aforementioned definition shall be implemented in accordance with one of the procedures mentioned in the regulations and is based, among others, on comparisons of characteristics which portray similar transactions in ordinary market conditions, such as profit, the area of activity, nature of the asset, the contractual conditions of the international transaction and according to additional terms and conditions specified in the regulations.

United States Federal Income Tax Considerations

Subject to the limitations described herein, the following discussion summarizes certain U.S. federal income tax consequences to a U.S. Holder of our ordinary shares. A "U.S. Holder" means a holder of our ordinary shares who is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any political subdivision thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) if, in general, a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Unless otherwise specifically indicated, this discussion does not consider the U.S. tax consequences to a person that is not a U.S. Holder (a "Non-U.S. Holder"). This discussion considers only U.S. Holders that will own our ordinary shares as capital assets (generally, for investment) and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each U.S. Holder's decision to purchase our ordinary shares.

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), current and proposed Treasury Regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. Holder in light of such holder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or U.S. federal income tax consequences to U.S. Holders that are subject to special treatment, including U.S. Holders that:

- are broker-dealers or insurance companies;
- have elected mark-to-market accounting;
- are tax-exempt organizations or retirement plans;
- are financial institutions;
- hold our ordinary shares as part of a straddle, "hedge" or "conversion transaction" with other investments;
- acquired our ordinary shares upon the exercise of employee stock options or otherwise as compensation;
- own directly, indirectly or by attribution at least 10% of our voting power;
- own our warrants;
- have a functional currency that is not the U.S. dollar;

- are grantor trusts;
- are S corporations;
- are certain former citizens or long-term residents of the United States; or
- are real estate investment trusts or regulated investment companies.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its tax consequences.

In addition, this discussion does not address any aspect of state, local or non-United States laws or the possible application of United States federal gift or estate tax.

Each holder of our ordinary shares is advised to consult such person's own tax advisor with respect to the specific tax consequences to such person of purchasing, holding or disposing of our ordinary shares, including the applicability and effect of federal, state, local and foreign income tax and other tax laws to such person's particular circumstances.

Taxation of U.S. Holders of Ordinary Shares

Taxation of Distributions Paid on Ordinary Shares. Subject to the discussion below under "Passive Foreign Investment Company Status," a U.S. Holder will be required to include in gross income as ordinary dividend income the amount of any distribution paid on our ordinary shares, including any non-U.S. taxes withheld from the amount paid, to the extent the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. Holder's basis in our ordinary shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of our ordinary shares. The dividend portion of such distributions generally will not qualify for the dividends received deduction available to corporations.

Subject to the discussions below under "Passive Foreign Investment Company Status," and “Medicare Tax” dividends that are received by U.S. Holders that are individuals, estates or trusts will be taxed at the rate applicable to long-term capital gains (a maximum rate of 20% for taxable years beginning after December 31, 2012), provided that such dividends meet the requirements of "qualified dividend income." For this purpose, qualified dividend income generally includes dividends paid by a non-U.S. corporation if certain holding period and other requirements are met and either (i) the stock of the non-U.S. corporation with respect to which the dividends are paid is readily tradable on an established securities market in the U.S. (e.g., NASDAQ) or (ii) the non-U.S. corporation is eligible for benefits of a comprehensive income tax treaty with the United States, which includes an information exchange program and is determined to be satisfactory by the U.S. Secretary of the Treasury. The United States Internal Revenue Service (the "IRS") has determined that the U.S.-Israel income tax treaty is satisfactory for this purpose. Dividends that fail to meet such requirements, and dividends received by corporate U.S. Holders, are taxed at ordinary income rates. No dividend received by a U.S. Holder will be a qualified dividend (i) if the U.S. Holder held the ordinary share with respect to which the dividend was paid for less than 61 days during the 121-day period beginning on the date that is 60 days before the ex-dividend date with respect to such dividend, excluding for this purpose, under the rules of Code Section 246(c), any period during which the U.S. Holder has an option to sell, is under a contractual obligation to sell, has made and not closed a short sale of, is the grantor of a deep-in-the-money or otherwise nonqualified option to buy, or has otherwise diminished its risk of loss by holding other positions with respect to, such ordinary share (or substantially identical securities); or (ii) to the extent that the U.S. Holder is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in property substantially similar or related to the ordinary share with respect to which the dividend is paid. If we were to be a "passive foreign investment company" (as such term is defined in the Code) for any taxable year, dividends paid on our ordinary shares in such year or in the following taxable year would not be qualified dividends. In addition, a non-corporate U.S. Holder will be able to take a qualified dividend into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so; in such case the dividend will be taxed at ordinary income rates.

Distributions of current or accumulated earnings and profits paid in foreign currency to a U.S. Holder (including any non-U.S. taxes withheld therefrom) will generally be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate on the day the distribution is received. A U.S. Holder that receives a foreign currency distribution and converts the foreign currency into U.S. dollars subsequent to receipt may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which will generally be U.S. source ordinary income or loss.

U.S. Holders may have the option of claiming the amount of any non-U.S. income taxes withheld at source either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the non-U.S. income taxes withheld, but such amount may be claimed as a credit against the individual's U.S. federal income tax liability. The amount of non-U.S. income taxes which may be claimed as a credit in any taxable year is subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. These limitations include, among others, rules which limit foreign tax credits allowable with respect to specific classes of income to the U.S. federal income taxes otherwise payable with respect to each such class of income. A U.S. Holder will be denied a foreign tax credit with respect to non-U.S. income tax withheld from a dividend received on the ordinary shares if such U.S. Holder has not held the ordinary shares for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date with respect to such dividend, or to the extent such U.S. Holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the ordinary shares are not counted toward meeting the required 16-day holding period. Distributions of current or accumulated earnings and profits generally will be foreign source passive income for United States foreign tax credit purposes.

Taxation of the Disposition of Ordinary Shares. Subject to the discussion below under "Passive Foreign Investment Company Status," upon the sale, exchange or other disposition of our ordinary shares, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder's basis in such ordinary shares, which is usually the cost of such shares, and the amount realized on the disposition. A U.S. Holder that uses the cash method of accounting calculates the U.S. dollar value of the proceeds received on the sale as of the date that the sale settles, while a U.S. Holder that uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the "trade date," unless such U.S. Holder has elected to use the settlement date to determine its proceeds of sale. Subject to the discussion below under “Medicare Tax,” capital gain from the sale, exchange or other disposition of ordinary shares held more than one year is long-term capital gain, and is eligible for a reduced rate of taxation for individuals (currently a maximum rate of 20% for taxable years beginning after December 31, 2012). Gains recognized by a U.S. Holder on a sale, exchange or other disposition of ordinary shares generally will be treated as United States source income for U.S. foreign tax credit purposes. A loss recognized by a U.S. Holder on the sale, exchange or other disposition of ordinary shares generally is allocated to U.S. source income. The deductibility of a capital loss recognized on the sale, exchange or other disposition of ordinary shares is subject to limitations. A U.S. Holder that receives foreign currency upon disposition of ordinary shares and converts the foreign currency into U.S. dollars subsequent to the settlement date or trade date (whichever date the taxpayer was required to use to calculate the value of the proceeds of sale) may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which will generally be U.S. source ordinary income or loss.

Medicare Tax. With respect to taxable years beginning after December 31, 2012, certain non-corporate U.S. holders will be subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income," which may include dividends on, or capital gains recognized from the disposition of, our ordinary shares. U.S. Holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax on their investment in our ordinary shares.

Passive Foreign Investment Company Status. We would be a passive foreign investment company (a "PFIC") for 2015 if (taking into account certain "look-through" rules with respect to the income and assets of certain corporate subsidiaries) either (i) 75 percent or more of our gross income for the taxable year was passive income or (ii) the average percentage (by value) of our total assets that are passive assets during the taxable year was at least 50 percent. As discussed below, we believe that we were not a PFIC for 2015.

If we were a PFIC, each U.S. Holder would (unless it made one of the elections discussed below on a timely basis) be taxable on gain recognized from the disposition of our ordinary shares (including gain deemed recognized if the ordinary shares are used as security for a loan) and upon receipt of certain excess distributions (generally, distributions that exceed 125% of the average amount of distributions in respect to such ordinary shares received during the preceding three taxable years or, if shorter, during the U.S. Holder's holding period prior to the distribution year) with respect to our ordinary shares as if such income had been recognized ratably over the U.S. Holder's holding period for the ordinary shares. The U.S. Holder's income for the current taxable year would include (as ordinary income) amounts allocated to the current taxable year and to any taxable year period prior to the first day of the first taxable year for which we were a PFIC. Tax would also be computed at the highest ordinary income tax rate in effect for each other taxable year to which income is allocated, and an interest charge on the tax as so computed would also apply. Additionally, if we were a PFIC, U.S. Holders who acquire our ordinary shares from decedents (other than certain nonresident aliens) would be denied the normally-available step-up in basis for such shares to fair market value at the date of death and, instead, would generally have a tax basis in such shares equal to the lower of the decedent's basis or the fair value of such shares. Further, if we are a PFIC, each U.S. Holder will generally be required to file an annual report with the IRS.

As an alternative to the tax treatment described above, a U.S. Holder could elect to treat us as a "qualified electing fund" (a "QEF"), in which case the U.S. Holder would be taxed currently, for each taxable year that we are a PFIC, on its pro rata share of our ordinary earnings and net capital gain (subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge). Special rules apply if a U.S. Holder makes a QEF election after the first taxable year in its holding period in which we are a PFIC. We have agreed to supply U.S. Holders with the information needed to report income and gain under a QEF election if we were a PFIC. Amounts includable in income as a result of a QEF election will be determined without regard to our prior year losses or the amount of cash distributions, if any, received from us. A U.S. Holder's basis in its ordinary shares will increase by any amount included in income and decrease by any amounts not included in income when distributed because such amounts were previously taxed under the QEF rules. So long as a U.S. Holder's QEF election is in effect beginning in the first taxable year in its holding period in which it were a PFIC, any gain or loss realized by such holder on the disposition of its ordinary shares held as a capital asset ordinarily will generally be capital gain or loss. Such capital gain or loss ordinarily would be long-term if such U.S. Holder had held such ordinary shares for more than one year at the time of the disposition. For non-corporate U.S. Holders, long-term capital gain is generally subject to a maximum U.S. federal income tax rate of 20% for taxable years beginning after December 31, 2012, subject to the discussion above under Medicare Tax. The QEF election is made on a shareholder-by-shareholder basis, applies to all ordinary shares held or subsequently acquired by an electing U.S. Holder and can be revoked only with the consent of the IRS.

As an alternative to making a QEF election, a U.S. Holder of PFIC stock that is "marketable stock" (e.g., "regularly traded" on NASDAQ) may, in certain circumstances, avoid certain of the tax consequences generally applicable to holders of stock in a PFIC by electing to mark the stock to market as of the beginning of such U.S. Holder's holding period for the ordinary shares. As a result of such an election, in any taxable year that we are a PFIC, a U.S. holder would generally be required to report gain or loss to the extent of the difference between the fair market value of the ordinary shares at the end of the taxable year and such U.S. Holder's tax basis in its ordinary shares at that time. Any gain under this computation, and any gain on an actual disposition of the ordinary shares in a taxable year in which we are a PFIC, would be treated as ordinary income. Any loss under this computation, and any loss on an actual disposition of the ordinary shares in a taxable year in which we are a PFIC, generally would be treated as ordinary loss to the extent of the cumulative net-mark-to-market gain previously included. Any remaining loss from marking ordinary shares to market will not be allowed, and any remaining loss from an actual disposition of ordinary shares generally would be capital loss. A U.S. Holder's tax basis in its ordinary shares is adjusted annually for any gain or loss recognized under the mark-to-market election. There can be no assurances that there will be sufficient trading volume with respect to the ordinary shares for the ordinary shares to be considered "regularly traded" or that our ordinary shares will continue to trade on NASDAQ. Accordingly, there are no assurances that our ordinary shares will be marketable stock for these purposes. As with a QEF election, a mark-to-market election is made on a shareholder-by-shareholder basis, applies to all ordinary shares held or subsequently acquired by an electing U.S. Holder and can only be revoked with consent of the IRS (except to the extent the ordinary shares no longer constitute "marketable stock").

The Code does not specify how a corporation must determine fair market value of its assets for this purpose, and the issue has not been definitively determined by the IRS or the courts. The market capitalization approach has generally been used to determine the fair market value of the assets of a publicly traded corporation. The IRS and the courts, however, have accepted other valuation methods in certain valuation contexts. We believe that we should not be classified as a PFIC for 2015. We believe also that we were not a PFIC for tax years 2004 through 2013 or any year prior to 2001, based upon our income, assets, activities and market capitalization during such years. Based upon independent valuations of our assets as of the end of each quarter of 2001, 2002 and 2003, we believe that we were not a PFIC for 2001, 2002 or 2003 despite the relatively low market price of our ordinary shares during much of those taxable years. However, there can be no assurance that the IRS will not challenge our treatment. The tests for determining PFIC status are applied annually and it is difficult to make accurate predictions of future income and assets or the future price of our ordinary shares, which are all relevant to this determination. Accordingly, there can be no assurance that we will not become a PFIC. U.S. Holders who hold ordinary shares during a period when we are a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC, subject to certain exceptions for U.S. Holders who made a timely QEF, mark-to-market or certain other special elections. U.S. Holders are urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market or QEF election with respect to our ordinary shares in the event that we qualify as a PFIC.

Taxation for Non-U.S. Holders of Ordinary Shares

Except as described in "—Information Reporting and Backup Withholding" below, a Non-U.S. Holder of our ordinary shares will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and/or the proceeds from the disposition of, our ordinary shares, unless, in the case of U.S. federal income taxes:

- such item is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States and, in the case of a resident of a country which has a treaty with the United States, such item is attributable to a permanent establishment or, in the case of an individual, a fixed place of business, in the United States; or
- the Non-U.S. Holder is an individual who holds the ordinary shares as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Information Reporting and Backup Withholding

U.S. Holders (other than exempt recipients, such as corporations) generally are subject to information reporting requirements with respect to dividends paid on, or proceeds from the disposition of, our ordinary shares. U.S. Holders are also generally subject to backup withholding (currently at a rate of 28%) on dividends paid on, or proceeds from the disposition of, our ordinary shares unless the U.S. Holder provides IRS Form W-9 or otherwise establishes an exemption.

Non-U.S. Holders generally are not subject to information reporting or backup withholding with respect to dividends paid on, or upon the proceeds from the disposition of, our ordinary shares, provided that such Non-U.S. Holder provides its taxpayer identification number, certifies to its foreign status, or otherwise establishes an exemption.

The amount of any backup withholding may be allowed as a credit against a U.S. or Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is furnished to the IRS.

Certain individuals who are U.S. Holders may be required to file a Form 8938 to report their ownership of specified foreign financial assets, which may include our ordinary shares, if the total value of those assets exceed certain thresholds. U.S. Holders are urged to consult their tax advisors regarding their tax reporting obligations, including the requirement to file a Form 8938.

Brazilian Tax Considerations

Income Tax

Current taxes

In Brazil, current tax assets and liabilities of last and prior years are measured at the estimated amount recoverable from or payable to the tax authorities. The tax rates and laws used in calculating the taxes are those in effect at year end, which were 34% for both 2014 and 2015.

Deferred taxes

Deferred taxes arise from temporary differences at the balance sheet date between the tax bases of assets and liabilities and their book value, and from losses incurred during the year. Tax losses have no expiration period, but are limited to be compensated based on 30% of taxable income per year.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Derecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. During the years ended December 31, 2014 and 2015, a full valuation allowance was recognized over the deferred tax arisen from losses carryforwards related to our subsidiary in Brazil, due to the low expectation of future taxable income generation in the next future.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are required to file reports and other information with the SEC under the Exchange Act and the regulations thereunder applicable to foreign private issuers. We are subject to the informational requirements of the Exchange Act applicable to foreign private issuers and fulfill the obligation with respect to such requirements by filing reports with the SEC. You may read and copy any document we file with the SEC without charge at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Branch of the SEC at such address, at prescribed rates. Please call the SEC at l-800-SEC-0330 for further information on the public reference room. In addition, some of our filings are available to the public on the SEC's website (www.sec.gov). We also generally make available on our own website (www.radcom.com) our annual reports as well as other information. However, as an Israeli publicly traded company, we do not send copies of our annual reports to our shareholders. We will mail out copies of our annual financial statements only to those shareholders that submit a written request for such statements. See also "Item 10.B—Additional Information—Memorandum and Articles of Association" and "Item 16G—Corporate Governance." Information contained on our website is not a part of this Annual Report.

Any statement contained in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. We urge you to review the exhibits themselves for a complete description of the contract or document.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. A copy of each report submitted in accordance with applicable United States law is available for public review at our principal executive offices.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of risks, including changes in interest rates affecting primarily the interest received on short-term deposits and foreign currency fluctuations. We may in the future undertake hedging or other similar transactions or invest in market, risk-sensitive instruments if our management determines that it is necessary to offset these risks.

Interest Rate Risk

Our exposure to market risks regarding changes in interest rates relates primarily to our cash and cash equivalents and to loans we may take that are based on a floating/fixed interest rate. Our cash and cash equivalents are held mainly in U.S. dollars with financial banks and bear annual average interest of approximately 0.5%. For the purposes of specific risk analysis, we use a sensitivity analysis to determine the impact that market risk exposure may have on the financial income derived from our cash and cash equivalents. The potential loss to us over one year that would result from a hypothetical change in interest rates of 10% is not material.

Foreign Currency Exchange Risk

Our financial results may be negatively impacted by foreign currency fluctuations. Our foreign operations are generally transacted through our U.S. and Brazil subsidiaries and through our representatives and distributors. Typically, these sales and related expenses are denominated in U.S. dollars, Brazilian Reals ("BRL") or in Euros for European countries, while a significant portion of our expenses are denominated in NIS. Because our financial results are reported in U.S. dollars, our results of operations may be adversely impacted by fluctuations in the rates of exchange between the U.S. dollar and other currencies, mainly the NIS and Brazilian Real. Based on our budget for 2016, we expect that (i) an increase of ten percent (10%) in the exchange rate of the NIS to U.S. dollar will decrease our operating expenses expressed in dollar terms by approximately $300,000 per quarter and vice versa and (ii) an increase of ten percent (10%) in the exchange rate of the BRL to U.S. dollar will decrease our operating expenses expressed in dollar terms by approximately $30,000 per quarter and vice versa.

See also "Item 5.A—Operating and Financial Review and Prospects—Operating Results—Impact of Inflation and Currency Fluctuations."

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

a. Disclosure Controls and Procedures

The Company's management, together with the chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures of our financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as of December 31, 2015. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that, as of December 31, 2015, the Company's disclosure controls and procedures were: (1) designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, and by others within those entities, as appropriate, to allow timely decisions regarding the required disclosure, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

b. Management's Annual Report on Internal Control over Financial Reporting

The Company's management, under the supervision of the Company's principal executive and principal financial officers, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transaction and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP; (3) provide reasonable assurance that our receipts and expenditures are made only in accordance with authorizations of our management and Board of Directors (as appropriate); and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's management, including its principal executive and financial officers, the Company conducted an evaluation, and assessed the effectiveness of, our internal control over financial reporting as of December 31, 2015, based on the 2013 framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control —Integrated Framework*.

Based on our assessment under that framework and the criteria established therein, our management concluded that, as of December 31, 2015, the Company's internal control over financial reporting was effective.

c. Attestation Report of the Registered Public Accounting Firm

Not applicable.

d. Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Irit Hillel is our "audit committee financial expert" (as defined in paragraph (b) of Item 16A of Form 20-F) serving on our Audit Committee. For information on Ms. Hillel's professional and educational background, see "Item 6.A—Directors, Senior Management and Employees—Directors and Senior Management." Ms. Hillel qualifies as an "independent" director under the NASDAQ Listing Rules.

ITEM 16B. CODE OF ETHICS

On February 1, 2004, our Board of Directors adopted our Code of Ethics and Business Conduct, a code that applies to all of our directors, officers and employees, including our Chief Executive Officer and our Chief Financial Officer. A copy of the Code of Ethics and Business Conduct was filed as Exhibit 11 to our annual report on Form 20-F filed with the SEC on May 6, 2004.

Our Code of Ethics, as may be amended from time to time, is also publicly available on our website at www.radcom.com. Future amendments to our Code of Ethics will be posted on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Kost Forer Gabbay & Kasierer, a member of Ernst and Young Global, is our independent registered public accounting firm. Fees for professional services in 2015 and 2014 were, respectively:

Audit Fees	$ 149,500	$ 137,000
Audit Related Fees	3,000	3,000
Tax Fees	15,500	7,500
All Other Fees	0	0
Total	$ 168,000	$ 147,500

Audit Fees included fees associated with the annual audit, the reviews of our quarterly financial statements, statutory audits required internationally, consents and assistance with and review of documents filed with the SEC.

Tax fees included tax compliance, including the preparation of tax returns, tax planning and tax advice, including assistance with tax audits and appeals, advice related to acquisitions, transactions, transfer pricing and assistance with respect to requests for rulings from tax authorities.

All other fees included the preparation and delivery of special reports in connection with the funding received from the Chief Scientist and MoE.

Audit Committee's Pre-Approval Policies and Procedures

Our Audit Committee oversees our independent auditors. See also the description under the heading "Board Practices" in "Item 6—Directors, Senior Management and Employees." Our Audit Committee's policy is to approve any audit or permitted non-audit services proposed to be provided by our independent auditors, before engaging our independent auditors to provide such services. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of our auditors, the Chairperson of our Audit Committee is authorized to approve any such services between the meetings of our Audit Committee, subject to ratification by the Audit Committee, and to report any such approvals to the Audit Committee at its next meeting. All of the Audit Fees and Tax Fees set forth above were approved by the Audit Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a foreign private issuer whose Ordinary Shares are listed on the NASDAQ. As such, we are required to comply with U.S. federal securities laws, including the Sarbanes-Oxley Act, and the NASDAQ Listing Rules, including the NASDAQ's corporate governance requirements. The NASDAQ Listing Rules provide that foreign private issuers may follow their home country practice in lieu of certain qualitative listing requirements subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws, so long as the foreign issuer submits to NASDAQ in advance a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws and discloses that it does not follow such listing requirement and describes the home country practice followed in its reports filed with the SEC. In addition, a foreign private issuer must disclose in its annual reports filed with the SEC each such requirement that it does not follow and describe the home county practice followed by the issuer instead of any such requirement. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules.

We follow the Israeli Companies Law, the relevant provisions of which are summarized in this Annual Report, rather than comply with the NASDAQ requirements relating to: (i) sending annual reports to shareholders, as described in "Item 10.H—Additional Information—Documents on Display," (ii) shareholder approval with respect to issuance of securities under equity-based compensation plans, including issuances to our officers, directors, employees, or consultants, or an affiliated entity of such a person, in a private placement at a price less than the market value of the stock and (iii) relating to the direct registration program. The NASDAQ Listing Rules generally require shareholder approval when an equity-based compensation plan is established or materially amended, but we follow the Israeli Companies Law, which requires the approval of the board of directors or a duly authorized committee thereof, unless such arrangements are for the compensation of directors, in which case they also require audit committee and shareholder approval.

ITEM 16 H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements and the report of independent registered public accounting firm in connection therewith are filed as part of this Annual Report, as noted below:

ITEM 19. EXHIBITS

The exhibits filed with or incorporated into this Annual Report are listed below.

Exhibit No.	Description
1.1	Memorandum of Association, as amended (1).
1.2	Amended and Restated Articles of Association, as amended (2).
2.1	Form of ordinary share certificate (3)
4.1	2003 Share Option Plan (3)
4.2	2013 Share Option Plan, as amended (2)
4.3	Lease Agreement, dated March 1, 2013, among Zisapel Properties (1992) Ltd., Klil and Michael Properties (1992) Ltd. and RADCOM Ltd. (English translations accompanied by Hebrew original)(3).
4.4	Lease Agreement, dated December 1, 2000, as amended, among Zohar Zisapel Properties, Inc., Yehuda Zisapel Properties, Inc. and RADCOM Equipment, Inc. (6).
4.5	Share and Warrant Purchase Agreement, dated as of April 23, 2013, by and between RADCOM Ltd. and the purchasers listed therein (7).
4.6	Lease Extension, dated May 30, 2014, among Zohar Zisapel Properties, Inc., Yehuda Zisapel Properties, Inc. and RADCOM Equipment, Inc (2).
4.7	Master Subcontract Agreement, dated March 23, 2015, by and between Amdocs Inc. and Radcom Inc. (2)*.
4.8	Value Added Reseller Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company (2)*.
4.9	Addendum to the Value Added Reseller Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company (2)*.
4.10	Supplemental Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company (2)*.
4.11	Radcom Compensation Policy for Executive Officers and Directors, as amended on December 30, 2015. (2)
8.1	List of Subsidiaries (2)
11.1	Code of Ethics (8).
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(2).
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (2).
13.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (2).
13.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (2).
15.1	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst and Young Global, dated March 29, 2016(2).
101	The following financial information from RADCOM Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013; (ii) Consolidated Statement of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013 (iii) Consolidated Balance Sheets at December 31, 2014 and 2013; (iv) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2015, 2014 and 2013 ; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013; and (vi) Notes to Consolidated Financial Statements. Users of this data are advised, in accordance with Rule 406T of Regulation S-T promulgated by the SEC, that this Interactive Data File is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

_____

(1) Incorporated herein by reference to the (i) Registration Statement on Form F-1 of RADCOM Ltd. (File No. 333-05022), filed with the SEC on June 12, 1996, (ii) Form 6-K of RADCOM Ltd., filed with the SEC on April 1, 2008 and (iii) Exhibit 99.2 to Form 6-K of RADCOM Ltd., filed with the SEC on November 23, 2015.
(2) Filed herewith.
(3) Incorporated herein by reference to the Form 20-F of RADCOM Ltd. for the fiscal year ended December 31, 2012, filed with the SEC on April 22, 2013.
(6) Incorporated herein by reference to the Form 20-F of RADCOM Ltd. for the fiscal year ended December 31, 2000, filed with the SEC on June 29, 2001.
(7) Incorporated herein by reference to the Form F-3/A of RADCOM Ltd., filed with the SEC on July 3, 2013.
(8) Incorporated herein by reference to the Form 20-F of RADCOM Ltd. for the fiscal year ended December 31, 2003, filed with the SEC on May 6, 2004.

* Confidential treatment was requested with respect to certain portions of this exhibit pursuant to 17.C.F.R. §240.24b-2. Omitted portions were filed separately with the SEC.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

RADCOM LTD.

By: /s/ *Yaron Ravkaie*
Name: Yaron Ravkaie
Title: Chief Executive Officer
Date: March 29, 2016

RADCOM LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

INDEX

Tel: 972 (3)6232525
Fax: 972 (3)5622555
www.ey.com/il

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

RADCOM LTD.

We have audited the accompanying consolidated balance sheets of Radcom Ltd. and its subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Radcom Ltd. and its subsidiaries at December 31, 2015 and 2014 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ Kost Forer Gabbay & Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel-Aviv, Israel
March 29, 2016

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31,	
	2015	**2014**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,727	$ 6,848
Restricted bank deposits	32	32
Trade receivables	3,684	5,477
Inventory	1,532	2,699
Other accounts receivable and prepaid expenses	2,087	1,411
Total current assets	16,062	16,467
SEVERANCE PAY FUND	3,181	3,051
OTHER ACCOUNTS RECEIVABLES	508	600
PROPERTY AND EQUIPMENT, NET	384	200
Total assets	$ 20,135	$ 20,318

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	December 31,	
	2015	**2014**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade Payables	1,465	1,524
Employees and payroll accruals	2,533	2,377
Deferred revenues and advances from customers	931	765
Other accounts payable and accrued expenses	1,490	1,739
Total current liabilities	6,419	6,405
LONG-TERM LIABILITIES:		
Deferred revenues	197	198
Accrued severance pay	3,656	3,453
Total long-term liabilities	3,853	3,651
Total liabilities	10,272	10,056
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary Shares of NIS 0.20 par value: 20,000,000 and 9,997,670 shares authorized at December 31, 2015 and 2014, respectively; 8,674,717 and 8,447,307 shares issued and 8,638,685 and 8,411,275 shares outstanding at December 31, 2015 and 2014, respectively	372	361
Additional paid-in capital	70,270	68,059
Accumulated other comprehensive loss	(2,760)	(1,062)
Accumulated deficit	(58,019)	(57,096)
Total shareholders' equity	9,863	10,262
Total liabilities and shareholders' equity	$ 20,135	$ 20,318

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

	Year ended December 31,		
	2015	**2014**	**2013**
Revenues:			
Products	$ 16,122	$ 20,547	$ 17,917
Services	2,551	3,089	2,565
	18,673	23,636	20,482
Cost of revenues:			
Products	4,041	8,350	7,540
Services	285	343	350
	4,326	8,693	7,890
Gross profit	14,347	14,943	12,592
Operating expenses:			
Research and development	6,071	5,812	5,615
Less - royalty-bearing participation	1,582	1,664	1,537
Research and development, net	4,489	4,148	4,078
Selling and marketing, net	7,834	7,295	7,592
General and administrative	2,393	2,262	2,051
Total operating expenses	14,716	13,705	13,721
Operating income (loss)	(369)	1,238	(1,129)
Financial expenses, net	(433)	(332)	(291)
Income (loss) before taxes on income	(802)	906	(1,420)
Taxes on income	(121)	(180)	-
Net income (loss)	$ (923)	$ 726	$ (1,420)
Basic net income (loss) per Ordinary Share	$ (0.11)	$ 0.09	$ (0.19)
Diluted net income (loss) per Ordinary Share	$ (0.11)	$ 0.08	$ (0.19)
Weighted average number of Ordinary Share used in computing basic net income (loss) per share	8,572,681	8,088,974	7,340,056
Weighted average number of Ordinary Share used in computing diluted net income (loss) per share	8,572,681	8,592,387	7,340,056

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Year ended December 31,		
	2015	**2014**	**2013**
Net income (loss)	$ (923)	$ 726	$ (1,420)
Other comprehensive loss:			
Foreign currency translation adjustments	(1,698)	(257)	(483)
Other comprehensive loss	(1,698)	(257)	(483)
Comprehensive income (loss)	$ (2,621)	$ 469	$ (1,903)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

U.S. dollars in thousands, except share and per share data

	Number of shares	Share capital Amount	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance as of January 1, 2013	6,413,748	251	61,470	(322)	(56,402)	4,997
Issuance of shares and warrants, net of issuance expenses of $ 35 (private placement)	1,239,639	68	3,356	-	-	3,424
Share-based compensation	-	-	499	-	-	499
Exercise of warrants	73,333	4	252	-	-	256
Exercise of options	184,588	12	214	-	-	226
Net loss	-	-	-	-	(1,420)	(1,420)
Other comprehensive loss	-	-	-	(483)	-	(483)
Balance as of December 31, 2013	7,911,308	335	65,791	(805)	(57,822)	7,499
Share-based compensation	-	-	579	-	-	579
Exercise of warrants	5,974	*)	21	-	-	21
Exercise of options	493,993	26	1,668	-	-	1,694
Net income	-	-	-	-	726	726
Other comprehensive loss	-	-	-	(257)	-	(257)
Balance as of December 31, 2014	8,411,275	$ 361	$ 68,059	$ (1,062)	$ (57,096)	$ 10,262
Share-based compensation	-	-	1,409	-	-	1,409
Exercise of warrants	22,921	1	79	-	-	80
Exercise of options	185,989	9	724	-	-	733
RSUs vested	18,500	1	(1)	-	-	-
Net income	-	-	-	-	(923)	(923)
Other comprehensive loss	-	-	-	(1,698)	-	(1,698)
Balance as of December 31, 2015	8,638,685	$ 372	$ 70,270	$ (2,760)	$ (58,019)	$ 9,863

*) Represent an amount lower than $1.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2015	**2014**	**2013**
Cash flows used in operating activities:			
Net income (loss)	$ (923)	$ 726	$ (1,420)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation	123	87	108
Share-based compensation and restricted shares	1,409	579	499
Change in:			
Severance pay, net	73	(7)	(19)
Trade receivables	1,053	61	(2,716)
Other account receivables, prepaid expenses	(1,266)	804	348
Inventories	311	1,379	2,131
Trade payables	(278)	(705)	348
Employees and payroll accrued	174	276	123
Other accounts payable and accrued expenses	531	584	(9)
Deferred revenue and advances from customers	677	(394)	(1,531)
Others	-	(4)	8
Net cash provided by (used in) operating activities	1,884	3,386	(2,130)
Cash flows used in investing activities:			
Investment in restricted bank deposits	-	-	(38)
Maturity of restricted bank deposits	-	1,477	-
Purchase of property and equipment	(97)	(65)	(88)
Net cash provided by (used in) investing activities	(97)	1,412	(126)
Cash flows from financing activities:			
Repayment of short-term bank credit, net	-	(629)	(429)
Repayment of short-term loan (includes $750 from related party)	-	-	(1,550)
Proceeds from issuance of shares and warrants, net of issuance expenses of $ 35 (private placement)	-	-	3,424
Exercise of warrants	80	21	256
Exercise of options	733	1,694	226
Net cash provided by financing activities	813	1,086	1,927

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2015	**2014**	**2013**
Foreign currency translation adjustments on cash and cash equivalents	(721)	(221)	40
Increase (decrease) in cash and cash equivalents	1,879	5,663	(289)
Cash and cash equivalents at beginning of year	6,848	1,185	1,474
Cash and cash equivalents at end of year	$ 8,727	$ 6,848	$ 1,185
(a) Non-cash investing activities:			
Purchase of property and equipment on credit	$ 21	$ 4	$ 30
(b) Cash paid during the year for:			
Interest	$ -	$ 13	$ 43
Taxes on income	$ 121	$ 180	$ -

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1: - GENERAL

a. RADCOM Ltd. (the "Company") is an Israeli corporation which provides Service Assurance and Customer Experience Management solutions for Communication Service Providers (“CSP”). The Company's solutions support the CSPs ongoing needs to monitor their networks (fixed and mobile) and assure the delivery of a quality service to their subscribers; both on virtual (NFV) networks and non-virtual networks. The Company specializes in solutions for next-generation networks, including LTE, LTE-A, VoLTE, IMS, VoIP, UMTS/GSM and mobile broadband. RADCOM's comprehensive, carrier-grade solutions, are designed for big data analytics on terabit networks, and are used to enhance customer care management, network operations, engineering capabilities, network service management, network planning and marketing. RADCOM's shares are listed on the NASDAQ Capital Market under the symbol RDCM.

In February 2014, the Company's MaveriQ solution, a software probe based solution, which replaced the OmniQ solution, a hardware-based solution, officially launched and started selling. In 2015 the Company invested major R&D efforts, which will be continued in the future, to develop our NFV solutions.

In December 2015, the company signed a multi-year sales agreement for the sale of MaveriQ, virtual-probe-based monitoring solution, to a leading North American Tier-1 telecom operator. During the year ended December 31, 2015, no revenues have been recognized from such agreement. (see also Note 11f). In March 2016, the company received an initial payment of $18,000 pursuant to this agreement.

The Company has wholly-owned subsidiaries in the United States, Brazil and India that are primarily engaged in the sales, marketing and customer support of the Company's products in North America, Brazil and India.

b. The Company has an accumulated deficit of $58,019 as of December 31, 2015. The Company has managed its liquidity during this time through a series of cost reduction initiatives, including reduction in workforce and private placement transactions. In addition, in 2015 the Company generated positive cash flow amounted to $1,884 from its operating activities. The Company believes that its existing capital resources and expected cash flows from operations will be adequate to satisfy its expected liquidity requirements at least for the next 12 months.

c. In December, 2014, one of the Company's customers (the "customer") in Latin America sent a termination announcement to the agreement between the parties, claiming for refund of all amounts previously paid and damages. On August 30, 2015, the Company sent to the customer a counter notice and rejected completely all the customer's claims. The Company currently concludes that no potential loss with respect to claim to refund or damages fee is considered probable.

In addition, in light of this termination letter the Company took an inventory and related costs write-off charge of approximately $1,815 during the year ended December 31, 2014. Such costs are related to equipment that was shipped to this customer for which revenue criteria have not been met. The write-off was charged to costs of revenue and selling and marketing, net expenses in a total amount of $1,639 and $176, respectively, during the year ended December 31, 2014.

NOTE 1: - GENERAL (Cont.)

d. The company expects to depend on sales of the company's solutions to a limited number of customers for the substantial majority of the company revenues in 2016.

The Company depends on a limited number of contract costumers for selling its products. If these customers become unable or unwilling to continue to buy the Company's products, it could adversely affect the Company's results of operations and financial position (see also Note 10b3).

The loss of any significant customer, a significant decrease in business from any such customer or a reduction in customer revenue due to adverse changes in the market, economic or competitive conditions or other factors could have a material adverse effect on the company's business, results of operations and financial condition.

e. On December 31, 2015, the Company's former CEO and President retired from his position and replaced by a new CEO who was appointed by the Company's Board of Directors to commence on January 16, 2016. According to the terms of the resignation agreement signed between the Company and the former CEO and President, the employer-employee relationship between the Company and the former CEO will remain in effect until November 2016.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared according to United States generally accepted accounting principles ("U. S GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Financial statements in U.S. dollars ("dollar" or "dollars"):

Most of the revenues and costs of the Company and its subsidiaries, other than its Brazilian subsidiary, are denominated in U.S. dollars. Therefore, the Company's management believes the currency of the primary economic environment in which the operations of the Company and these subsidiaries are conducted is the United States dollar, which is used as the functional currency.

Transactions and balances originally denominated in dollars are presented at their original amounts. Transactions and balances in other currencies are re-measured into dollars in accordance with the principles set forth in Statement of Accounting Standards Codification ("ASC") 830 "Foreign Currency Matters".

Other than in the Company's subsidiary in Brazil, all exchange gains and losses from re-measurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the consolidated statement of operations when they arise.

Amounts in the financial statements representing the dollar equivalent of balances denominated in other currencies do not necessarily represent their real or economic value and such amounts may not necessarily be exchangeable for dollars.

For the Company's subsidiary in Brazil whose functional currency has been determined to be its local currency, assets and liabilities are translated at year-end exchange rates and statements of income items are translated at average exchange rates prevailing during the year. Such translation adjustments are recorded as a separate component of accumulated other comprehensive loss in the shareholders' equity.

c. Principles of consolidation:

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

d. Cash and cash equivalents:

The Company considers all highly liquid deposit instruments with an original maturity of three months or less at the date of purchase to be cash equivalents.

e. Restricted bank deposits:

Restricted bank deposits represent restricted cash which is pledged in favor of the bank that provides guarantees to the Company.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Concentration of credit risk:

Financial instruments that may subject the Company to significant concentration of credit risk consist mainly of cash and cash equivalents, severance pay fund and trade receivables.

Cash and cash equivalents are maintained with major financial institutions mainly in Israel. Assets held for severance benefits are maintained with major insurance companies and financial institutions in Israel. Such deposits are not insured. However, management believes that such financial institutions are financially sound and, accordingly, low credit risk exists with respect to these investments.

The Company grants credit to customers without generally requiring collateral or security. The risk of collection associated with trade receivables is reduced by geographical dispersion of the Company's customer base. The Company establishes an allowance for doubtful accounts based on historical experience, credit quality, the age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay. No allowance for doubtful accounts was recorded as of December 31, 2015 and 2014. Actual collection experience may not meet expectations and may result in increased bad debt expense. No bad debt expenses were recorded during the years ended December 31, 2015, 2014 and 2013.

g. Inventory:

Inventories are stated at the lower of cost or market value. Cost is determined on a "moving average" basis. Inventory write-offs are provided to cover technological obsolescence, excess inventories and discontinued products.

Inventory write-off is measured as the difference between the cost of the inventory and market based upon assumptions about future demand, and is charged to the cost of sales. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Total inventory write-offs during the years ended December 31, 2015, 2014 and 2013 amounted to $346, $187 and $110, respectively. Following the termination of the agreement that is disclosed in Note 1c, during the year ended December 31, 2014, the Company recorded additional inventory write-off amounted to $1,005.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to operations as incurred.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Annual rates of depreciation are as follows:

	%
Computers and related equipment	15 - 33
Office furniture and equipment	7 - 33
Leasehold improvements	At the shorter of the lease period or useful life of the leasehold improvement

i. Impairment of long-lived assets:

The Company's long-lived assets are reviewed for impairment in accordance with ASC 360 "property, plants and equipment", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is assessed by a comparison of the carrying amount of the asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. During the years ended December 31, 2015, 2014 and 2013, no impairment losses were identified.

j. Revenue recognition:

The Company's revenues are generated mainly from sales of products to direct customers and, to lesser extent, from independent distributors. The Company’s products contain software components and non-software components that function together to deliver the product's essential functionality. As such, revenues from sales of products are recognized in accordance with ASC No. 605, "Revenue Recognition" when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed or determinable and collectability is probable.

Products are typically considered delivered upon shipment. In instances where final acceptance of the product is specified by the customer, and the acceptance is deemed substantive, revenue is deferred until all acceptance criteria have been met. The Company's arrangements generally do not include any provisions for cancellation, termination, or refunds.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Based on the Company's agreement with distributors, sales to distributors are final and distributors have no rights of return or price protection. The Company is not a party to the agreements between distributors and their customers, however the Company recognizes its revenue on a "sale through" basis and therefore revenues from these distributors are deferred until all revenue recognition criteria of the sale to the end customer are met.

The Company also generates sales through independent representatives. These representatives do not hold any of the Company's inventories, and they do not buy products from the Company. The Company invoices the end-user customers directly, collects payment directly and then pays commissions to the representative for the sales in its territory.

Revenues in arrangements with multiple deliverables are allocated using the relative selling price method. The selling price for each deliverable is based on vendor-specific objective evidence ("VSOE") if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE or TPE is available. The Company determines the BESP based on management estimated selling price by considering several external and internal factors including, but not limited to, pricing practices including discounting, margin objectives, and competition.

Revenues from fixed price contracts that require significant customization, integration and installation are recognized based on ASC 605-35, "Construction-Type and Production-Type Contracts", using the percentage-of-completion method of accounting based on the ratio of costs related to contract performance incurred to date to the total estimated amount of such costs. The amount of revenue recognized is based on the total fees under the arrangement and the percentage of completion achieved. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are first determined, in the amount of the estimated loss on the entire contact. During the year ended December 31, 2015 and 2014, the Company recognized revenues amounted to $622 and $2,205 from such contract.

Under the Company's selling arrangements, the Company generally provides a one-year warranty, which includes bug fixing and a hardware warranty ("Warranty") for all of its products. After the Warranty period initially provided with the Company's products, the Company may sell extended warranty contracts on a standalone basis, which includes bug fixing and a hardware warranty. Revenue related to extended warranty contracts is recognized pursuant to ASC 605-20-25, "Separately Priced Extended Warranty and Product Maintenance Contracts." Pursuant to this provision, revenue related to separately priced product maintenance contracts is deferred and recognized over the term of the maintenance period.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Deferred revenues represent unrecognized fees collected for extended warranty services as well as other advances and payments received from customers, for which revenue has not yet been recognized.

k. Cost of revenues:

Cost of products is comprised of cost of 3rd Party hardware and Software license fees paid to 3rd Party, employees' salaries and related costs, shipping and handling costs, sub-contractors costs, inventory write-off, indirect taxes, packaging, import taxes and royalties to the Office of the Chief Scientist (the "OCS").

Cost of services is comprised mainly of employees' salaries and related costs incurred for hardware maintenance and customer support.

l. Share-based compensation:

The Company accounts for share-based compensation in accordance with ASC 718 which requires companies to estimate the fair value of share-based payment awards on the grant date using an option-pricing model.

The Company recognizes compensation expenses for the value of its awards granted based on the accelerated attribution method over the requisite service period of each of the awards, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on actual historical pre-vesting forfeitures.

The Company selected the Black-Scholes option pricing model as the most appropriate fair value method for its stock-options awards. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon actual historical stock price movements over the most recent periods ending on the grant date, equal to the expected option term. The expected term was generated by running

U.S. dollars in thousands, except share and per share data

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Monte Carlo model pursuant to which historical post-vesting forfeitures and suboptimal exercise factor is estimated by using historical option exercise information. The suboptimal exercise factor is the ratio by which the stock price must increase over the exercise price before employees are expected to exercise their stock options. The expected term of the options granted is derived from the output of the options valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. treasury zero-coupon bonds with an equivalent term to the expected term of the options. Historically the Company has not paid dividends and in addition has no foreseeable plans to pay dividends, and therefore uses an expected dividend yield of zero in the option pricing model.

The fair value for options granted in 2015, 2014 and 2013 is estimated at the date of grant with the following weighted average assumptions:

	2015	2014	2013
Dividend yield	0%	0%	0%
Expected volatility	51.4%-62%	70%-74%	71%-74%
Risk-free interest	0.6%-1.7%	0.6%-0.8%	0.3%-0.6%
Expected life (in years)	2.39-4.58	2.81	2.81

m. Research and development costs:

Research and development costs are charged to statement of operations as incurred except royalty-bearing participation from Office of the Chief Scientist ("OCS") as described in Note 2n.

ASC 985-20 "Software - Costs of Computer Software to be Sold, Leased or Otherwise Marketed", requires capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based on the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working models and the point at which the products are ready for general release has been insignificant. Therefore, all research and development costs have been expensed.

n. Government grants:

The Company receives royalty-bearing participation, which represents participation of the Government of Israel (specifically from the OCS) in approved programs for research and development. These amounts are recognized on the accrual basis as a reduction of research and development costs as such costs are incurred. Royalties to the OCS are recorded under cost of sales, when the related sales are recognized. (see also Note 7a).

The Company also receives participation from the Israeli Ministry of Economy, commerce and labor (the "MOE"), which is a participation of up to 50% of relevant marketing expenses. These grants are presented as a reduction of marketing expenses and amounted to $215, $55 and $150 for the years ended December 31, 2015, 2014 and 2013, respectively. (see also Note 7a).

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Income (loss) per share:

Basic and diluted income (loss) per Ordinary Share of the Company ("Ordinary Shares") are presented in conformity with ASC 260 "Earnings Per Share", for all years presented. Basic income (loss) per Ordinary Share is computed by dividing net income (loss) for each reporting period by the weighted average number of Ordinary Shares outstanding during the period. Diluted income (loss) per Ordinary Share is computed by dividing net income (loss) for each reporting period by the weighted average number of Ordinary Shares outstanding during the period plus any additional Ordinary Shares that would have been outstanding if potentially dilutive securities had been exercised during the period, calculated under the treasury stock method.

Certain securities were not included in the computation of diluted income (loss) per share since they were anti-dilutive. The total weighted average number of shares related to the outstanding options, RSUs and warrants excluded from the calculation of diluted net income (loss) per share was 1,349,414, 1,368,220 and 1,353,372 as of December 31, 2015, 2014 and 2013, respectively.

p. Income taxes:

The Company accounts for income taxes in accordance with ASC 740 "Income Taxes". Deferred tax asset and liability account balances are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of operations in the period that includes the enactment date. The Company provides a full valuation allowance to reduce deferred tax assets to the extent it believes is more likely than not that such benefits will be realized.

q. Income tax uncertainties:

In accordance with ASC 740 "Income Taxes", the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. When applicable, the Company accounts for interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of December 31, 2015 and 2014, no liability for unrecognized tax benefits was recorded.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Severance pay:

The Company's liability for severance pay for its Israeli employees is calculated pursuant to Israeli severance pay law based on the most recent salary of the employees multiplied by the number of years of employment as of the balance sheet date. After completing one full year of employment, the Company's Israeli employees are entitled to one month's salary for each year of employment or a portion thereof. The Company's liability is partially provided by monthly deposits with severance pay funds, insurance policies and by an accrual. The liability for employee severance pay benefits included on the balance sheet represents the total liability for such severance benefits, while the assets held for severance benefits included on the balance sheet represent the current redemption value of the Company's contributions made to severance pay funds and to insurance policies.

The carrying value of deposited funds includes profits (losses) accumulated up to the balance sheet date. The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to Israeli severance pay law or labor agreements.

Effective January 1, 2012, the Company's agreements with new employees in Israel are in accordance with section 14 of the Severance Pay Law - 1963 which provide that the Company's contributions to severance pay fund shall cover its entire severance obligation. Upon termination, the release of the contributed amounts from the fund to the employee shall relieve the Company from any further severance obligation and no additional payments shall be made by the Company to the employee. As a result, the related obligation and amounts deposited on behalf of such obligation are not recorded as part of the balance sheet, as the Company is legally released from severance obligation to employees once the amounts have been deposited, and the Company has no further legal ownership on the amounts deposited.

Severance expenses for the years ended December 31, 2015, 2014 and 2013 amounted to $485, $527 and $537, respectively.

s. Fair value of financial instruments:

The financial instruments of the Company consist mainly of cash and cash equivalents, restricted bank deposits, trade receivables, trade payables and other accounts payable and accrued expenses. Due to the short-term nature of such financial instruments, their fair value approximates their carrying value.

t. Legal contingencies:

The Company is currently involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Comprehensive loss:

The Company accounts for comprehensive loss in accordance with ASC No. 220, "Comprehensive Income" which establishes standards for the reporting and displays of comprehensive loss and its components in a full set of general purpose financial statements. Comprehensive loss generally represents all changes in stockholders' equity during the period except those resulting from investments by, or distributions to shareholders. The Company determined that its only item of other comprehensive loss relates to foreign currency translation adjustment and gains or losses on intra-entity foreign currency transactions that are of a long-term investment nature in connection to its subsidiary in Brazil.

v. Recently issued accounting standards:

1. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to receive in exchange for those goods and services. The effective date of ASU 2014-09 is for annual reporting periods beginning after December 15, 2017. In July 2015, the FASB decided to defer by one year the effective date of this ASU. The ASU has not yet been adopted and the Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on its financial statements.

2. In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern: Disclosure of Uncertainties about on Entity's Ability to Continue as o Going Concern" (ASU 2014-15). The standard requires management to evaluate, at each interim and annual reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued, and provide related disclosures. The update will become effective for annual periods ending after December 15, 2016, and for annual and interim periods thereafter. The ASU has not yet been adopted but the Company does not expect this standard to have a material impact on its Consolidated Financial Statements.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." Under this accounting guidance, inventory will be measured at the lower of cost and net realizable value and other options that currently exist for market value will be eliminated. ASU No. 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. No other changes were made to the current guidance on inventory measurement. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

4. In February 2016, the FASB issued ASU 2016-02 - Leases (ASC 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU is expected to impact our consolidated financial statements as we have certain operating lease arrangements. ASC 842 supersedes the previous leases standard, ASC 840 Leases. The standard is effective on January 1, 2019, with early adoption permitted. The ASU has not yet been adopted and the Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

U.S. dollars in thousands, except share and per share data

NOTE 3: - INVENTORY

	December 31,	
	2015	2014
Raw materials	$ 126	$ 919
Finished products (*)	1,406	1,780
	$ 1,532	$ 2,699

(*) Includes amounts of $ 373 and $ 1,208 for 2015 and 2014, respectively, with respect to inventory delivered to customers but for which revenue criteria have not been met yet.

NOTE 4: - OTHER ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31,	
	2015	2014
Indirect taxes	$ 54	$ 27
Government of Israel – grants to receive	622	416
Prepaid expenses and work in progress	1,314	738
Advances to suppliers	10	26
Others	87	204
	$ 2,087	$ 1,411

U.S. dollars in thousands, except share and per share data

NOTE 5: - PROPERTY AND EQUIPMENT, NET

Composition of assets, grouped by major classification, is as follows:

	December 31,	
	2015	2014
Cost:		
Computers and related equipment	$ 649	$ 371
Office furniture and equipment	499	482
Leasehold improvements	424	419
	1,572	1,272
Accumulated depreciation:		
Computers and related equipment	373	280
Office furniture and equipment	408	393
Leasehold improvements	407	399
	1,188	1,072
	$ 384	$ 200

Depreciation expenses for the year ended December 31, 2015, 2014 and 2013 amounted to $123, $87 and $ 108, respectively.

NOTE 6: - OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31,	
	2015	2014
Royalties - OCS payable	$ 655	$ 827
Commissions to distributors	395	76
Accrued expenses	440	836
	$ 1,490	$ 1,739

NOTE 7: - COMMITMENTS AND CONTINGENCIES

a. Royalty commitments:

1. The Company receives research and development grants from the OCS. In consideration for the research and development grants received from the OCS, the Company has undertaken to pay royalties as a percentage of revenues from products developed from research and development projects financed. If the Company will not generate sales of products developed with funds provided by the OCS, the Company is not obligated to pay royalties or repay the grants.

   Royalties are payable at the rate of 3.5% from the time of commencement of sales of all of these products until the cumulative amount of the royalties paid equals 100% of the dollar-linked amounts of the grants received, plus interest at LIBOR rate.

   As of December 31, 2015, the Company's total commitment with respect to royalty-bearing participation received or accrued, net of royalties paid or accrued, amounted to $40,693. The total research and development grants that the Company has received from the OCS as of December 31, 2015 were $38,442. The accumulated interest as of December 31, 2015 was $13,995 and the accumulated royalties paid to the OCS were $11,744.

   Royalty expenses relating to the OCS grants included in cost of revenues during the years ended December 31, 2015, 2014 and 2013 were $655, $827 and $706, respectively.

   In May 2010, the Company received a notice from the OCS regarding alleged miscalculations of the amount of royalties paid by the Company to the OCS for the years 1992-2009 and the revenues basis of which the Company has to pay royalties. The Company believes that all royalties due to the OCS from the sale of products developed with funding provided by the OCS during such years were properly paid or were otherwise accrued. During 2011, the Company reviewed with the OCS alleged miscalculation differences. The Company assessed the merits of the aforesaid arguments raised by the OCS and recorded liability for an estimated loss respectively.

2. According to the Company's agreements with the Israel-U.S Bi-National Industrial Research and Development Foundation ("BIRD-F"), the Company is required to pay royalties at a rate of 5% of sales of products developed with funds provided by the BIRD-F, up to an amount equal to 150% of BIRD-F's grant (linked to the United States Consumer Price Index) relating to such products. The last funds from the BIRD-F were received in 1996. In the event the Company does not generate sales of products developed with funds provided by BIRD-F, the Company is not obligated to pay royalties or repay the grants.

   The total research and development funds that the Company has received from the BIRD-F were $359. As of December 31, 2015, the Company is required to pay royalties up to an amount of $798, including linkage to the United States Consumer Price Index (CPI).

U.S. dollars in thousands, except share and per share data

NOTE 7: - COMMITMENTS AND CONTINGENCIES (Cont.)

As of December 31, 2015, the accumulated royalties paid to the BIRD-F including linkage to the CPI were $439. Accordingly, the Company's total commitment with respect to royalty-bearing participation received, net of royalties paid, amounted to $359 as of December 31, 2015.

Starting 2003, the Company has not generated sales of products developed with the funds provided by BIRD-F, therefore the Company is not obligated to pay royalties or repay the grant since that date.

3. In April 2012 and in April 2014, the MOE approved the Company's application for participation in funding the setting up of the Company's Indian subsidiary and China branch as part of a designated grants plan for the purpose of setting up and establishing a marketing agency in India and China. The grant is intended to cover up to 50% from the costs of the office establishment, logistics expenses and hiring employees and consultants in India and China, respectively, based on the approved budget for the plan over a period of 3 years.

   The Company is obligated to pay to the MOE royalties of 3% on sales in the target market over a period of five years but not more than the total linked amount of the grant received.

   The total marketing grants that the Company has received from the MOE as of December 31, 2015 were in the amount of $523. As of December 31, 2015, no liability was accrued.

b. Operating leases:

Premises occupied by the Company and its subsidiaries are rented under various rental agreements, part of which are with related parties (see also Note 11). The rental agreements for the premises of the Company and its subsidiaries expire up to December 31, 2016. The company's is also part to several motor vehicle lease agreements for a period of 36 months. As of December 31, 2015 the Company maintains 26 leased cars.

As of December 31, 2015, the future minimum aggregate lease commitments under non-cancelable operating lease agreements are as follows:

As of ended December 31,	Premises	Motor vehicles	Total
2016	$ 567	$ 46	$ 613
	$ 567	$ 46	$ 613

Total lease expenses (net of sublease income from premises under sublease agreements) amounted to $801, $883 and $941 for the years ended December 31, 2015, 2014 and 2013, respectively.

NOTE 7: - COMMITMENTS AND CONTINGENCIES (Cont.)

c. Bank guarantee:

As of December 31, 2015, the Company established a guarantee to the Israeli customs amounted to $32 which expires on April 30, 2016.

NOTE 8: - TAXES ON INCOME

a. Israeli taxation:

Taxable income of the Company is subject to the Israeli corporate tax at the rate as follows: 2013 - 25%, 2014 and 2015- 26.5%.

On January 5, 2016, the Israeli Parliament officially published the Law for the Amendment of the Israeli Tax Ordinance (Amendment 216), that reduces the standard corporate income tax rate from 26.5% to 25%.

The Company has not received final tax assessments since incorporation. In accordance with the tax laws, tax returns submitted up to and including the 2010 tax year can be regarded as final.

Tax loss carryforward:

As of December 31, 2015, the Company's tax loss carryforward and capital loss were $36,617 and $633, respectively. Such losses can be carried forward indefinitely to offset any future taxable income of the Company.

b. Foreign subsidiaries:

U.S subsidiary:

1. The U.S subsidiary is taxed under United States federal and state tax rules.

2. The U.S subsidiary's tax loss carryforward amounted to $8,480 as of December 31, 2015 for federal and state tax purposes. Such losses are available to offset any future U.S taxable income of the U.S subsidiary and will expire in the years 2015-2027 for federal tax purpose.

3. The U.S subsidiary has not received final tax assessments since incorporation. In accordance with the tax laws, tax returns submitted up to and including the 2011 tax year can be regarded as final.

U.S. dollars in thousands, except share and per share data

NOTE 8: - TAXES ON INCOME (Cont.)

Brazilian subsidiary:

1. The Brazilian subsidiary is taxed under Brazilian tax rules. Income tax is calculated based on a 34% rate.

2. The Brazilian subsidiary's tax loss carryforward amounted to $2,685 as of December 31, 2015 for tax purposes. Tax losses may be carried forward indefinitely, but can only be offset up to 30% of the company taxable income for a tax period.

c. Deferred taxes:

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31	
	2015	2014
Deferred tax assets:		
Carryforward tax losses	$ 14,205	$ 14,563
Research and development credit	396	513
Accrued social benefits and other	791	767
	15,392	15,843
Less - valuation allowance	(15,392)	(15,843)
Net deferred tax assets	$ -	$ -

The net change in the total valuation allowance for the year ended December 31, 2015 was a decrease of $451. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences and tax loss carryforward are deductible. Management considers the projected taxable income and tax-planning strategies in making this assessment. In consideration of the Company's accumulated losses and the uncertainty of its ability to utilize its deferred tax assets in the future, management currently believes that it is more likely than not that the Company will not realize its deferred tax assets and accordingly recorded a valuation allowance to fully offset all the deferred tax assets.

d. Taxes on income are comprised from withholding taxes that were deducted by the Company's clients.

U.S. dollars in thousands, except share and per share data

NOTE 8: - TAXES ON INCOME (Cont.)

e. The components of income (loss) before income taxes are as follows:

	Year ended December 31,		
	2015	2014	2013
Domestic	$ (755)	$ 3,350	$ (1,618)
Foreign	(47)	(2,444)	198
Income (loss) before income taxes	$ (802)	$ 906	$ (1,420)

f. Reconciliation of the theoretical tax benefit and the actual tax expense:

	Year ended December 31,		
	2015	2014	2013
Income (loss) before income taxes, as reported in the statements of operations	$ (802)	$ 906	$ (1,420)
Statutory tax rate in Israel	26.5%	26.5%	25%
Theoretical tax benefit	$ (213)	$ 240	$ (355)
Increase (decrease) in income taxes resulting from:			
Tax rate differential on foreign subsidiaries	(2)	(176)	19
Non-deductible expenses and other permanent differences	446	222	165
Change of deferred tax as result of tax rate change	-	-	(727)
Utilization of tax losses in respect of which deferred tax assets were not recorded in prior years	-	-	(469)
Differences in taxes arising from foreign currency exchange, net	641	1,715	186
Losses and timing differences for which no deferred taxes were recorded	(451)	(2,326)	1,619
withholding taxes that were deducted by the Company's clients	121	180	
Other	(421)	325	(438)
Income taxes	$ 121	$ 180	$ -

NOTE 8: - TAXES ON INCOME (Cont.)

g. Accounting for uncertainty in income taxes:

For the years ended December 31, 2015, 2014 and 2013, the Company did not have any unrecognized tax benefits and no interest and penalties related to unrecognized tax benefits had been accrued. The Company does not expect that the amount of unrecognized tax benefits will change significantly within the next 12 months.

NOTE 9: - SHAREHOLDERS' EQUITY

a. The number of shares outstanding at December 31, 2015 and 2014 does not include 5,189 Ordinary Shares issued, which are held by a subsidiary, and 30,843 Ordinary Shares issued which are held by the Company.

1. Ordinary Shares confer all rights to their holders, e.g. voting, equity and receipt of dividend.

2. On December 30, 2015, the annual general meeting of the Company's shareholders approved to increase the number of Company's authorized share capital to $ 1,026 and the number of authorized ordinary shares to 20,000,000.

b. Share option plans:

1. The Company has granted options under option plans as follows:

Under the following plans options are granted for periods not to exceed seven years. Options vest over a period of up to four years from date of grant. Any options that are cancelled or forfeited before expiration become available for future grants.

a) The 2013 Share Option Plan:

On April 3, 2013, the Company approved a new Share Option Plan (the "2013 Share Option Plan"). The 2013 Share Option Plan grants options to purchase Ordinary Shares. These options are granted pursuant to the 2013 Share Option Plan for the purpose of providing incentives to employees, directors, consultants and contractors of the Company. In accordance with Section 102 of the Income Tax Ordinance (New Version) - 1961, the Company's Board of Directors (the "Board") elected the "Capital Gains Route".

On February 2, 2015, the Company's Board of Directors resolved to increase the number of outstanding shares reserved under the 2013 Share Option Plan, from 500,000 to 750,000.

U.S. dollars in thousands, except share and per share data

NOTE 9: - SHAREHOLDERS' EQUITY (Cont.)

b) On February 19, 2015, the Company's Board of Directors adopted an amendment to the 2013 Share Option Plan (the "2013 Plan") pursuant to which the Company may grant options to purchase its ordinary shares, restricted shares and Restricted Share Units ("RSUs") to its employees, directors, consultants and contractors. The 2013 Plan expires on April 2, 2023.

c) During the year ended December 31, 2015, the Company's Board of Directors approved the grant of 285,250 options and 35,500 RSUs to certain employees. The options were granted at an exercise price range between $9.62 to $14.52 per share which was equal to the market value of the Company's Ordinary Share at the date of grant. Such options and RSUs have vesting schedule of one year over four equal quarterly installments, commencing as of the date of the grant.

As of December 31, 2015, there were no available shares for future grants under the 2013 Share Option Plan. On March 3 2016, the Company's Board of Directors resolved to increase the number of outstanding shares reserved under the 2013 Share Option Plan, from 750,000 to 1,250,000 (see also Note 12).

2. Grants in 2015, 2014 and 2013 were at exercise prices equal to the market value of the Ordinary Shares at the date of grant.

3. Stock options under the Radcom plans are as follows for the year ended December 31, 2015 indicated:

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2015	766,125	5.38	3.55	$ 5,221
Granted	285,250	11.76		
Exercised	(185,989)	3.94		
Expired & forfeited	(8,400)	12.25		
Outstanding at December 31, 2015	856,986	7.75	3.28	$ 6,157
Vested and expected to vest at December 31, 2015	856,986	7.75	3.28	$ 6,157
Exercisable at December 31, 2015	684,050	6.89	2.94	$ 5,499

U.S. dollars in thousands, except share and per share data

NOTE 9: - SHAREHOLDERS' EQUITY (Cont.)

The aggregate intrinsic value of options outstanding and exercisable at December 31, 2015 represents intrinsic value of 856,986 and 684,050 outstanding options that are in-the-money as of December 31, 2015, respectively.

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the deemed fair value of the Company's Ordinary Shares on the last day of fiscal 2015 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2015. This amount is impacted by the changes in the fair market value of the Company's shares.

4. RSUs under the Radcom plan are as follows for the year ended December 31, 2015 indicated:

	Number of RSUs	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2015	-	-	-
Granted	35,000		
Vested	(18,500)		
Cancelled & forfeited	(1,500)		
Outstanding at December 31, 2015	15,500	0.1	$ 231
Vested and expected to vest at December 31, 2015	15,500	0.1	$ 231

U.S. dollars in thousands, except share and per share data

NOTE 9: - SHAREHOLDERS' EQUITY (Cont.)

5. As of December 31, 2015, stock options under the 2013 Share Option Plan and 2013 Plan are as follows for the year ended December 31, 2015:

	Options outstanding at December 31, 2015			Options exercisable at December 31, 2015		
Exercise price	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
$		$	In years		$	In years
0.7 - 1.95	7,950	1.23	0.44	7,950	1.23	0.44
2.56 - 4.86	259,061	3.50	2.79	239,061	3.53	2.70
5.0 – 9.64	213,225	6.02	3.44	211,225	5.98	3.43
10.49 – 14.52	376,750	11.78	3.58	225,814	11.49	2.83
	856,986			684,050		

6. The weighted average fair values of options granted during the years ended December 31, 2015, 2014 and 2013 were $4.9, and $2.7 and $1.7, respectively.

7. The weighted average fair value of RSUs granted during the year ended December 31, 2015 was $10.6 per share. No RSUs were granted during 2014 and 2013.

8. The following table summarizes the departmental allocation of the Company's share-based compensation charge:

	Year ended December 31,		
	2015 (*)	2014	2013
Cost of sales	$ 33	$ 12	$ 7
Research and development, net	529	178	117
Selling and marketing, net	380	146	82
General and administrative	467	243	293
	$ 1,409	$ 579	$ 499

(*) Including $342 compensation cost related to RSUs for the year ended December 31, 2015.

9. Share-based compensation:

As of December 31, 2015, there are $558 of total unrecognized company cost related to non-vested share-based compensation and RSUs that are expected to be recognized over weighted average period of 0.42 years.

U.S. dollars in thousands, except share and per share data

NOTE 9: - SHAREHOLDERS' EQUITY (Cont.)

c. Warrants:

During the year ended December 31, 2015, 22,921 warrants have been exercised into 22,921 Ordinary Shares. (see also Note 11 e)

The Company's outstanding warrants and rights as of December 31, 2015 are as follows:

Issuance date	Outstanding and exercisable	Exercise price	Exercisable through
April 24, 2013	135,537	3.49	July 2, 2016
April 24, 2013	175,448	3.49	April 23, 2016

NOTE 10: - SELECTED STATEMENTS OF OPERATIONS DATA

a. The Company applies ASC topic 280, "Segment Reporting", ("ASC 820"). The Company operates in one reportable segment (see also Note 1 for a brief description of the Company's business). The total revenues are attributed to geographic areas based on the location of the end customer.

b. The following table present total revenues for the years ended December 31, 2015, 2014 and 2013 and long-lived assets as of December 31, 2015, 2014 and 2013:

1. Revenues from sales to unaffiliated customers:

	Year ended December 31,		
	2015	2014	2013
North America	$ 1,018	$ 1,922	$ 1,687
Europe	1,204	3,189	4,044
Asia (Excluding Philippines)	576	847	435
Philippines	8,071	3,544	3,173
South America (Excluding Brazil)	2,456	4,235	4,579
Brazil	3,487	6,448	5,469
Other (Including Israel)	1,861	3,451	1,095
	$ 18,673	$ 23,636	$ 20,482

U.S. dollars in thousands, except share and per share data

NOTE 10: - SELECTED STATEMENTS OF OPERATIONS DATA (Cont.)

2. Property and equipment, net, by geographic areas:

	Year ended December 31,		
	2015	2014	2013
Israel	$ 339	$ 151	$ 213
Other	45	49	40
	$ 384	$ 200	$ 253

3. Major customer data as a percentage of total revenues:

In 2015, the Company had two customers in the Philippines and Brazil that amounted 43.2% and 14.3%, respectively, of the total consolidated revenues. In 2014, the Company had three customers in Brazil, the Philippines and Israel that amounted 22.2%, 14.9% and 11.7%, respectively, of the total consolidated revenues. In 2013, the Company had two customers in the Philippines and Brazil that amounted 15.5% and 10.7%, respectively, of the total consolidated revenues.

c. Financial expenses, net:

	Years ended December 31,		
	2015	2014	2013
Financial Income:			
Interest income	$ 229	$ 170	$ 49
Foreign currency exchange gain	36	193	36
	265	363	85
Financial expenses:			
Interest and bank charges	(23)	(40)	(117)
Foreign currency exchange gain	(675)	(655)	(259)
	(698)	(695)	(376)
	$ (433)	$ (332)	$ (291)

U.S. dollars in thousands, except share and per share data

NOTE 10: - SELECTED STATEMENTS OF OPERATIONS DATA (Cont.)

d. Net income (loss) per share:

The following table sets forth the computation of basic and diluted net income (loss) per share:

	Years ended December 31,		
	2015	2014	2013
Numerator:			
Numerator for basic net income (loss) per share	$ (923)	$ 726	$ (1,420)
Effect of dilutive securities:			
Option and warrants issued to grantees and investors, respectively	-	-	-
Numerator for dilutive net income (loss) per share	$ (923)	$ 726	$ (1,420)
Denominator:			
Denominator for dilutive net income (loss) per share - weighted average number of ordinary share	8,572,681	8,088,974	7,340,056
Effect of dilutive securities:			
Option and warrants issued to grantees and investors, respectively	-	503,413	-
Denominator for diluted net income (loss) per share - adjusted weighted average number of ordinary share	8,572,681	8,592,387	7,340,056

NOTE 11: - RELATED PARTY BALANCES AND TRANSACTIONS

a. The Company carries out transactions with related parties as detailed below. Certain principal shareholders of the Company which as of December 31, 2015 have joint ownership of approximately 34% in the Company's equity are also principal shareholders of affiliates known as the RAD-BYNET Group. The Company's transactions with related parties are carried out on an arm's-length basis.

1. Certain premises occupied by the Company and the US subsidiary are rented from related parties (see also Note 7b). The US subsidiary also sub-leases certain premises to a related party. The aggregate net amounts of lease expenses were $411, $ 417 and $ 410 in 2015, 2014 and 2013, respectively.

2. Certain entities within the RAD-BYNET Group provide the Company with administrative services. Such amounts expensed by the Company are disclosed in "h" below as "Cost of sales, Sales and marketing, General and administrative expenses and research and development".

3. The Company purchases from certain entities within the RAD-BYNET Group software packages included in the Company's products and is thus incorporated into certain of its product lines. Such purchases by the Company are disclosed in "h" as "Cost of sales and Research and development".

4. The Company was a party to a distribution agreement with Bynet Electronics Ltd. ("BYNET"), a related party, giving BYNET the exclusive right to distribute the Company's products in Israel. The agreement was terminated during 2013.

   Revenues related to this distribution agreement are included in "h" below as "revenues". The remainder of the amount of "revenues" included in "h" below is comprised of sales of the Company's products to entities within RAD-BYNET Group.

b. In January 2012, the Company entered into a consulting agreement ("Agreement") with a consultant which is also the life partner of one of the Company's controlling shareholders and the Company's former Chairman of the Board of Directors. Based on the key terms of the Agreement, the consultant provided advisory services to the management with respect to business operations for a monthly amount which equaled the average monthly salary of employees in Israel, plus Israeli Value Added Tax. The Agreement was expired in January 2013 but was extended through to September 10, 2015 (see also Note 11c). Expenses incurred under this Agreement are immaterial. During the years ended December 31, 2015, 2014 and 2013 the Company recorded expenses incurred under this Agreement in amount of $ 24, $ 39 and $ 43, respectively.

U.S. dollars in thousands, except share and per share data

NOTE 11: - RELATED PARTY BALANCES AND TRANSACTIONS (Cont.)

c. On December 30, 2015, the Company's Shareholders approved the replacement of the Company's Chairman of the Board of Directors with one of the Company's Directors which is also the life partner of the former Chairman and controlling shareholders to assume the position of Active Chairwoman as of September 10, 2015 for a fixed monthly salary. During the period since September 10, 2015 till December 31, 2015, the Company recorded salary expenses for acting as an active Chairwoman in amount of $ 30.

d. In November 2012, the Company secured a loan of $ 750 (equivalent to 2,900 NIS at that time) from one of its principal shareholder and Director (as of September 10, 2015 former Chairman of the Company's Board of Directors) to finance its operations. The term of the loan was initially until March 31, 2013 which was extended until June 30, 2013. The loan was exposed to changes in the USD/NIS exchange rates. The loan was fully repaid by the Company during June 2013. The loan was interest-free, but the amount of principal required to be repaid was linked to the Israeli CPI. The average Israeli CPI increased during the year ended December 31, 2013, by 1.8% which caused finance expenses amounted to $ 27 for the aforementioned years.

e. In April and June 2013, the Company completed 2013 PIPE in which $ 3,459 have been raised from certain existing and new investors, including $ 1,100 and $ 50 were invested by one of its controlling shareholder and Director (as of September 10, 2015 former Chairman of the Company's Board of Directors) and the Company's former President and Chief Executive Officer, respectively. (see also Note 9c).

f. In 2015, the Company entered into a material contract for sale of MaveriQ, virtual-probe-based monitoring solution , with subsidiaries of Amdocs Limited, a company with limited liability under the laws of the Island of Guernsey (“Amdocs”), pursuant to which we received an initial payment of $18,000 in March 2016. The company’s controlling shareholder and director, serves as a director in Amdocs. During the year ended December 31, 2015, no revenues have been recognized from such agreement. (see also Note 1a).

g. Balances with related parties:

	December 31,	
	2015	2014
Assets:		
Trade receivables	$ 2	$ 2
Liabilities:		
Trade Payables	$ 184	$ 155
Other accounts payables and accrued expenses	$ 16	$ 11

U.S. dollars in thousands, except share and per share data

NOTE 11: - RELATED PARTY BALANCES AND TRANSACTIONS (Cont.)

h. Transactions with related parties:

	Year ended December 31,		
	2015	2014	2013
Revenues	$ 62	$ 19	$ 403
Expenses:			
Cost of sales	$ 42	$ 56	$ 54
Operating expenses:			
Research and development	$ 244	$ 249	$ 208
Sales and marketing	$ 118	$ 125	$ 126
General and administrative	$ 93	$ 60	$ 53
Financial expenses	$ -	$ -	$ 27

NOTE 12: - SUBSEQUENT EVENTS

On March 3, 2016, the Company's Board of Directors resolved to increase the number of outstanding shares reserved under the 2013 Share Option Plan, from 750,000 to 1,250,000.

In addition, On March 3, 2016, the Board of Directors approved the grant of 28,000 RSUs to such employees and officer.

EXHIBIT INDEX

Exhibit No.	Description
1.2	Amended and Restated Articles of Association, as amended.
4.2	2013 Share Option Plan, as amended
4.6	Lease Extension, dated May 30, 2014, among Zohar Zisapel Properties, Inc., Yehuda Zisapel Properties, Inc. and RADCOM Equipment, Inc.
4.8	Master Subcontract Agreement, dated March 23, 2015, by and between Amdocs Inc. and Radcom Inc.*
4.9	Value Added Reseller Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company.*
4.10	Addendum to the Value Added Reseller Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company.*
4.11	Supplemental Agreement, dated December 30, 2015, by and between Amdocs Software Systems Limited and the Company.*
4.12	Radcom Compensation Policy for Executive Officers and Directors, as amended on December 30, 2015.
8.1	List of Subsidiaries.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst and Young Global, dated March 29, 2016.
101	The following financial information from RADCOM Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013; (ii) Consolidated Balance Sheets at December 31, 2015 and 2014; (iii) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2015, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013; and (v) Notes to Consolidated Financial Statements. Users of this data are advised, in accordance with Rule 406T of Regulation S-T promulgated by the SEC, that this Interactive Data File is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections (1).

_____

* Confidential treatment was requested with respect to certain portions of this exhibit pursuant to 17.C.F.R. §240.24b-2. Omitted portions were filed separately with the SEC.

EXHIBIT 1.2

THE COMPANIES LAW

A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF

RADCOM LTD.

_____

GENERAL PROVISIONS

1. Object and Purpose of the Company

(a) The object and purpose of the Company shall be as set forth in the Company's Memorandum of Association, as the same shall be amended from time to time in accordance with applicable law.

(b) In accordance with Section 11(a) of the Companies Law 5759 - 1999 (the "Companies Law"), the Company may contribute a reasonable amount to a worthy cause.

2. Limitation of Liability

The liability of the shareholders is limited to the payment of the nominal value of the shares in the Company allotted to them and which remains unpaid, and only to that amount. If the Company's share capital shall include at any time shares without a nominal value, the shareholders' liability in respect of such shares shall be limited to the payment of up to NIS 0.05 for each such share allotted to them and which remains unpaid, and only to that amount.

3. Interpretation

(a) Unless the subject or the context otherwise requires: words and expressions used herein which are defined in the Memorandum of Association of the Company shall have the meanings therein defined, and words and expressions defined in the Companies Law in force on the date when these Articles or any amendment thereto, as the case may be, first became effective shall have the same meanings herein; words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender; and words and expressions importing persons shall include bodies corporate.

(b) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

3A Amendment

The approval of a resolution adopted in a General Meeting approved by a simple majority of the voting power represented at the meeting in person or by proxy and voting thereon (a "Shareholders' Resolution") is required to approve any amendment to these Articles of Association.

SHARE CAPITAL

4. Share Capital

The share capital of the Company is four million, four hundred and sixty six New Israeli Shekel (NIS 4,000,466) divided into twenty million (20,000,000) Ordinary Shares, par value NIS 0.20 each, and two thousand three hundred and thirty (2,330) Deferred Shares, par value NIS 0.20 each.

The Ordinary Shares confer upon their holders the rights described n these Articles. Notwithstanding any other provision of these Articles, the Deferred Shares confer upon their holders no rights other than the right to their par value upon liquidation of the Company.

5. Increase of Share Capital

(a) The Company may, from time to time, by a Shareholders Resolution, whether or not all the shares then authorized have been issued, and whether or not all the shares theretofore issued have been called up for payment, increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares of the original capital.

6. Special Rights; Modifications of Rights

(a) Without prejudice to any special rights previously conferred upon the holders of existing shares in the Company, the Company may, from time to time, by Shareholders Resolution, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution.

(b) (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles, may be modified or abrogated by the Company, by Shareholders Resolution, subject to the sanction of a resolution passed by a majority of the holders of a majority of the shares of such class present and voting at a separate General Meeting of the holders of the shares of such class.

(ii) The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any separate General Meeting of the holders of the shares of a particular class.

(iii) Unless otherwise provided by these Articles, the enlargement of an existing class of shares, or the issuance of additional shares thereof, shall not be deemed, for purposes of this Article 6(b), to modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

7. Consolidation, Subdivision, Cancellation and Reduction of Share Capital

(a) The Company may, from time to time, by Shareholders Resolution (subject, however, to the provisions of Article 6(b) hereof and to applicable law):

(i) consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares,

(ii) subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles of Association (subject, however, to the provisions of the Companies Law), and the Shareholders Resolution whereby any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares,

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled, or

(iv) reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by law.

(b) With respect to any consolidation of issued shares into shares of larger nominal value, and with respect to any other action which may result in fractional shares, the Board of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, including, inter alia, resort to one or more of the following actions:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;

(ii) allot, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iii) redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iv) cause the transfer of fractional shares by certain shareholders of the Company to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board of Directors is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this sub-Article 7(b)(iv).

SHARES

8. Issuance of Shares; Replacement of Lost Certificates

(a) The Company may, if so determined by the Board of Directors from time to time, issue share certificates, in which case such certificates shall be issued under the seal or stamp of the Company and shall bear the signature of one Director, or of any other person or persons authorized thereto by the Board of Directors. The Board of Directors may also determine, from time to time, to issue shares in uncertificated form (or solely in uncertificated form),

(b) If the Board of Directors determines to issue share certificates, each holder of shares shall be entitled to one numbered certificate for all the shares of any class registered in his name, and if reasonably requested by such member, to several certificates, each for one or more of such shares.

(c) If the Board of Directors determines to issue share certificates, a share certificate registered in the names of two or more persons shall be delivered to the person first named in the Registrar of Members in respect of such co-ownership.

(d) If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as Board of Directors may think fit; provided, however, that the Company shall not be required to issue a replacement share certificate if the Board of Directors has then determined that shares shall be issued solely in uncertificated form.

(e) The Company may issue bearer shares.

9. Registered Holder

Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and, accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by statute, be bound to recognize any equitable or other claim to, or interest in such share on the part of any other person.

10. Allotment of Shares

The unissued shares from time to time shall be under the control of the Board of Directors, who shall have the power to allot shares or otherwise dispose of them to such persons, on such terms and conditions (including inter alia terms relating to calls as set forth in Article 12(f) hereof), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount, and at such times, as the Board of Directors may think fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject as aforesaid, at a discount, during such time and for such consideration as the Board of Directors may think fit.

11. Payment in Installments

If by the terms of allotment of any share, the whole or any part of the price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company by the then registered holder(s) of the share of the person(s) entitled thereto.

12. Calls on Shares

(a) The Board of Directors may, from time to time, make such calls as it may think fit upon holders of shares in respect of any sum unpaid in respect of shares held by such holders which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each such holder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board of Directors, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

(b) Notice of any call shall be given in writing to the holder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made, provided, however, that before the time for any such payment, the Board of Directors may, by notice in writing to such holder (s), revoke such call in whole or in part, extend such time, or alter such person and/or place. In the event of a call payable in installments, only one notice thereof need be given.

(c) If, by the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions herein contained with respect to such calls shall apply to each such amount.

(d) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.

(e) Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in Israel), and at such time(s) as the Board of Directors may prescribe.

(f) Upon the allotment of shares, the Board of Directors may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

13. Prepayment

With the approval of the Board of Directors, any holder of shares may pay to the Company any amount not yet payable in respect of his shares, and the Board of Directors may approve the payment of interest on any such amount until the same would be payable if it had not been paid in advance, at such rate and time(s) as may be approved by the Board of Directors. The Board of Directors may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty. Nothing in this Article 13 shall derogate from the right of the Board of Directors to make any call before or after receipt by the Company of any such advance.

14. Forfeiture and Surrender

(a) If any holder fails to pay any amount payable in respect of a call, or interest thereon as provided for herein, on or before the day fixed for payment of the same, the Company, by resolution of the Board of Directors, may at any time thereafter, so long as the said amount or interest remains unpaid, forfeit all or any of the shares in respect of which said call had been made. Any expense incurred by the Company in attempting to collect any such amount or interest, including, inter alia, attorneys' fees and costs of suit, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

(b) Upon the adoption of a resolution of forfeiture, the Board of Directors shall cause notice thereof to be given to such holder, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Board of Directors), such shares shall be ipso facto forfeited, provided, however, that, prior to the expiration of such period, the Board of Directors may nullify such resolution of forfeiture, but no such nullification shall estop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(c) Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(d) The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share.

(e) Any share forfeited or surrendered as provided herein shall become the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board of Directors thinks fit.

(f) Any holder whose shares have been forfeited or surrendered shall cease to be a holder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 12(e) above, and the Board of Directors, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing by the holder in question (but not yet due) in respect of all shares owned by such holder, solely or jointly with another, and in respect of any other matter or transaction whatsoever.

(g) The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it thinks fit, but no such nullification shall estop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 14.

15. Lien

(a) Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each holder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts, liabilities and engagements arising from any cause whatsoever, solely or jointly with another, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(b) The Board of Directors may cause the Company to sell any shares subject to such lien when any such debt, liability or engagement has matured, in such manner as the Board of Directors may think fit, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such holder, his executors or administrators.

(c) The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such holder (whether or not the same have matured), or any specific part of the same (as the Company may determine), and the residue (if any) shall be paid to the holder, his executors, administrators or assigns.

16. Sale after Forfeiture or Surrender or in Enforcement of Lien

Upon any sale of shares after forfeiture or surrender or for enforcing a lien, the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register of Members in respect of such shares, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

17. Redeemable Shares

The Company may, subject to applicable law, issue redeemable shares and redeem the same.

18. [reserved]

TRANSFER OF SHARES

19. Effectiveness and Registration

No transfer of shares shall be registered unless a proper instrument of transfer (in form and substance satisfactory to the Board of Directors) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the Board of Directors may reasonably require. Until the transferee has been registered in the Register of Members in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board of Directors, may, from time to time, prescribe a fee for the registration of a transfer.

20. Record Date for General Meetings

Notwithstanding any provision to the contrary in these Articles, for the determination of the holders entitled to receive notice of and to participate in and vote at a General Meeting, or to express consent to or dissent from any corporate action in writing, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of shares of the Company, the Board of Directors may fix, in advance, a record date, which, subject to applicable law, shall not be earlier than ninety (90) days prior to the General Meeting or other action, as the case may be. No persons other than holders of record of Ordinary Shares as of such record date shall be entitled to notice of and to participate in and vote at such General Meeting, or to exercise such other right, as the case may be. A determination of holders of record with respect to a General Meeting shall apply to any adjournment of such meeting, provided that the Board of Directors may fix a new record date for an adjourned meeting.

TRANSMISSION OF SHARES

21. Decedents' Shares

(a) In case of a share registered in the names of two or more holders, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 21(b) have been effectively invoked.

(b) Any person becoming entitled to a share in consequence of the death of any person, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board of Directors may reasonably deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title), shall be registered as a holder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

22. Receivers and Liquidators

(a) The Company may recognize the receiver or liquidator of any corporate shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any shareholder, as being entitled to the shares registered in the name of such shareholder.

(b) The receiver or liquidator of a corporate shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any shareholder, upon producing such evidence as the Board of Directors may deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title, shall with the consent of the Board of Directors (which the Board of Directors may grant or refuse in its absolute discretion), be registered as a shareholder in respect of such shares, or may, subject to the regulations as to transfer herein contained, transfer such shares.

GENERAL MEETINGS

23. Annual General Meeting

An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board of Directors.

24. Extraordinary General Meetings

All General Meetings other than Annual General Meetings shall be called "Extraordinary General Meetings." The Board of Directors may, whenever it thinks fit, convene an Extraordinary General Meeting at such time and place, within or without the State of Israel, as may be determined by the Board of Directors, and shall be obliged to do so upon a requisition in writing in accordance with Sections 63(b)(1) or (2) and 63(c) of the Companies Law.

25. Notice of General Meetings

The Company is not required to give notice under Section 69(b) of the Companies Law. The Company is required to such give prior notice of a General Meeting as required by law or applicable stock exchange rules, but in any event not less than seven (7) days. The accidental omission to give notice of a meeting to any shareholder or the non-receipt of notice by one of the shareholders shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

26. Quorum

(a) Two or more holders of Ordinary Shares (not in default in payment of any sum referred to in Article 32(a) hereof), present in person or by proxy and holding shares conferring in the aggregate at least 33 1/3% of the voting power of the Company (subject to rules and regulations, if any, applicable to the Company), shall constitute a quorum at General Meetings. No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business.

(b) If within an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon requisition under Sections 63(b)(1) or (2), 64 or 65 of the Companies Law, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine with the consent of the holders of a majority of the voting power represented at the meeting in person by proxy and voting on the question of adjournment. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. At such adjourned meeting, any two (2) holders of Ordinary Shares (not in default as aforesaid) present in person or by proxy, shall constitute a quorum (subject to rules and regulations, if any, applicable to the Company).

(c) The Board of Directors may determine, in its discretion, the matters that may be voted upon at the meeting by proxy in addition to the matters listed in Section 87(a) to the Companies Law.

27. Chairman

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company. If there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as Chairman, the holders of Ordinary Shares present shall choose someone of their number to be Chairman. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a holder of Ordinary Shares or proxy of a shareholder if, in fact, he is also a shareholder or such proxy).

28. Adoption of Resolutions at General Meetings

(a) Unless otherwise indicated herein, a Shareholders Resolution shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon.

(b) A Shareholders Resolution approving a merger (as defined in the Companies Law) of the Company shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon.

(c) Every question submitted to a General Meeting shall be decided by a show of hands, but if a written ballot is demanded by any holder of Ordinary Shares present in person or by proxy and entitled to vote at the meeting, the same shall be decided by such ballot. A written ballot may be demanded before the proposed resolution is voted upon or immediately after the declaration by the Chairman of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot. The demand for a written ballot may be withdrawn at any time before the same is conducted, in which event another holder of Ordinary Shares may then demand such written ballot. The demand for a written ballot shall not prevent the continuance of the meeting for the transaction of business other than the question on which the written ballot has been demanded.

(d) A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

29. Resolutions in Writing

A resolution in writing signed by all holders of Ordinary Shares of the Company then entitled to attend and vote at General Meetings or to which all such holders of Ordinary Shares have given their written consent (by letter, facsimile telecopier, telegram, telex or otherwise), or their oral consent by telephone (provided that a written summary thereof has been approved and signed by the Chairman of the Board of Directors of the Company) shall be deemed to have been unanimously adopted by a General Meeting duly convened and held.

30. Power to Adjourn

(a) The Chairman of a General Meeting at which a quorum is present may, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

(b) It shall not be necessary to give any notice of an adjournment, whether pursuant to Article 26(b) or Article 30(a), unless the meeting is adjourned for thirty (30) days or more in which event notice thereof shall be given in the manner required for the meeting as originally called.

31. Voting Power

Subject to the provisions of Article 32(a) and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, every holder of Ordinary Shares shall have one vote for each share held by him of record, on every resolution, without regard to whether the vote hereon is conducted by a show of hands, by written ballot or by any other means.

32. Voting Rights

(a) No holder of Ordinary Shares shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid, but this Article shall not apply to separate General Meetings of the holders of a particular class of shares pursuant to Article 6(b).

(b) A company or other corporate body being a holder of Ordinary Shares of the Company may, by resolution of its directors or any other managing body thereof, authorize any person to be its representative at any meeting of the Company. Any person so authorized shall be entitled to exercise on behalf of such holder all the power which the latter could have exercised if it were an individual shareholder. Upon the request of the Chairman of the meeting, written evidence of such authorization (in form acceptable to the Chairman) shall be delivered to him.

(c) Any holder of Ordinary Shares entitled to vote may vote either personally or by proxy (who need not be a holder of the Company), or, if the holder is a company or other corporate body, by a representative authorized pursuant to Article 32(b).

(d) If two or more persons are registered as joint holders of any Ordinary Share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

PROXIES

33. Instrument of Appointment

(a) The instrument appointing a proxy shall be in writing and shall be substantially in the following form:

"I _____ of _____
(Name of Shareholder) (Address of Shareholder)
being a member of _____ hereby appoint
(Name of the Company)
_____of _____
(Name of Proxy) (Address of Proxy)
as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on the _____ day of _____, 20__ and at any adjournment(s) thereof.

Signed this _____ day of _____, 20__.

_____
(Signature of Appointer)"

or in any usual or common form or in such other form as may be approved by the Board of Directors. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s).

(b) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall either be delivered to the Company (at its Registered Office, or at its principal place of business or at the offices of its registrar and/or transfer agent or at such place as the Board of Directors may specify) not less than forty-eight (48) hours (or not less than seventy-two (72) hours with respect to a meeting to be held outside of Israel) before the time fixed for the meeting which the person named in the instrument proposes to vote.

34. Effect of Death of Appointor or Revocation of Appointment

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the previous death of the appointing holder (or of his attorney-in-fact, if any, who signed such instrument), or the revocation of the appointment or the transfer of the share in respect of which the vote is cast, provided no written intimation of such death, revocation or transfer shall have been received by the Company or by the Chairman of the meeting before such vote is cast and provided, further, that the appointing holder, if present in person at said meeting, may revoke the appointment by means of a writing, oral notification to the Chairman, or otherwise.

BOARD OF DIRECTORS

35. Powers of Board of Directors

(a) In General

The management of the business of the Company shall be vested in the Board of Directors, which may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do, and are not hereby or by law required to be exercised or done by the Company in General Meeting. The authority conferred on the Board of Directors by this Article 35 shall be subject to the provisions of the Companies Law, of these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company in General Meeting, provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board of Directors which would have been valid if such regulation or resolution had not been adopted.

(b) Borrowing Power

The Board of Directors may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital for the time being.

(c) Reserves

The Board of Directors may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board of Directors, in its absolute discretion, shall think fit, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments, and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board of Directors may from time to time think fit.

36. Exercise of Powers of Directors

(a) A meeting of the Board of Directors at which a quorum is present (in person, by means of a conference call or any other device allowing each director participating in such meeting to hear all the other directors participating in such meeting) shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board of Directors.

(b) A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a majority of the Directors present when such resolution is put to a vote and voting thereon.

(c) A resolution in writing signed by all Directors then in office and lawfully entitled to vote thereon (as conclusively determined by the Chairman of the Audit Committee, and in the absence of such determination - by the Chairman of the Board of Directors) or to which all such Directors have given their consent (by letter, telegram, telex, facsimile telecopier or otherwise), or their oral consent by telephone (provided that a written summary thereof has been approved and signed by the Chairman of the Board of Directors of the Company) shall be deemed to have been unanimously adopted by a meeting of the Board of Directors duly convened and held.

37. Delegation of Powers

(a) The Board of Directors may, subject to the provisions of the Companies Law and these Articles, delegate any or all of its powers to committees, each consisting of two or more persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any Committee so formed (in these Articles referred to as a "Committee of the Board of Directors"), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors shall, mutatis mutandis, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as not superseded by the Companies Law or any regulations adopted by the Board of Directors under this Article. Unless otherwise expressly provided by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall not be empowered to further delegate such powers.

(b) Without derogating from the provisions of Article 50, the Board of Directors may, subject to the provisions of the Companies Law, from time to time appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the Board of Directors may think fit, and may terminate the service of any such person. The Board of Directors may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the salaries and emoluments, of all such persons, and may require security in such cases and in such amounts as it thinks fit.

(c) The Board of Directors may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purpose(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it thinks fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board of Directors may think fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

38. Number of Directors

The Board of Directors shall consist of such number of Directors (not less than three (3) nor more than nine (9)) as may be determined by Shareholder Resolution of the Company.

39. Election and Removal of Directors

(a) If at any time, the Company shall be required to appoint independent or external directors such as a public director or directors of any other type as may be required by law ("External Directors") such directors shall serve on the Board according to the number required by law. External Directors will be appointed and removed pursuant to and shall be governed by the relevant provisions of the law which applies to External Directors. If permitted by applicable law, External Directors will be appointed by the Board.

(b) The members of the Board of Directors shall be called Directors, and other than External Directors (who will be chosen and appointed, and whose term will expire, in accordance with applicable law,) they shall be appointed in accordance with the provisions of this Article.

(c) Directors (other than External Directors) shall be elected at the Annual General Meeting by the vote of the holders of a majority of the voting power represented at such meeting in person or by proxy and voting on the election of directors, or by the Board of Directors. In the event that Directors are appointed by the Board of Directors, such Directors shall be adopted by Shareholders' Resolution at the first extraordinary or annual general meeting of the shareholders following the date upon which the Director was appointed by the Board of Directors. Each Director shall serve, subject to Article 42 hereof, and with respect to a Director appointed pursuant to Article 41 hereof, subject to such Article, until the Annual General Meeting next following the Annual General Meeting at which such Director was appointed, or his earlier removal pursuant to this Article 39. The shareholders shall be entitled to remove any Director(s) from office, all subject to applicable law.

(d) Notwithstanding anything to the contrary herein, the term of a Director may commence at a date later than the date of the shareholders resolution electing such Director, if so specified in such shareholder resolution.

40. Qualification of Directors

No person shall be disqualified to serve as a Director by reason of his not holding shares in the Company or by reason of his having served as a Director in the past.

41. Continuing Directors in the Event of Vacancies

In the event of one or more vacancies in the Board of Directors, the continuing Directors may continue to act in every matter, and may temporarily fill any such vacancy until the next Annual General Meeting, provided, however, that if they number less than the minimum number provided for pursuant to Article 38 hereof, they may only act in an emergency, and may call a General Meeting of the Company for the purpose of electing Directors to fill any or all vacancies, so that at least a majority of the number of Directors provided for pursuant to Article 38 hereof are in office as a result of said meeting.

42. Vacation of Office

(a) The office of a Director shall be vacated, ipso facto, upon his death, or if he be found lunatic or become of unsound mind, or if he becomes bankrupt, or, if the Director is a company, upon its winding-up.

(b) The office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

43. Remuneration of Directors

No Director shall be paid any remuneration by the Company for his services as Director except as may be approved by the Company in a General Meeting (including, but not limited to, the grant of options for the Company's shares) and except for reimbursement of reasonable expenses incurred in connection with carrying out his duties as a Director.

.

44. Conflict of Interests

Subject to the provisions of the Companies Law, the Company may enter into any contract or otherwise transact any business with any Director in which contract or business such Director has a personal interest, directly or indirectly; and may enter into any contract of otherwise transact any business with any third party in which contract or business a Director has a personal interest, directly or indirectly.

45. Alternate Directors

(a) A Director may, by written notice to the Company, appoint a natural person who is not a Director as an alternate for himself (in these Articles referred to as "Alternate Director"), remove such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever. Unless the appointing Director, by the instrument appointing an Alternate Director or by written notice to the Company, limits such appointment to a specified period of time or restricts it to a specified meeting or action of the Board of Directors, or otherwise restricts its scope, the appointment shall be for an indefinite period, but will expire upon the expiration of the appointing Director's term, and shall be for all purposes.

(b) Any notice given to the Company pursuant to Article 45(a) shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.

(c) An Alternate Director shall have all the rights and obligations of the Director who appointed him, provided, however, that he may not in turn appoint an alternate for himself (unless the instrument appointing him otherwise expressly provides), and provided further that an Alternate Director shall have no standing at any meeting of the Board of Directors or any committee thereof while the Director who appointed him is present.

(d) An Alternate Director shall alone be responsible for his own acts and defaults, and he shall not be deemed the agent of the Director(s) who appointed him.

(e) The office of an Alternate Director shall be vacated under the circumstances, mutatis mutandis, set forth in Article 42, and such office shall ipso facto be vacated if the Director who appointed such Alternate Director ceases to be a Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

46. Meetings

(a) The Board of Directors may meet and adjourn its meetings and otherwise regulate such meetings and proceedings as the Board of Directors think fit. Notice of the meetings of the Board of Directors shall be sent to each Director at the last address that the Director provided to the Company, or via telephone, facsimile or e-mail message.

(b) Any Director may at any time, and the Secretary, upon the request of such Director, shall, convene a meeting of the Board of Directors, but not less than four (4) days' notice (oral or written) shall be given of any meeting so convened. The failure to give notice to a Director in the manner required hereby may be waived by such Director. In urgent situations, a meeting of the Board of Directors can be convened without any prior notice with the consent of a majority of the Directors, including a majority of those who are lawfully entitled to participate in and vote at such meeting (as conclusively determined by the Secretary, and in the absence of such determination, by the Chairman of the Board of Directors).

47. Quorum

Until otherwise unanimously decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence of a majority of the Directors then in office who are lawfully entitled to participate in the meeting (as conclusively determined by the Chairman of the Audit Committee and in the absence of such determination - by the Chairman of the Board of Directors), but shall not be less than two.

48. Chairman of the Board of Directors

The Board of Directors may from time to time elect one of its members to be the Chairman of the Board of Directors, remove such Chairman from office and appoint another in its place. The Chairman of the Board of Directors shall preside at every meeting of the Board of Directors, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting, or if he is unwilling to take the chair, the Directors present shall choose one of their number to be the chairman of such meeting.

49. Validity of Acts Despite Defects

Subject to the provisions of the Companies Law, all acts done bona fide at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

GENERAL MANAGER

50. General Manager

The Board of Directors may from time to time appoint one or more persons, whether or not Directors, as General Manager(s) of the Company and may confer upon such person(s), and from time to time modify or revoke, such title(s) (including Managing Director, President, Director General or any similar or dissimilar title) and such duties and authorities of the Board of Directors as the Board of Directors may deem fit, subject to such limitations and restrictions as the Board of Directors may from time to time prescribe. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board of Directors may from time to time (subject to the provisions of the Companies Law and of any contract between any such person and the Company) fix his or their salaries and emoluments, remove or dismiss him or them from office and appoint another or others in his or their place or places.

MINUTES

51. Minutes

(a) Minutes of each General Meeting and of each meeting of the Board of Directors shall be recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

(b) Any minutes as aforesaid, if purporting to be by the chairman of the meeting or by the chairman of the next succeeding meeting, shall constitute prima facia evidence of the matters recorded therein.

DIVIDENDS

52. Declaration and Payment of Dividends

The Board of Directors may from time to time declare, and cause the Company to pay, such dividend as may appear to the Board of Directors to be justified. The Board of Directors shall determine the time for payment of such dividends, and the record date for determining the shareholders entitled thereto.

53. [Reserved]

54. Amount Payable by Way of Dividends

Subject to the rights of the holders of shares with special rights as to dividends, any dividend paid by the Company shall be allocated among the members entitled thereto in proportion to their respective holdings of the shares in respect of which such dividend is being paid.

55. Interest

No dividend shall carry interest as against the Company.

56. Payment in Specie

Upon the declaration of the Board of Directors, a dividend may be paid, wholly or partly, by the distribution of specific assets of the Company or by distribution of paid up shares, debentures or debenture stock of the Company or of any other companies, or in any one or more of such ways.

57. Capitalization of Profits, Reserves etc.

Upon the resolution of the Board of Directors, the Company -

(a) may cause any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, on the footing that they become entitled thereto as capital, or may cause any part of such capitalized fund to be applied on behalf of such shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly, in payment, in full or in part, of the uncalled liability on any issued shares or debentures or debenture stock; and

(b) may cause such distribution or payment to be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

58. Implementation of Powers under Articles 56 and 57

For the purpose of giving full effect to any resolution under Articles 56 or 57, and without derogating from the provisions of Article 7(b) hereof, and subject to applicable law, the Board of Directors may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed, or that fractions of less value than the nominal value of one share may be disregarded in order to adjust the rights of all parties, and may vest any such cash, shares, debentures, debenture stock or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board of Directors.

59. Deductions from Dividends

The Board of Directors may deduct from any dividend or other moneys payable to any member in respect of a share any and all sums of money then payable by him to the Company on account of calls or otherwise in respect of shares of the Company and/or on account of any other matter of transaction whatsoever.

60. Retention of Dividends

(a) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or toward satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

(b) The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any person is, under Articles 21 or 22, entitled to become a member, or which any person is, under said Articles, entitled to transfer, until such person shall become a member in respect of such share or shall transfer the same.

61. Unclaimed Dividends

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend, and any such other moneys unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

62. Mechanics of Payment

Any dividend or other moneys payable in cash in respect of a share may be paid by check or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to any one of such persons or to his bank account), or to such person and at such address as the person entitled thereto may by writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such check or warrant shall be sent at the risk of the person entitled to the money represented thereby.

63. Receipt from a Joint Holder

If two or more persons are registered as joint holders of any share, or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable in respect of such share.

ACCOUNTS

64. Books of Account

The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of the Companies Law and of any other applicable law. Such books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No member, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorized by the Board of Directors or by a Shareholders Resolution. The Company shall make copies of its annual financial statements available for inspection by the shareholders at the principal offices of the Company. The Company shall not be required to send copies of its annual financial statements to shareholders, except upon written request to the principal office of the Company.

65. Audit

At least once in every fiscal year the accounts of the Company shall be audited and the correctness of the profit and loss account and balance sheet certified by one or more duly qualified auditors.

66. Auditors

The appointment, authorities, rights and duties of the auditor(s) of the Company, shall be regulated by applicable law. The Audit Committee of the Company shall have the authority to fix, in its discretion, the remuneration of the auditor(s) for the auditing services.

BRANCH REGISTERS

67. Branch Registers

Subject to and in accordance with the provisions of the Companies Law and to all orders and regulations issued thereunder, the Company may cause branch registers to be kept in any place outside Israel as the Board of Directors may think fit, and, subject to all applicable requirements of law, the Board of Directors may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

RIGHTS OF SIGNATURE, STAMP AND SEAL

68. Rights of Signature, Stamp and Seal

(a) The Board of Directors shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority.

(b) The Company shall have at least one official stamp.

(c) The Board of Directors may provide for a seal. If the Board of Directors so provides, it shall also provide for the safe custody thereof. Such seal shall not be used except by the authority of the Board of Directors and in the presence of the person(s) authorized to sign on behalf of the Company, who shall sign every instrument to which such seal is affixed.

NOTICES

69. Notices

(a) Any written notice or other document may be served by the Company upon any shareholder either personally, or by facsimile transmission, or by sending it by prepaid mail (airmail or overnight air courier if sent to an address on a different continent from the place of mailing) addressed to such shareholder at his address as described in the Register of Members or such other address as he may have designated in writing for the receipt of notices and other documents. Any written notice or other document may be served by any shareholder upon the Company by tendering the same in person to the Secretary or the General Manager of the Company at the principal office of the Company, or by facsimile transmission, or by sending it by prepaid registered mail (airmail or overnight air courier if posted outside Israel) to the Company at its Registered Address. Any such notice or other document shall be deemed to have been served (i) in the case of mailing, two (2) business days after it has been posted (seven (7) business days if sent internationally), or when actually received by the addressee if sooner than two (2) days or seven (7) days, as the case may be, after it has been posted; (ii) in the case of overnight air courier, on the third (3rd) business day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner than three (3) business days after it has been sent; (iii) in the case of personal delivery, on the date such notice was actually tendered in person to such shareholder (or to the Secretary or the General Manager); (iv) in the case of facsimile transmission, on the date on which the sender receives automatic electronic confirmation by the recipient's facsimile machine that such notice was received by the addressee. The mailing or publication date and the date of the meeting shall be counted as part of the days comprising any notice period. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 69(a).

(b) All notices to be given to the shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Members, and any notice so given shall be sufficient notice to the holders of such share.

(c) Any shareholder whose address is not described in the Register of Members, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

(d) Notwithstanding anything to the contrary herein, notice by the Company of a General Meeting which is published either (1) on the Company's website and/or (2) in one international wire service and/or (3) in any other common form of electronic dissemination, shall be deemed to have been duly given on the date of such publication to any shareholder of the Company.

EXCULPATION, INSURANCE AND INDEMNITY

70. Exculpation, Indemnity and Insurance

(a) For purposes of these Articles, the term "Office Holder" shall mean every Director and every officer of the Company, including, without limitation, each of the persons defined as "Nosei Misra" in the Companies Law.

(b) Subject to the provisions of the Companies Law, the Company may prospectively exculpate an Office Holder from all or some of the Office Holder's responsibility for damage resulting from the Office Holder's breach of the Office Holder's duty of care to the Company.

(c) Subject to the provisions of the Companies Law, the Company may indemnify an Office Holder in respect of an obligation or expense specified below imposed on the Office Holder in respect of an act performed in his capacity as an Office Holder, as follows:

(i) a financial obligation imposed on him in favor of another person by a court judgment, including a compromise judgment or an arbitrator's award approved by court;

(ii) reasonable litigation expenses, including attorneys' fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding was concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Office Holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 1968, as amended (the "Securities Law"), and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees; and

(iii) reasonable litigation expenses, including attorneys' fees, expended by an Office Holder or charged to the Office Holder by a court, in a proceeding instituted against the Office Holder by the Company or on its behalf or by another person, or in a criminal charge from which the Office Holder was acquitted, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent.

The Company may undertake to indemnify an Office Holder as aforesaid, (aa) prospectively, provided that in respect of Article 70(c)(i), the undertaking is limited to events which in the opinion of the Board of Directors are foreseeable in light of the Company's actual operations when the undertaking to indemnify is given, and to an amount or criteria set by the Board of Directors as reasonable under the circumstances, and further provided that such events and amounts or criteria are set forth in the undertaking to indemnify, and (bb) retroactively.

(d) Subject to the provisions of the Companies Law, the Company may enter into a contract for the insurance of all or part of the liability of any Office Holder imposed on the Office Holder in respect of an act performed in his capacity as an Office Holder, in respect of each of the following:

(i) a breach of his duty of care to the Company or to another person;

(ii) a breach of his duty of loyalty to the Company, provided that the Office Holder acted in good faith and had reasonable cause to assume that such act would not prejudice the interests of the Company;

(iii) a financial obligation imposed on him in favor of another person; or

(iv) reasonable litigation expenses, including attorney fees, incurred by the Office Holder as a result of an administrative enforcement proceeding instituted against him. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the Office Holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable legal expenses, which term includes attorney fees.

(e) The provisions of Articles 70 are not intended, and shall not be interpreted, to restrict the Company in any manner in respect of the procurement of insurance and/or in respect of indemnification (i) in connection with any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder, and/or (ii) in connection with any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law; provided that the procurement of any such insurance and/or the provision of any such indemnification shall be approved by the Audit Committee of the Company.

Any amendment to the Companies Law, the Securities Law or any other applicable law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to this Article 61 shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by the Companies Law, the Securities Law or such other applicable law.

WINDING UP

71. Winding Up

(a) A resolution adopted in a General Meeting approved by 75% of the voting shares represented at such meeting in person or by proxy is required to approve the winding up of the Company.

(b) If the Company be wound up, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the members shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made.

Exhibit 4.2

Radcom Ltd.

2013 SHARE OPTION PLAN

A. NAME AND PURPOSE

1. **Name:** This plan, as amended from time to time, shall be known as the Radcom Ltd. 2013 Share Option Plan" (the "Plan").

2. **Purpose:** The purpose and intent of the Plan is to provide incentives to employees, directors, consultants and contractors of Radcom Ltd., a company organized under the laws of the State of Israel, or any subsidiary thereof (the "Company"), by providing them with opportunities to purchase Ordinary Shares, nominal value of 0.20 New Israeli Shekel each (the "Shares") of the Company, pursuant to a plan approved by the Board of Directors of the Company (the "Board") which is designed to benefit from, and is made pursuant to, the provisions of either Section 102 or Section3(9) of the Israeli Income Tax Ordinance [New Version] 1961 (the "Ordinance"), as applicable, and the rules and regulations promulgated thereunder.

B. GENERAL TERMS AND CONDITIONS OF THE PLAN

3. **Administration:**

3.1 The Board may appoint a Share Incentive Committee, which will consist of such number of Directors of the Company, as may be fixed from time to time by the Board. The Board shall appoint the members of the committee, may from time to time remove members from, or add members to, the Committee and shall fill vacancies in the Committee however caused. The Plan will be administered by the Board and/or the Share Incentive Committee, or where not permitted according to Section 112 of the Companies Law, 1999 (the "Companies Law"), by the Board only (collectively - the **"**Committee**"**).

3.2 The Committee shall select one of its members as its Chairman and shall hold its meetings at such times and places, as it shall determine. Actions taken by a majority of the members of the Committee, at a meeting at which a majority of its members is present, or acts reduced to, or approved in, writing by all members of the Committee, shall be the valid acts of the Committee. The Committee may appoint a Secretary, who shall keep records of its meetings and shall make such rules and regulations for the conduct of its business, as it shall deem advisable.

3.3 Subject to the general terms and conditions of this Plan and applicable law, the Committee shall have the full authority in its discretion, from time to time and at any time, to determine (i) the persons ("Grantees") to whom options to purchase Shares (the "Options") shall be granted, (ii) the number of Shares subject to each Option, (iii) the time or times at which the same shall be granted, (iv) the schedule and conditions on which such Options may be exercised and on which such Shares shall be paid for, and/or (v) any other matter which is necessary or desirable for, or incidental to, the administration of the Plan. In determining the number of Shares subject to the Options to be granted to each Grantee, the Committee may consider, among other things, the Grantee's salary and the duration of the Grantee's employment by the Company.

3.4 Subject to the general terms and conditions of the Plan and the Ordinance, the Committee shall have the full authority in its discretion, from time to time and at any time, to determine:

(a) with respect to the grant of 102 Options (as defined in Section 5.1(a)(i) below) - whether the Company shall elect the "Ordinary Income Route" under Section 102(b)(1) of the Ordinance (the "Ordinary Income Route") or the "Capital Gains Route" under Section 102(b)(2) of the Ordinance (the "Capital Gains Route") (each of the Ordinary Income Route or the Capital Gains Route - a "Taxation Route") for the grant of 102 Options, and the identity of the trustee who shall be granted such 102 Options in accordance with the provisions of this Plan and the then prevailing Taxation Route;

In the event the Committee determines that the Company shall elect one of the Taxation Routes for the grant of 102 Options, the Company shall be entitled to change such election only following the lapse of one year from the end of the tax year in which 102 Options are first granted under the then prevailing Taxation Route; and

(b) with respect to the grant of 3(9) Options (as defined in Section 5.1(a)(ii) below) - whether or not 3(9) Options shall be granted to a trustee in accordance with the terms and conditions of this Plan, and the identity of the trustee who shall be granted such 3(9) Options in accordance with the provisions of this Plan.

3.5 Notwithstanding the aforesaid, the Committee may, from time to time and at any time, grant 102 Options that will not subject to a Taxation Route, as detailed in Section 102(c) of the Ordinance ("102(c) Options").

3.6 The Committee may, from time to time, adopt such rules and regulations for carrying out the Plan as it may deem necessary. No member of the Board or of the Committee shall be liable for any act or determination made in good faith with respect to the Plan or any Option granted thereunder.

3.7 The interpretation and construction by the Committee of any provision of the Plan or of any Option thereunder shall be final and conclusive and binding on all parties who have an interest in the Plan or any Option or Share issuance thereunder unless otherwise determined by the Board.

4. **Eligible Grantees:**

4.1 The Committee, at its discretion, may grant Options to any employee, director, consultant or contractor of the Company. Anything in this Plan to the contrary notwithstanding, all grants of Options to office holders (i.e., "Nosei Misra", as such term is defined in the Companies Law) shall be authorized and implemented only in accordance with the provisions of the Companies Law.

4.2 The grant of an Option to a Grantee hereunder, shall neither entitle such Grantee to participate, nor disqualify him from participating, in any other grant of options pursuant to this Plan or any other share option plan of the Company.

5. **Grant of Options, Issuance of Shares, Dividends and Shareholder Rights:**

5.1 Grant of Options and Issuance of Shares.

(a) Subject to the provisions of the Ordinance and applicable law,

(i) all grants of Options to employees, directors and office holders of the Company, other than to a Controlling Shareholder of the Company (i.e., "Baal Shlita", as such term is defined in the Ordinance), shall be made only pursuant to the provisions of Section 102 of the Ordinance and the rules and regulations promulgated thereunder ("Section 102" and "102 Options", respectively), or any other section of the Income Tax Ordinance that will be relevant for such issuance in the future; and

(ii) all grants of Options to consultants, contractors or Controlling Shareholders of the Company shall be made only pursuant to the provisions of Section 3(9) of the Ordinance and the rules and regulations promulgated thereunder ("3(9) Options"), or any other section of the Ordinance that will be relevant for such issuance in the future.

(b) Subject to Sections 7.1 and 7.2 hereof, the effective date of the grant of an Option (the "Date of Grant") shall be the date specified by the Committee in its determination relating to the award of such Option. The Committee shall promptly give the Grantee written notice (the "Notice of Grant") of the grant of an Option.

(c) Trust. In the event Options are granted under the Plan to a trustee designated by the Committee in accordance with the provisions of Section 3.4 hereof and, with respect to 102 Options, approved by the Israeli Commissioner of Income Tax (the "Trustee"), the Trustee shall hold each such Option and the Shares issued upon exercise thereof in trust (the "Trust") for the benefit of the Grantee in respect of whom such Option was granted (the "Beneficial Grantee").

In accordance with Section 102, the tax treatment of 102 Options (and any Shares received upon exercise of such Options) in accordance with the Ordinary Income Route or Capital Gains Route, as applicable, shall be contingent upon the Trustee holding such 102 Options for the requisite period provided by such Section 102 (the "Trust Period") (in 2013 (i) one year from the Date of Grant for 102 Options granted under the Ordinary Income Route, or (ii) two years from the Date of Grant for 102 Options granted under the Capital Gains Route, or (iii) such other period as shall be approved by the Israeli Tax Authority).

All 102 Options granted hereunder to the Trustee, as aforementioned, shall be governed by the provisions of Section 102 of the Ordinance, the Income Tax Rules (Tax Relief in Issuance of Shares to Employees), 2003 (the "102 Rules") and any other regulations, rulings, procedures or clarifications promulgated thereunder.

With respect to 102 Options granted to the Trustee under a Taxation Route, the following shall apply:

(i) A Grantee granted 102 Options shall not be entitled to sell the Shares received upon exercise thereof (the “Exercised Shares”) or to transfer such Exercised Shares (or such 102 Options) from the Trustee prior to the lapse of the Trust Period;

(ii) Any and all rights issued in respect of the Exercised Shares, including bonus shares but excluding cash dividends (“Rights”), shall be issued to the Trustee and held thereby until the lapse of the Trust Period, and such Rights shall be subject to the Taxation Route which is applicable to such Exercised Shares.

Notwithstanding the aforesaid, Exercised Shares or Rights may be sold or transferred, and the Trustee may release such Exercised Shares (or 102 Options) or Rights from Trust, prior to the lapse of the Trust Period, provided however, that tax is paid or withheld in accordance with Section 102(b)(4) of the Ordinance and Section 7 of the 102 Rules.

All certificates representing Shares issued to the Trustee under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Shares are released from the Trust as herein provided.

(d) Subject to the terms hereof, at any time after the options have vested, with respect to any Options or Shares the following shall apply:

(i) Upon the written request of any Beneficial Grantee, the Trustee shall release from the Trust the Options granted, and/or the Shares issued, on behalf of such Beneficial Grantee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Grantee, provided, however, that the Trustee shall not so release any such Options and/or Shares to such Beneficial Grantee unless the latter, prior to, or concurrently with, such release, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes, if any, required to be paid upon such release have, in fact, been paid.

(ii) Alternatively, provided the Shares are listed on a stock exchange or admitted to trading on an electronic securities trading system (such as the Nasdaq Stock Market), upon the written instructions of the Beneficial Grantee to sell any Shares issued upon exercise of Options, the Trustee shall use its reasonable efforts to effect such sale and shall transfer such Shares to the purchaser thereof concurrently with the receipt, or after having made suitable arrangements to secure the payment of the proceeds of the purchase price in such transaction. The Trustee shall withhold from such proceeds any and all taxes required to be paid in respect of such sale, shall remit the amount so withheld to the appropriate tax authorities and shall pay the balance thereof directly to the Beneficial Grantee, reporting to such Beneficial Grantee and to the Company the amount so withheld and paid to said tax authorities.

5.2 Guarantee. In the event a 102(c) Option is granted to a Grantee who is an employee at the time of such grant, if the Grantee's employment is terminated, for any reason, such Grantee shall provide the Company with a guarantee or collateral, to the full satisfaction of the Committee, securing the payment of all taxes required to be paid in connection with any action involving such 102(c) Option or the Shares received upon exercise of thereof. Alternatively, the Committee shall have the authority to instruct such Grantee to transfer his/her 102(c) Option to a trustee (or escrow agent) who shall hold such 102(c) Option, and the Shares received upon exercise thereof, in trust (or escrow) to guarantee the full payment of all taxes required to be paid in connection with any action involving such 102(c) Option or Shares.

5.3 Dividend. All Shares issued upon the exercise of Options granted under the Plan shall entitle the Beneficial Grantee thereof to receive dividends with respect thereto. For so long as Shares issued to the Trustee on behalf of a Beneficial Grantee are held in the Trust, the dividends paid or distributed with respect thereto shall be remitted to the Trustee for the benefit of such Beneficial Grantee or distributed directly to such Beneficial Grantee, as shall be solely determined by the Committee prior to each such distribution or payment.

5.4 Shareholder Rights. The holder of an Option shall have no shareholder rights with respect to the Shares subject to the Option until such person shall have exercised the Option, paid the exercise price and become the recordholder of the purchased Shares.

6. **Reserved Shares:** The Committee shall reserve from time to time, authorized but unissued Shares to be issued under the Plan and any other option or incentive plan that the Company may adopt, subject to adjustments as provided in Section 11 hereof. Notwithstanding the aforesaid, the Committee shall have full authority in its discretion to determine that the Company may issue, for the purposes of this Plan, previously issued Shares which are held by the Company, from time to time, as Dormant Shares (as such term is defined in the Companies Law). All Shares under the Plan, in respect of which the right hereunder of a Grantee to purchase the same shall, for any reason, terminate, expire or otherwise cease to exist, shall again be available for grant through Options under the Plan.

7. **Grant of Options:**

7.1 The implementation of the Plan and the granting of any Option under the Plan shall be subject to the Company's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the Options granted under it and the Shares issued pursuant to it.

7.2 Without derogating from the foregoing, the Committee in its discretion may, subject to the provisions of the Ordinance, award to Grantees Options available under the Plan, provided however, that 102 Options granted under one of the Taxation Routes may be granted to the Trustee only following the fulfillment of the following procedure:

(i) The Company shall inform the Israeli tax authorities of its election of a Taxation Route and shall submit the Plan to the Israeli tax authorities at least 30 days prior to the grant of any 102 Options under the elected Taxation Route;

(ii) The Plan and the appointment of the Trustee shall be subject to approval of the Israeli tax authorities, provided, however, that if the Israeli Tax authorities shall not respond within 90 days of submission of the Plan and election of a Taxation Route by the Company, the Plan and/or the Trustee shall be deemed approved by the Israeli tax authorities.

7.3 The Notice of Grant shall state, *inter alia*, the number of Shares subject to each Option, the vesting schedule, the dates when the Options may be exercised, the exercise price, whether the Options granted thereby are 102 Options or 3(9) Options, and such other terms and conditions as the Committee at its discretion may prescribe, provided that they are consistent with this Plan. Each Notice of Grant evidencing a 102 Option shall, in addition, be subject to the provisions of the provisions of the Ordinance applicable to such options.

7.4 Vesting. Without derogating from the rights and powers of the Committee under Section 7.3 hereof, unless otherwise specified by the Committee, the Options shall be for a term of ten (10) years, and unless determined otherwise by the Committee and/or the Board, the schedule pursuant to which such Options shall vest, and the Beneficial Grantee thereof shall be entitled to pay for and acquire the Shares, such that all the Options shall be fully vested, as further determined by the Committee and/or Board: either on the first business day following the passing of four (4) years from the Date of Grant, or on the first business day following the passing of one (1) year from the Date of Grant, (the "Vesting Period") as follows: (i) in case Vesting Period has been determined as four (4) years, 25% of such Options shall vest on each of the four (4) annual anniversaries of the Adoption Date (the "Adoption Date" for the purpose of this Plan means the Date of Grant or any other date determined by the Committee for a given grant of Options), or (ii) in case Vesting Period has been determined as one (1) year, 25% of such Options shall each vest on the passing of every three (3) months' term of the Adoption Date.

Unless determined otherwise by the Board, any period in which the Grantee shall not be employed by the Company, or in which the Grantee shall have taken an unpaid leave of absence (excluding a leave for military reserves duty or the mandatory maternity leave determined by law), or in which the Grantee shall cease to serve as service provider of the Company, shall not be included in the Vesting Period, or shall cause the number of vested Options to be adjusted accordingly, as shall be determined by the Committee.

"Vesting Period" of an Option means, for the purpose of the Plan and its related instruments, the period between the Adoption Date and the date on which the holder of an Option may exercise the rights awarded pursuant to terms of the Option.

7.5 Acceleration of Vesting. Anything herein to the contrary in this Plan notwithstanding, the Committee shall have full authority to determine any provisions regarding the acceleration of the Vesting Period of any Option or the cancellation of all or any portion of any outstanding restrictions with respect to any Option or Share upon certain events or occurrences, and to include such provisions in the Notice of Grant on such terms and conditions as the Committee shall deem appropriate.

7.6 Repricing. Subject to applicable law, the Committee shall have full authority to, at any time and from time to time, without the approval of the Shareholders of the Company, (i) grant in its discretion to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having an exercise price lower than provided in the Option so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan, or (ii) effectuate a decrease in the Exercise Price (see Section 8 below) of outstanding Options.

8. **Exercise Price:** The exercise price per Share subject to each Option shall be determined by the Committee in its sole and absolute discretion; provided, however, that such exercise price shall not be less than the par value of the Shares into which such Option is exercisable.

9. **Exercise of Options:**

9.1 Options shall be exercisable pursuant to the terms under which they were awarded and subject to the terms and conditions of the Plan.

9.2 The exercise of an Option shall be made by a written notice of exercise (the "Notice of Exercise") delivered by the Beneficial Grantee (or, with respect to Options held in the Trust, by the Trustee upon receipt of written instructions from the Beneficial Grantee) to the Company at its principal executive office, specifying the number of Shares to be purchased and accompanied by the payment therefor, and containing such other terms and conditions as the Committee shall prescribe from time to time.

9.3 Anything herein to the contrary notwithstanding, but without derogating from the provisions of Section 10 hereof, if any Option has not been exercised and the Shares subject thereto not paid for within ten (10) years after the Date of Grant (or any shorter period set forth in the Notice of Grant), such Option and the right to acquire such Shares shall terminate, all interests and rights of the Grantee in and to the same shall ipso facto expire, and, in the event that in connection therewith any Options are still held in the Trust as aforesaid, the Trust with respect thereto shall ipso facto expire, and the Shares subject to such Options shall again be available for grant through Options under the Plan, as provided for in Section 6 herein.

9.4 Each payment for Shares shall be in respect of a whole number of Shares, and shall be effected in cash or by a bank's check payable to the order of the Company, or such other method of payment acceptable to the Company.

9A. Restricted Share Units:

9A.1 Subject to the sole and absolute discretion and determination of the Committee, the Committee may decide to grant under the Plan, Restricted Share Unit(s) ("**RSU(s)**"). A RSU is a right to receive a Share of the Company, under certain terms and conditions, for no consideration. Upon the lapse of the exercise conditions of a RSU (i.e. Vesting Period and/or performance conditions, "Exercise Conditions"), such RSU shall automatically vest into an Exercised Share of the Company (subject to adjustments under Section 11 herein). Unless determined otherwise by the Board, the nominal value shall be paid by the Grantee, and the Board shall determine procedures for payment of such nominal value by the Grantees or for collection of such amount from the Grantees by the Company. However, the Board shall have the full authority in its discretion to determine at any time that said nominal value shall not be paid by the Grantee, and the Company shall then capitalize applicable profits or take any other action to ensure that it meets any requirement of applicable laws regarding issuance of Shares for consideration that is lower than the nominal value of such Shares.

9A.2 Unless determined otherwise by the Administrator, in the event of a Cessation of Employment (or service, as the case may be), all RSUs theretofore granted to such Grantee when such Grantee was an Employee or a service provider of the Company, as the case may be, that are not vested on the Date of Cessation, shall terminate immediately and have no legal effect.

9A.3 All other terms and conditions of the Plan applicable to Options, shall apply to RSUs, *mutatis mutandis*. It is clarified, that without deviating from the foregoing in Sub-Section 9.2, the provisions of Section 8.6 herein, shall, *mutatis mutandis*, apply to RSUs in the event of Cessation of Employment or service, as the case may be.

9B. Restricted Shares.

9B.1 Restricted Shares under this section ("Restricted Shares") may be granted upon such terms and conditions, as the Committee shall determine.

9B.2 Purchase Price. No monetary payment (other than payments made for applicable taxes) shall be required as a condition of receiving Shares pursuant to a grant of Restricted Shares, and unless determined otherwise by the Board, the aggregate nominal value of such Shares shall be paid by the Grantee, and the Board shall determine procedures for payment of such nominal value by the Grantees or for collection of such amount from the Grantees by the Company. However, the Board shall have the full authority in its discretion to determine at any time that said nominal value shall not be paid by the Grantee, and the Company shall then capitalize applicable profits or take any other action to ensure that it meets any requirement of applicable laws regarding issuance of Shares for consideration that is lower than the nominal value of such Shares.

9B.3 Vesting and Restrictions on Transfer. Shares issued pursuant to any Restricted Shares may (but need not) be made subject to Exercise Conditions, as shall be established by the Committee and set forth in the applicable notice of grant evidencing such award. During any restriction period in which Shares acquired pursuant to an award of Restricted Shares remain subject to Exercise Conditions, such Shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of unless otherwise provided in the Plan. Upon request by the Company, each Grantee shall execute any agreement evidencing such transfer restrictions prior to the receipt of Shares hereunder and the Company may place appropriate legends evidencing any such transfer restrictions on the relevant share certificates.

9B.4 Voting Rights; Dividends and Distributions. Except as provided in this section and in any notice of grant, during any restriction period applicable to Shares subject to an award of Restricted Shares, the Grantee shall have all of the rights of a shareholder of the Company holding Shares, including the right to receive all dividends and other distributions paid with respect to such Shares. However, in the event of a dividend or distribution paid in Shares or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 11, any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Grantee is entitled by reason of the Grantee's award of Restricted Shares shall be immediately subject to the same Exercise Conditions as the Shares subject to the award of Restricted Shares with respect to which such dividends or distributions were paid or adjustments were made.

9B.5 Cessation of Employment or service. Unless otherwise provided by the Committee, in the event of Cessation of Employment or service of a Grantee, for any reason, whether voluntary or involuntary (including the Grantee's death or disability), then the Grantee shall forfeit to the Company any Shares acquired by the Grantee pursuant to an award of Restricted Shares which remain subject to Exercise Conditions as of the Date of Cessation.

9B.6 All other terms and conditions of the Plan applicable to Options, shall apply to Restricted Shares, *mutatis mutandis*. It is clarified, that without deviating from the foregoing in Sub-Section 9B.5., the provisions of Section 10.6 herein, shall, *mutatis mutandis*, apply to Restricted Shares in the event of Cessation of Employment or service.

10. **Termination of Employment:**

10.1 Employees. In the event that a Grantee who was an employee of the Company on the Date of Grant of any Options to him or her ceases, for any reason, to be employed by the Company (the "Cessation of Employment"), all Options theretofore granted to such Grantee when such Grantee was an employee of the Company shall terminate as follows:

(a) The date of the Grantee's Cessation of Employment shall be the date on which the employee-employer relationship between the Grantee and the Company ceases to exist (the "Date of the Cessation").

(b) All such Options which are not vested at the Date of Cessation shall terminate immediately.

(c) If the Grantee's Cessation of Employment is by reason of such Grantee's death or "Disability" (as hereinafter defined), such Options (to the extent vested at the Date of Cessation) shall be exercisable by the Grantee or the Grantee's guardian, legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution, at any time until 180 days from the Date of Cessation, and shall thereafter terminate.

For purposes hereof, "Disability" shall mean the inability to engage in any substantial gainful occupation for which the Grantee is suited by education, training or experience, by reason of any medically determinable physical or mental impairment which is expected to result in such person's death or to continue for a period of six (6) consecutive months or more.

(d) If the Grantee's Cessation of Employment is due to any reason other than those stated in Sections 10.1(c), 10.1(e) and 10.1(f) herein, such Options (to the extent vested at the Date of Cessation) shall be exercisable at any time until 180 days after the Date of Cessation, and shall thereafter terminate; provided, however, that if the Grantee dies within such period, such Options (to the extent vested at the Date of Cessation) shall be exercisable by the Grantee's legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution at any time until 180 days from the Date of Cessation, and shall thereafter terminate.

(e) Notwithstanding the aforesaid, if the Grantee's Cessation of Employment is due to (i) breach of the Grantee's duty of loyalty towards the Company, or (ii) breach of the Grantee's duty of care towards the Company, or (iii) the commission any flagrant criminal offense by the Grantee, or (iv) the commission of any act of fraud, embezzlement or dishonesty towards the Company by the Grantee, or (v) any unauthorized use or disclosure by the Grantee of confidential information or trade secrets of the Company, or (vi) any other intentional misconduct by the Grantee (by act or omission) adversely affecting the business or affairs of the Company in a material manner, or (vii) any act or omission by the Grantee which would allow for the termination of the Grantee's employment without severance pay, according to the Severance Pay Law, 1963, all the Options whether vested or not shall ipso facto expire immediately and be of no legal effect.

(f) If a Grantee retires, he shall, subject to the approval of the Committee, continue to enjoy such rights, if any, under the Plan and on such terms and conditions, with such limitations and subject to such requirements as the Committee in its discretion may determine.

(g) Whether the Cessation of Employment of a particular Grantee is by reason of "Disability" for the purposes of paragraph 10.1(c) hereof or by virtue of "retirement" for purposes of paragraph 10.1(f) hereof, or is a termination of employment other than by reason of such Disability or retirement, or is for reasons as set forth in paragraph 10.1(e) hereof, shall be finally and conclusively determined by the Committee in its absolute discretion.

(h) Notwithstanding the aforesaid, under no circumstances shall any Option be exercisable after the specified expiration of the term of such Option.

10.2 Directors, Consultants and Contractors. In the event that a Grantee, who is a director, consultant or contractor of the Company, ceases, for any reason, to serve as such, the provisions of Sections 10.1(b), 10.1(c), 10.1(d), 10.1(e), 10.1(g) and 10.2(h) above shall apply, *mutatis mutandis*. For the purposes of this Section 10.2, "Date of Cessation" shall mean:

(a) with respect to directors - the date on which a director submits notice of resignation from the Board or the date on which the shareholders of the Company remove such director from the Board; and

(b) with respect to consultants and contractors - the date on which the consulting or contractor agreement between such consultant or contractor, as applicable, and the Company expires or the date on which either of the parties to such agreement sends the other notice of its intention to terminate said agreement.

10.3 Notwithstanding the foregoing provisions of this Section 10, the Committee shall have the discretion, exercisable either at the time an Option is granted or thereafter, to:

(a) extend the period of time for which the Option is to remain exercisable following the Date of Cessation to such greater period of time as the Committee shall deem appropriate, but in no event beyond the specified expiration of the term of the Option;

(b) permit the Option to be exercised, during the applicable exercise period following the Date of Cessation, not only with respect to the number of Shares for which such Option is exercisable at the Date of Cessation but also with respect to one or more additional installments in which the Grantee would have vested under the Option had the Grantee continued in the employ or service of the Company.

10.4 Notwithstanding the foregoing provisions of this Section 10, unless determined otherwise by the Board, and for the avoidance of doubt, the transfer of a Grantee from the employ or service of the Company to the employ or service of an Affiliate, or from the employ or service of an Affiliate to the employ or service of the Company or another Affiliate, shall not be deemed a Cessation of Employment for purposes hereof. Furthermore, and notwithstanding the foregoing provisions of this Section 10, the Board may determine that the transfer of a Grantee from the a status of an Employee status to a status of a consultant or from a status of a consultant to a status of an Employee, shall not be deemed a Cessation of Employment for purposes hereof.

For purposes hereof "Affiliate" shall mean any company (i) that holds at least 10% of the issued share capital of Radcom Ltd. or of its voting power, or (ii) in which Radcom Ltd. holds at least 10% of the issued share capital or voting power, or (iii) in which a company under clause (i) above also holds at least 10% of its issued share capital or voting power.

11. **Adjustments, Liquidation and Corporate Transaction:**

11.1 Definitions:

"Merger" means a merger or consolidation or a similar business combination, in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction.

"Sale of All of the Company's Assets" means the sale, transfer or other disposition of all or substantially all of the Company's assets.

"Corporate Transaction" means a Merger or a Sale of All of the Company's Assets.

"Change of Control" means an event following which the persons and/or entities that control the Company, directly or indirectly, at the time of adoption of this Plan, shall cease to have the right to appoint, directly or indirectly, independently, or together with another person or entity (as a result of an agreement with such person or entity, or otherwise), 50% or more of the members of the Board.

"Corporate Transaction" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of all or substantially all, as determined by the Board in its discretion, of the outstanding securities of the Company resulting in a Change of Control;

(iii) a merger, consolidation or similar transaction resulting in a Change of Control;

(iv) a merger, consolidation or reorganization following which the Company is the surviving corporation but the Ordinary Shares of the Company outstanding immediately preceding the merger, consolidation or reorganization are converted or exchanged by virtue of the merger, consolidation or reorganization into other property, whether in the form of securities, cash or otherwise (the "Reorganization").

Whether a transaction is a “Corporate Transaction” as defined above, shall be finally and conclusively determined by the Committee in its absolute discretion.

“Successor Entity Option” means options of any successor entity, as provided in Section 11.4 below.

11.2 Adjustments. Subject to any required action by the shareholders of the Company, the number of Shares subject to each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Shares subject to each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares or the payment of a stock dividend (bonus shares) with respect to the Shares or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

11.3 Liquidation. Unless otherwise provided by the Board, in the event of the proposed dissolution or liquidation of the Company, all outstanding Options will terminate immediately prior to the consummation of such proposed action. In such case, the Committee may declare that any Option shall terminate as of a date fixed by the Committee and give each Grantee the right to exercise his Option, including any Option which would not otherwise be exercisable.

11.4 Corporate Transaction.

(a) In the event of a Corporate Transaction, immediately prior to the effective date of such Corporate Transaction, each Option may, among other things, at the sole and absolute discretion of the Board, either:

(i) Be substituted for a Successor Entity Option such that the Grantee may exercise the Successor Entity Option for such number and class of securities of the successor entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised, immediately prior to the effective date of such Corporate Transaction, given the exchange ratio or consideration paid in the Corporate Transaction, the Vesting Period of the Options and such other terms and factors that the Board determines to be relevant for purposes of calculating the number of Successor Entity Options granted to each Grantee; or

(ii) Be assumed by any successor entity such that the Grantee may exercise the Option which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised immediately prior to the effective date of such Corporate Transaction, given the exchange ratio or consideration paid in the Corporate Transaction, the Vesting Period of the Options and such other terms and factors that the Board determines to be relevant for this purpose.

(iii) Determine that the Options shall be cashed out for a consideration equal to the difference between the price received by the shareholders of the Company in the Corporate Transaction and the Exercise Price of such Option.

In the event of a clause (i) or clause (ii) action, appropriate adjustments shall be made to the Exercise Price per Share to reflect such action. In taking any of the actions permitted under this Section 11.4(a), the Board shall not be obligated to treat all Options, all Options held by a Grantee, or all Options of the same type, similarly.

(b) Immediately following the consummation of the Corporate Transaction, all outstanding Options shall terminate and cease to be outstanding, except to the extent assumed by a successor entity.

(c) Notwithstanding the foregoing, and without derogating from the power of the Board pursuant to the provisions of the Plan, the Board shall have full authority and sole discretion to determine that any of the provisions of Sections 11.4(a)(i), or 11.4(a)(ii) above shall apply in the event of a Corporate Transaction in which the consideration received by the shareholders of the Company is not solely comprised of securities of a successor entity, or in which such consideration is solely cash or assets other than securities of a successor entity.

11.5 Sale. In the event that all or substantially all of the issued and outstanding share capital of the Company is to be sold (the "Sale"), each Grantee shall be obligated to participate in the Sale and sell his or her Shares and/or Options in the Company, provided, however, that each such Share or Option shall be sold at a price equal to that of any other Share sold under the Sale (minus the applicable exercise price), while accounting for changes in such price due to the respective terms of any such Option, and subject to the absolute discretion of the Board.

11.6 The grant of Options under the Plan shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

12. **Limitations on Transfer:**

Unless determined otherwise by the Board, no Option shall be assignable or transferable by the Grantee to whom granted otherwise than by will or the laws of descent and distribution, and an Option may be exercised during the lifetime of the Grantee only by such Grantee or by such Grantee's guardian or legal representative. The terms of such Option shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee. Any Shares acquired upon exercise of Options shall be transferable only in accordance with applicable securities and other local laws, and may be subject to substantial statutory or regulatory restrictions on transfer, except to the extent exemptions (whether by registration or otherwise) are available.

13. **Term and Amendment of the Plan:**

13.1 The Plan was adopted by the Board on April 3rd, 2013. The Plan shall terminate upon the earliest of (i) the expiration of the ten (10)-year period measured from the date the Plan was adopted by the Board, or (ii) the termination of all outstanding Options in connection with a Corporate Transaction. All Options outstanding at the time of a clause (i) termination event shall continue to have full force and effect in accordance with the provisions of the Plan and the documents evidencing such Options.

13.2 Subject to applicable laws, the Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects.

13.3 Without derogating from the foregoing, the Board in its discretion may, at any time and from time to time, without the approval of the Shareholders of the Company, (i) increase the number of Shares to be issued under the Plan; or (ii) expand of the class of participants eligible to participate in the Plan; or (iii) expand the types of options or awards provided under the Plan.

14. **Withholding and Tax Consequences:** The Company's obligation to deliver Shares upon the exercise of any Options granted under the Plan shall be subject to the satisfaction of all applicable income tax and other compulsory payments withholding requirements.

14.1 All tax consequences and obligations regarding any other compulsory payments arising from the grant, vesting, or exercise of any Option, from the payment for, or the subsequent disposition of, Shares subject thereto or from any other event or act (of the Company or of the Grantee) hereunder, shall be borne solely by the Grantee, and the Grantee shall indemnify the Company and/or the Trustee, as applicable, and hold them harmless against and from any and all liability for any such tax or other compulsory payment, or interest or penalty thereon, including without limitation, monetary liabilities relating to the necessity to withhold, or to have withheld, any such tax or other compulsory payment from any payment made to the Grantee. Notwithstanding the above, the Company's obligation to deliver Shares upon the exercise or vesting of any Options granted under the Plan shall be subject to the satisfaction of all applicable tax withholding requirements as governed by Applicable Laws or practice.

14.3 The Company shall not be required to release any Shares (or Share certificate) to a Grantee until all required payments have been fully made or secured.

14.4 The Grantee shall, if requested at any time by the Company, provide to the Company within 10 calendar days of such request, any information regarding the transfer or other disposition of Shares reasonably required by the Company in order for the Company to comply with applicable local laws and regulations or to obtain any benefits thereunder.

15. **Miscellaneous:**

15.1 Continuance of Employment. Neither the Plan nor the grant of an Option thereunder shall impose any obligation on the Company to continue the employment or service of any Grantee. Nothing in the Plan or in any Option granted thereunder shall confer upon any Grantee any right to continue in the employ or service of the Company for any period of specific duration, or interfere with or otherwise restrict in any way the right of the Company to terminate such employment or service at any time, for any reason, with or without cause.

15.2 Governing Law. The Plan and all instruments issued thereunder or in connection therewith, shall be governed by, and interpreted in accordance with, the laws of the State of Israel.

15.3 Use of Funds. Any proceeds received by the Company from the sale of Shares pursuant to the exercise of Options granted under the Plan shall be used for general corporate purposes of the Company.

15.4 Multiple Agreements. The terms of each Option may differ from other Options granted under the Plan at the same time, or at any other time. The Committee may also grant more than one Option to a given Grantee during the term of the Plan, either in addition to, or in substitution for, one or more Options previously granted to that Grantee. The grant of multiple Options may be evidenced by a single Notice of Grant or multiple Notices of Grant, as determined by the Committee.

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

EXHIBIT 4.6

2014 LEASE EXTENSION

THIS 2014 LEASE EXTENSION ENTERED INTO AS OF THIS 30 DAY OF May, 2014 BY ZOHAR ZISAPEL PROPERTIES, INC. AND YEHUDA ZISAPEL PROPERTIES, INC., both New Jersey corporations ("Lessor"), with offices located at 900 Corporate Drive, Mahwah, New Jersey, 07430 and RADCOM Equipment, Inc. ("Lessee"), with offices located at 6 Forest Avenue, Paramus, New Jersey, 07652.

WITNESSETH:

WHEREAS, Lessor and Lessee entered into a Lease Agreement dated January 15, 2001, covering approximately 8,946 square feet of office space in Premises located at 6 Forest Avenue, Paramus, New Jersey (the "Lease Agreement"); and

WHEREAS, the parties entered into an Extension and Modification of Lease dated October 14, 2005 extending the Lease Agreement for an additional Five (5) year term commencing January 15, 2006 and expiring January 14, 2011; and agreeing to reduce the Demised Premises from 8,946 gross rentable square feet to 6,131 gross rentable square feet (the "Lease Extension"); and

WHEREAS, the parties entered into a Modification of Lease and Release Agreement dated as of September 15, 2010 providing that Lessee vacate 1,527 gross rentable square feet of office space and be released from the terms of the Lease Agreement and Lease Extension as to such vacated office space (the "Modification of Lease"); and

WHEREAS, the parties entered into a Lease Extension dated December 2010 extending the Modification of Lease for an additional term commencing on January 15, 2011 and expiring on December 31, 2012 (the Second Lease Extension); and

WHEREAS, the parties entered into the 2012 Lease Modification and Extension dated November, 26, 2012 which provided for a reduction in the space being defined as the Demised Premises and extending the Lease Agreement for an additional two (2) years to December 31, 2014 (the "2012 Lease Modification and Extension"); and

WHEREAS, the parties entered into the 2013 Lease Modification dated February 5, 2013 which provided for a modification of the space comprising the Demised Premises and the rate of Fixed Basic Rent, Additional Rent and the Electric Energy Charge (the "2013 Lease Modification") ; and

WHEREAS, the parties desire to extend the Term of the 2013 Lease Modification;

NOW, THEREFORE, the parties hereto agree as follows:

1. The Term of the Lease Agreement is extended for a two year period commencing January 1, 2015 and ending December 31, 2016.

2. The parties agree that Lessee will continue to occupy the entire Demised Premises which comprise 4,604 square feet on the first floor in the building known as 6 Forest Avenue, Paramus, New Jersey; provided, however, that Lessee shall continue to pay Fixed Basic Rent, in the same amount as provided for in the 2012 Lease Modification and Extension. That is, Fixed Basic Rent, shall be paid as though the premises were only 2,850 gross rentable square feet.

3. Lessee's Percentage shall be 16.315; the total gross rentable square footage of the Building is 28,220. Lessee shall pay Additional Rent based on this Lessee's Percentage.

4. The Electric Energy Charge shall remain $1.50 per gross rentable square foot and shall be based on 4,604 square feet.

5. Landlord at any time on reasonable notice to Lessee may reduce the size of the Demised Premises to approximately 3,000 square feet after which Lessor and Lessee will equitably adjust the payments of Additional Rent and Electric Energy Charge to reflect this reduction in size.

6. In the event the Landlord does reduce the Demised Premises as set forth above, any fit- up costs relating to the premises in connection with such reduction shall be borne by Landlord.

7. The parties represent each to the other that no broker has negotiated in bringing about this 2014 Lease Extension. Each of the parties agrees to indemnify the other and hold it harmless from any and all claims of other brokers and expenses in connection therewith, arising out of or in connection with any claim by one party against the other that the aforesaid statement (s) is untrue.

8. All capitalized words and terms in this 2014 Lease Extension shall have the same meaning as defined in the Lease Agreement, the Lease Extension, the Modification of Lease, the Second Lease Extension, the 2012 Lease Modification and Extension and the 2013 Lease Modification. Except for the foregoing terms, conditions and amendments, this 2014 Lease Extension shall be on the same terms, conditions and provisions of the Lease Agreement, the Lease Extension, the Modification of Lease, the Second Lease Extension, the 2012 Lease Modification and Extension and the 2013 Lease Modification, now in effect and which are incorporated herein by reference thereto as if set forth herein at length.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

LESSOR:	LESSEE:
Zohar Zisapel Properties, Inc.	RADCOM Equipment, Inc.
_____	_____
/s/ Paul Sweeney, Vice President	/s/ David Judge, Director of Finance
Yehuda Zisapel Properties, Inc.	
_____	
/s/ Paul Sweeney, Vice President	

EXHIBIT 4.8

PORTIONS OF THIS AGREEMENT WERE OMITTED AND HAVE BEEN FILED SEPARATELY WITH THE SECRETARY OF THE COMISSION PURSUANT TO AN APPLICATION FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934; [**] DENOTES OMISSIONS

MASTER SUBCONTRACT AGREEMENT

Between

AMDOCS INC.

And

Radcom, Inc.

Table of Contents

MASTER SUBCONTRACT AGREEMENT

THIS MASTER SUBCONTRACT AGREEMENT ("Agreement") is made as of March 23rd, 2015 ("Effective Date") by and between

AMDOCS INC., a corporation organized and existing under the laws of the State of Delaware, having its principal offices at 1390 Timberlake Manor Parkway, Chesterfield, MO 63017-6041 ("Amdocs");

And

Radcom, Inc._, a corporation organized and existing under the laws of the State of New Jersey**,** having its principal offices at 6 Forest Avenue, Paramus, NJ 07652 ("Subcontractor"); (Subcontractor and Amdocs are each hereinafter referred to as a "Party" and jointly referred to as the "Parties").

WHEREAS:

(A) Amdocs has entered into a services agreement with [**] Services, Inc. ("[**]") relating to the provision of software and services to [**], as specified in work orders with [**] (referred to hereinafter as the "Prime Contract"); and

(B) Amdocs and Subcontractor agree to cooperate and consult with respect to each order executed under the Prime Contract and in the performance of such Prime Contract (the performance of each such order is referred to hereinafter as a "Project") on the terms and conditions set out in this Agreement, whereby Amdocs will be the Amdocs for each Project and will have the right to issue orders ("Orders") hereunder to Subcontractor for Services and Deliverables in connection with the applicable Project; and

(C) The Parties wish to define the terms and conditions under which Subcontractor will act as a subcontractor to Amdocs in connection with any Project that is the subject of an Order.

NOW, THEREFORE, in consideration of the premises and of the promises exchanged herein, Amdocs and Subcontractor agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings (in addition to the terms defined elsewhere in this Agreement):

1.1 "Accept" and "Acceptance" means the determination, in Amdocs's and [**]'s reasonable discretion, following implementation, installation, and Testing (which may include testing in a production environment), that Deliverable(s) and Services are in Compliance.

1.2 "Acceptance Date" means the date on which Amdocs Accepts the Deliverables and/or Services.

1.3 "Acceptance Test Period" means the length of time specified in an Order during which the Acceptance Tests are performed.

1.4 "Acceptance Tests" means the system and user acceptance tests (and/or such other performance and reliability demonstrations and tests) that may be carried out in respect of Deliverables and Services to satisfy Amdocs that there are no inconsistencies with the Specifications or Errors during the Acceptance Test Period.

1.5 "Affiliate" means, generally, with respect to any Entity, any other Entity Controlling, Controlled by or under common Control with such Entity.

1.6 "Antivirus Software" means software programs and programming (and modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) that are used to monitor for, filter and detect the presence of Malicious Code and repair or remediate the effects of Malicious Code. Antivirus Software also shall include all such programs or programming selected by or for [**] on or after the Effective Date.

1.7 "Application Software" means software application programs (and all modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) used to support day-to-day business operations and accomplish specific business objectives.

1.8 "Application" means a cohesive collection of automated procedures and data supporting a business objective. It consists of one or more components, modules, or subsystems.

1.9 "[**] Data" means any data or information (i) of [**] or its customers, that is disclosed or provided to Subcontractor by, or otherwise obtained by Subcontractor from, [**] or its customers, including Customer Information and customer proprietary network information (as that term is defined in Section 222 of the Communications Act of 1934, as amended, 47 U.S.C. §222), as well as data and information with respect to the businesses, customers, operations, networks, systems, facilities, products, rates, regulatory compliance, competitors, consumer markets, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of [**] ; and (ii) not supplied by [**] or its customers, but created, generated, collected or harvested by Subcontractor either (a) in furtherance of this Agreement or an Order hereunder (b) as a result of Subcontractor having access to [**] infrastructure, systems, data, hardware, software or processes (for example, through data processing input and output, service level measurements, or ascertainment of network and system information). Notwithstanding the foregoing, the Parties agree that "[**] Data" shall (1) not be deemed to include material or software (A)(I) created or owned by Amdocs prior to execution of the Prime Contract (II) provided under license from third parties by Amdocs prior to execution of the Amdocs (III) created by Amdocs or third parties after execution of the Prime Contract for a client other than [**] or (B) that Amdocs owns in accordance with the Prime Contractor as agreed by Amdocs and [**] in a Work Order, and (2) be deemed to include material or software that is derived from the performance and operation of [**] Data or [**] Proprietary Information.

1.10 "[**] Derived Data" means any data or information that is a result of or modification of, adaption, revision, translation, abridgement, condensation, compilation, evaluation, expansion, or any other recasting or processing of the [**] Data, for example, as a result of Subcontractor's observation, analysis, or visualization of [**] Data arising out of the performance of Subcontractor's obligations. Notwithstanding the foregoing, the Parties agree that "[**] Derived Data" shall not be deemed to include Subcontractor's material or software that does not constitute [**] Data as set forth in Subsection 1.9 above.

1.11 .**"[**] Personal Data"** means that portion of [**] Data that is subject to any Privacy Laws and includes CPI (for example, under 47 U.S.C. § 222(b)) and CPNI.

1.12 "Business Day**"** means Monday through Friday excluding national holidays and official [**] holidays.

1.13 "Compliance" and "Comply" mean, with respect to Software, Equipment, Systems or other contract deliverables to be implemented, designed, developed, delivered, integrated, installed and/or tested by [**] or Amdocs, compliance in all respects with the applicable Specifications.

1.14 "Control" and its derivatives mean: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) at least 50% of the aggregate of all voting equity interests in an Entity or (ii) equity interests having the right to at least 50% of the profits of an Entity or, in the event of dissolution, to at least 50% of the assets of an Entity; (b) the right to appoint, directly or indirectly, a majority of the board of directors; (c) the right to control, directly or indirectly, the management or direction of the Entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an Entity (or one of its Affiliates) of the position of sole general partner.

1.15 "CPI" means customer proprietary information.

1.16 "CPNI" means "customer proprietary network information" as defined under the Communications Act of 1934, as amended, including by the Telecommunications Act of 1996, and applicable Federal Communications Commission orders and regulations; (ii) any of the following information of any customer of [**], or any customer of any such customer, whether individual or aggregate, whether or not including identifying information: names, addresses, phone numbers, calling patterns, quantity, nature, technical configurations, locations, types, destinations or amount of use of telecommunications services received or calls received or made; (iii) information contained on the telephone bills of [**]'s customers (including the customers of such customers) pertaining to telephone exchange service or telephone toll service received by a customer of [**] or of any customer; (iv) unlisted customer numbers; (v) aggregate customer data with individual identifying information deleted; or (vi) information available to [**] by virtue of [**]'s relationship with its customers as a provider of telecommunications service, or by virtue of their customers' relationships with their own customers as a provider(s) of telecommunications services

1.17 "Customer Information" means that portion of the [**] Data consisting of information of or about a customer of [**], including customer name, address, e-mail address, and/or phone number (listed or unlisted); personal information such as birth date, social security number, driver's license, credit card information, bank account, account number or personal identification numbers; information concerning calling patterns, call details, records of incoming or outgoing calls, or minutes of use or other use of [**]'s services; information related to payments, credit status, and transactions with [**]; demographic information; or aggregate customer data including aggregate data with individual identifying information deleted and CPNI.

1.18 "Custom Software" means the unique or specialized programs, routines or subroutines, which are listed as Custom Software in, and developed by Subcontractor under, a specific Order. Unless otherwise stated in the Order, Custom Software also includes source code in both machine and human readable form and all associated Program Material.

1.19 "Data" means numbers, characters, images, or other information recorded in a form that can be input into a CPU/processor, stored and processed there, or transmitted on some digital or analog channel.

1.20 "Deliverables" means any Materials, Software, Custom Software, Program Materials or Documentation (including third party Material) purchased hereunder by Amdocs from Subcontractor pursuant to an Order.

1.21 "Delivery" means delivery of the Deliverables via (i) electronic transfer; (ii) hand delivery of the media in which the Software is contained; (iii) carrier selected by Subcontractor; or (iv) the manner described in the applicable Order.

1.22 "Delivery Date" means the date on which the Parties agree Subcontractor is scheduled in this Agreement or an Order to complete its Delivery of the applicable Deliverables or Services.

1.23 "Developed Materials" means any Materials (including Software), or any modifications, enhancements or derivative works thereof, developed by or on behalf of Subcontractor for Amdocs and/or [**] in connection with or as part of the Services.

1.24 "Disabling Code" means computer instructions, features or functions that may permit Amdocs or a third party to, or may automatically: (a) alter, destroy or inhibit Software and/or a processing environment; (b) erase, destroy, corrupt or modify any data, programs, materials or information used by [**] or store any data, programs, materials or information on [**]'s computers without the consent of [**]; (c) discontinue [**]'s effective use of the Software; or (d) bypass any internal or external software security measure to obtain access to any hardware or software of [**] without the consent or knowledge of [**], including, but not limited to, other programs' data storage and computer libraries. Disabling Code includes programs that self-replicate without manual intervention, instructions programmed to activate at a predetermined time or upon a specified event, and/or programs purporting to do a meaningful function but designed for a different function.

1.25 “Entity” means a corporation, partnership, joint venture, trust, limited liability company, association or other organization.

1.26 “Equipment” means all computing, networking and communications equipment or Hardware procured, provided, operated, supported, or used by Subcontractor in connection with the Services, including (i) mainframe, midrange, server and distributed computing equipment and associated attachments, features, accessories, peripheral devices, and cabling, (ii) personal computers, laptop computers and workstations and associated attachments, features, accessories, peripheral devices, and cabling, and (iii) voice/video telecommunications and network equipment and associated attachments, features, accessories, peripheral devices, and cabling.

1.27 “Extension” shall have the meaning set forth in Section 21.1.

1.28 “FCPA” means the Foreign Corrupt Practices Act.

1.29 “Hardware” or “Hardware Assets” means the computers and related equipment used in connection with the provision of the Services, including central processing units and other processors, controllers, modems, communications and telecommunications equipment (voice, data and video), cables, storage devices, printers, terminals, other peripherals and input and output devices, and other tangible mechanical and electronic equipment intended for the processing, input, output, storage, manipulation, communication, transmission and retrieval of information and data.

1.30 “Information” means all ideas, discoveries, concepts, know-how, trade secrets, techniques, designs, Specifications, drawings, sketches, models, manuals, samples, tools, computer programs, technical information, and other confidential business, customer or personnel information or data, whether provided orally, in writing, or through electronic or other means.

1.31 “Initial Term” shall have the meaning set forth in Section 21.1.

1.32 “Laws” means all applicable national, federal, intergovernmental, regional, common, state and local laws, statutes, regulations, rules, executive orders, supervisory requirements, directives, circulars, opinions, orders, interpretive letters and other official releases of or by any government or quasi-governmental authority, or any authority, department or agency thereof, or any self-regulatory organization, anywhere in the world, including Privacy Laws.

1.33 “Liability” means all legal or contractual responsibility for losses, damages, expenses, costs, penalties, fines, Liquidated Damages and fees, including reasonable attorneys’ fees, arising from a claim or cause of action related to performance or omission of acts under this Agreement or any Order, including, but not limited to, claims or causes of actions brought by third parties.

1.34 “Losses” means all liabilities, damages, fines, penalties and claims (including taxes), and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties).

1.35 “Liquidated Damages” means pre-defined damages as referred to in this Agreement and in any Order.

1.36 “Malicious Code” means (i) any code, program, or sub-program whose knowing or intended purpose is to damage or interfere with the operation of the computer system containing the code, program or sub-program, or to halt, disable or interfere with the operation of the Software, code, program, or sub-program, itself, or (ii) any device, method, or token that permits any person to circumvent the normal security of the Software or the system containing the code.

1.37 “Materials” means, collectively, Software, literary works, other works of authorship, specifications, design documents and analyses, processes, methodologies, programs, program listings, documentation, reports, drawings, databases and similar work product.

1.38 “Noncompliance” means noncompliance in any material respect with the applicable Specifications.

1.39 “Order”. “Statement of Work” or “SOW” means such orders as may be delivered to Subcontractor for the purpose of ordering Deliverables and Services pursuant to Section 2.2 hereunder.

1.40 “Privacy Laws” means Laws relating to data privacy, trans-border data flow or data protection such as the implementing legislation and regulations of the European Union member states under the European Union Directive 95/46/EC.

1.41 “Program Material” or “Documentation” for purposes of this Agreement and Orders hereunder always includes in relation to Custom Software the source code for the software (including programs, routines, subroutines, and error correction) and programmers’ comments (in all such software). The Program Material or Documentation required in relation to Custom Software shall be as described in the applicable Order, but may include Detailed Functional Specifications, flow charts, logic diagrams, programming manuals, modification manuals, maintenance tools (including test programs, test cases, and the printed output from same), data file listings, and input and output formats, descriptions and locations of programs related to, but not provided with, the Software, and any design session deliverables, user instructions and system manuals, user manuals, and training materials in machine readable or printed form associated with Software.

1.42 “Project” shall have the meaning set out in Recital B above.

1.43 “Project Manager” means each party’s manager responsible for a Project and as may be identified on an Order.

1.44 “Root Cause Analysis” means the formal process conducted by Subcontractor, to be used by Subcontractor to determine the primary or “root” cause of problems and to diagnose problems at the lowest reasonable level so that corrective action can be taken that will eliminate repeat failures.

1.45 “Service(s)” means any and all labor or service provided by Subcontractor in connection with an Order, including, but not limited to, consultation, engineering, installation, removal, maintenance, training, technical support, repair, programming, IT professional services, and Software maintenance.

1.46 “Software” means computer programs, together with input and output formats, the applicable source or object codes, programming tools, data models, flow charts, outlines, narrative descriptions, operating instructions, software manufacturing instructions and scripts, test specifications and test scripts and supporting documentation, and shall include the tangible media upon which such programs and documentation are recorded, including all authorized reproductions, corrections, updates, new releases, and new versions of such Software and shall further include all enhancements, translations, modifications, updates, upgrades, new releases, substitutions, replacements, and other changes to such computer programs.

1.47 “Specifications” means (i) Subcontractor’s applicable specifications and descriptions and (ii) Amdocs’s requirements, specifications or descriptions; each as they may relate to the Services or Deliverables and as specified or referenced in, or attached to, this Agreement or an applicable Order.

1.48 "Subcontractor Personnel" or "Personnel" means each employee, officer or temporary worker of (i) Subcontractor, (ii) any permitted subcontractor of Subcontractor, (iii) Subcontractor's Affiliates and (iv) any agent or other representative of Subcontractor that may be engaged in the provision of Services in connection with this Agreement.

1.49 "System" means one or more of the following items, as identified in an Order: the operating environment for Software and includes the hardware on which the Software resides, and the operating software, Application Software, databases which interact with such Software, and the software and hardware interfaces among such hardware and software.

1.50 "Term" shall have the meaning set forth in Section 21.1.

1.51 "Testing" with respect to the Subcontractor's Deliverables (and any associated Software, Equipment, or Systems) means the performance of the applicable tests and procedures set forth in the applicable Order, as well as any other tests and procedures which the Parties may agree upon in determining whether such Deliverables are in Compliance.

1.52 "Use" or "use" means any lawful operation or use of the Deliverables permitted or reasonably contemplated in this Agreement or an applicable Order, including compilation, copying, modifying, linking, licensing, sublicensing, displaying, permitting access to, and executing all or part of the Software.

2. THE PRIME CONTRACT AND ORDERS

2.1. The Prime Contract contains the terms and conditions under which Amdocs is required to provide products and services to [**]. If agreed between the Parties in an Order, Subcontractor shall act as a subcontractor to Amdocs to perform certain obligations of Amdocs arising under the Prime Contract and specified in an Order. This Agreement includes provisions based on the Prime Contract. In the event that Amdocs wishes to subject Subcontractor to additional provisions of the Prime Contract, such provisions will be detailed in an Order or in an amendment to this Agreement and will require the consent of each of the Parties hereto. Such additional provisions may, without limitation, include service level agreements and provisions for payment of Liquidated Damages.

2.2. The procurement by Amdocs of Deliverables and Services from Subcontractor will be made by placement of Orders by Amdocs to Subcontractor hereunder. Each Order will reference this Agreement and incorporate this Agreement's terms and conditions. Following their execution by both Parties this Agreement and each Order will constitute the entire agreement between the Parties relating to that particular Order. However, in case of any inconsistency or contradiction between the provisions of this Agreement and the provisions of an Order, the provisions of the Order will prevail, but only as to the subject matter of such inconsistency.

2.3. The Parties acknowledge and agree that this Agreement does not obligate either Party to enter into any specific types or amounts of Orders, or to procure or provide specific types or amounts of Services. Each Order will be binding only when signed by both Parties.

3. SCOPE OF WORK

3.1. The scope of the Deliverables and Services to be provided in connection with a Project shall be set forth in the applicable Order(s). Subcontractor will perform all Services in such manner to ensure that it meets the applicable timetable and milestones for performance provided under the Order. Any changes to the Order will be subject to the change control procedures set out in this Agreement or an applicable Order.

3.2. Save as may be otherwise expressly stated in an Order, the prices set forth in an Order shall include (i) the provision by Subcontractor of all activities and assistance requested by Amdocs relating to the performance of the Services, and (ii) Subcontractor's compliance with any applicable Service Levels and diligent correction of any Noncompliance or other deficiencies, as notified by Amdocs to Subcontractor.

3.3. Amdocs and Subcontractor agree to coordinate and to work with each other, to help confirm an appropriate interaction between the work of Subcontractor and Amdocs. Amdocs's and Subcontractor's respective Project Managers shall be named in the applicable Order. Subcontractor shall report to and work under the direction of Amdocs's Project Manager (the "Amdocs Project Manager"), unless otherwise set forth in the Order.

3.4. Amdocs acknowledges and agrees that Subcontractor will discuss all issues, recommendations and decisions related to this Agreement and the Services, (including without limitation the performance, status, or any major issue affecting the Services) with the Amdocs Project Manager.

3.5. If any services, functions or responsibilities not specifically described in this Agreement or the applicable Order are an inherent part of the Services and are required for proper performance or provision of the Services in accordance with this Agreement and such Order, they shall be deemed to be included within the scope of the Services to be delivered, as if such services, functions or responsibilities were specifically described in this Agreement.

4. REPORTS AND RECORDS

4.1. At all times during the performance of the Services, Amdocs shall have the right but not the obligation to inspect the work performed by Subcontractor upon reasonable advance verbal, email or written notice to Subcontractor.

4.2. As part of the Services, Subcontractor shall provide Amdocs and [**] with such documentation and other information available to Subcontractor as may be reasonably requested by Amdocs or [**] from time to time in order to verify the accuracy of the reports provided by Subcontractor.

4.3. As part of the Services and at [**], and upon reasonable notice from Amdocs, Subcontractor shall promptly correct any errors or inaccuracies in or with respect to the reports, or the information or data contained in such reports, caused by Subcontractor or its agents, or its third party product or service providers.

4.4. Subcontractor shall provide reasonable supporting documentation to Amdocs concerning any disputed invoice within [**] calendar days after receipt of written notification of such dispute.

5. LOCATION OF SERVICES; ACCESS TO [**] FACILITIES

5.1. The Services shall be provided at the locations specified in the applicable Order ("Approved Location").

a. Subcontractor shall not perform any Services under this Agreement, at a location other than the Approved Location

b. Amdocs shall have the right to withdraw its consent to the performance of work at an Approved Location at any time in Amdocs' sole discretion for any reason, in which event the Parties shall assess cost impacts, timing, methodology and amend the applicable Order to reflect any changes reasonably required to permit Subcontractor to continue to perform such work at a different location and the Parties shall amend the Order accordingly.

c. If Subcontractor without intending to circumvent the requirements of this Section, provides any Services under this Agreement in a location that is not an Approved Location, without Amdocs and [**]'s prior written consent and fails to cease providing such Services within [**] days after written notice from Amdocs and/or [**] such inadvertent provisioning and failure to timely cure within said [**] days shall be a material breach of this Agreement and, in addition to any other legal rights or remedies available to Amdocs or [**] in law or in equity, Amdocs may immediately Cancel and/or Terminate this Agreement without cost, liability or penalty to Amdocs. Notwithstanding the foregoing, Amdocs agrees that Subcontractor's provision of the Services in non Approved Location without Amdocs' prior written consent on a transient basis (e.g., a Subcontractor's employee's provision of Services from an airport while in travel status) shall be permitted and shall not be deemed to be a material breach of this Agreement.

d. When Amdocs has granted consent for Services to be performed in an Approved Location,, Subcontractor shall remain fully responsible for compliance with any foreign, federal, state or local law applicable to the Subcontractor's provision of such Services regardless of whether the Service is being performed by Subcontractor or a Subcontractor. Nothing contained within this Agreement is intended to extend, nor does it extend, any rights or benefits to any Subcontractor, and no third party beneficiary right is intended or granted to any third party hereby.

5.2. **Access to [**] Facilities**

5.2.1. Subcontractor will not have access to [**]'s premises and facilities without Amdocs' prior written approval.

5.2.2. Subcontractor shall ensure that its Personnel while on or off [**]'s or Amdocs' premises (i) will perform work in a manner which protects [**]'s and Amdocs' material, buildings and structures, (ii) do not interfere with [**]'s and Amdocs' business operations, and (iii) perform such Services with care and due regard for the safety, convenience and protection of [**], Amdocs, their employees, and property and in full conformance with the policies specified in the [**] Code of Conduct specified in Exhibit B, which prohibits the possession of a weapon or an implement which can be used as a weapon.

5.2.3. Subcontractor shall ensure that all Personnel furnished by Subcontractor work harmoniously with all others when on [**]'s or Amdocs' premises.

5.3. **Online Access**

Subcontractor's employees include "foreign persons" within the meaning of the U.S. export control laws, and foreign persons employed by Subcontractor may, subject to Section 6.2.1, have access to [**] computer or electronic data storage systems or networks in order to provide Services under this Agreement, unless otherwise specifically set forth in an Order. If Subcontractor is given access, whether at [**]'s premises or through remote facilities, to any [**] computer or electronic data storage system in order for Subcontractor to perform the Services, Subcontractor shall limit such access and use solely to perform Services and will not attempt to access any [**] computer system, electronic file, Software or other electronic services other than those specifically required to perform the Services. Subcontractor shall (i) limit such access to those Subcontractor Personnel with an express requirement to have such access in connection with this Agreement and/or any Order and, in doing so, shall comply with Section 6.2.1, (ii) advise Amdocs in writing of the name of each individual who will be granted such access and (iii) to the extent applicable to any Services and Materials to be provided by Subcontractor, strictly follow all [**] security rules and procedures specified in Exhibit B to this Agreement, and such other security rules and procedures to be provided to Subcontractor, for use of [**]'s electronic resources provided to Subcontractor from time to time. Upon Amdocs's request, Subcontractor shall provide the social security number or other personal identification of each of its representatives, including Subcontractor's employees and subcontractors' employees, who will need access to any [**] system to perform Subcontractor's obligations under this Agreement. All user identification numbers and passwords disclosed to Subcontractor and any information obtained by Subcontractor as a result of Subcontractor's access to, and use of, [**]'s computer and electronic storage systems shall be deemed to be, and shall be treated as, Proprietary Information of [**] pursuant to this Agreement. Subcontractor shall cooperate with [**] (and Amdocs shall cooperate with Subcontractor) in the investigation of any apparent unauthorized access by Subcontractor to [**]'s computer or electronic data storage systems or unauthorized release of proprietary information of [**] by Subcontractor or any Subcontractor Personnel.

5.4. **Software and Hardware provided by Amdocs to Subcontractor Personnel**

Unless agreed and specified in Order, Amdocs will not be required to provide to Subcontractor any Software or Hardware.

6. **SECURITY**

6.1. Without prejudice to any other terms contained herein or in an Order, Subcontractor Personnel will comply with all of Amdocs' and [**]'s applicable security and conduct regulations provided to Subcontractor in writing or otherwise made available by Amdocs or [**] to Subcontractor, including any procedure which Amdocs' and/or [**]'s employees are asked to follow. Unless otherwise agreed to by the Parties, Subcontractor Personnel shall observe the working hours, working rules, holiday schedules and policies of Amdocs and/or [**] while working on Amdocs' or [**]'s premises, as applicable. Subcontractor agrees to cooperate fully and to provide any assistance necessary to Amdocs and [**] in lawful investigation of any security breaches which may involve Subcontractor or Subcontractor Personnel.

6.2. Without limitation to the generality of the foregoing, Subcontractor shall comply with:

6.2.1. [**]'s requirements as to background checks/drug screening for Subcontractor Personnel, as set out in Exhibit A.

6.2.2. In performing the Services and using the [**] sites, Subcontractor shall observe and comply with all [**] policies, rules and regulations applicable to the [**] sites or the provision of the Services, including those set forth on Exhibit B Supplier Information Security Requirements (SISR) and Limited Offshore Remote Access (LORA), to the extent applicable to any Services and Materials to be provided by Subcontractor, and those applicable to specific [**] sites, all as have been or may be provided to Subcontractor in writing (collectively, "[**] Rules").

7. SUBCONTRACTOR PERSONNEL

7.1. In addition to any other remedies that Amdocs may have in the event of substandard performance by Subcontractor, in the event that any Subcontractor Personnel is found to be unacceptable to Amdocs, Amdocs shall notify Subcontractor of such fact and Subcontractor shall immediately remove said Personnel and, if requested by Amdocs, replace such Personnel with a person acceptable to Amdocs of suitable education, qualifications and experience within [**] days of said notice.

7.2. Subcontractor agrees to use reasonable efforts to ensure the continuity of Subcontractor Personnel assigned to perform its obligations.

7.3. If at any time [**] or Amdocs requires removal of Subcontractor Personnel, and [**] or Amdocs so inform Subcontractor, then Subcontractor shall promptly remove such individual from the applicable Project and from [**]'s and Amdocs' respective premises.

7.4. All Subcontractor Personnel shall clearly identify themselves as Subcontractor Personnel and not as employees of Amdocs or [**]. This shall include any and all communications, whether oral, written or electronic.

7.5. Amdocs is committed to complying with all applicable immigration laws of the United States, including the Immigration Reform and Control Act of 1986, as amended. This law requires that all employees hired since 1986 provide proof of identity and employment eligibility before they can work in the United States. It is the policy of Amdocs to comply fully with this requirement, and to require compliance by all suppliers and subcontractors performing services in the United States at Amdocs' or its clients' worksites. Subcontractor shall not place Subcontractor Personnel at a Amdocs or [**] worksite in the United States, nor shall Subcontractor permit any Personnel to perform any work in the United States on behalf of or for the benefit of Amdocs, without first verifying and ensuring said Personnel's authorization to lawfully work in the United States. To that end, Subcontractor represents that: (a) Subcontractor maintains and follows an established policy to verify the employment authorization of Personnel, and to ensure continued compliance for the duration of employment, (b) Subcontractor has verified the identity and employment eligibility of all Personnel, in compliance with applicable law, and (c) Subcontractor is without knowledge of any fact that would render any Subcontractor Personnel ineligible to work legally in the United States.

8. TESTING AND ACCEPTANCE TEST PROCEDURES

8.1. Testing and acceptance test procedures with respect to Subcontractor's Deliverables will be specified in the applicable Order.

9. RECORDS AND AUDIT RIGHTS

9.1. Subcontractor shall maintain complete and accurate records of and supporting documentation for all charges, all [**] Data and all transactions, authorizations, changes, implementations, soft document access, reports, analyses, data or information created, generated, collected, processed or stored by Subcontractor in the performance of its obligations under this Agreement ("Contract Records"). Subcontractor shall maintain such Contract Records in accordance with generally accepted accounting principles applied on a consistent basis and generally accepted auditing standards. Subcontractor shall retain Contract Records in accordance with [**]'s record retention policy as it may be modified from time to time and provided to Subcontractor in writing.

9.2. Subcontractor shall, and shall cause its Subcontractors to, provide to [**] and Amdocs (and internal and external auditors, inspectors, regulators and other external representatives that [**] may designate from time to time), subject to receipt of customary confidentiality undertakings towards Subcontractor, reasonable access at reasonable hours to Subcontractor Personnel and to the facilities at or from which Services are then being provided, and to Subcontractor records and other pertinent information, all solely to the extent relevant to the Services and Subcontractor's obligations under this Agreement, subject to customary confidentiality undertakings to be received by Subcontractor. Subcontractor shall provide any assistance reasonably requested by [**] or Amdocs or its designee in conducting any such audit. If an audit reveals a material breach of this Agreement, Subcontractor shall promptly reimburse Amdocs for the actual cost of such audit and any damages, fees, fines, expenses, or penalties assessed against or incurred by Amdocs or [**] to remedy deficiencies caused by Subcontractor or Subcontractor Personnel discovered during such audits.

9.3. **Financial Audits**

9.3.1. During the term of this Agreement [**] or expiration of this Agreement, Subcontractor shall provide to Amdocs and [**] (and internal and external auditors, inspectors, regulators and other representatives that [**] or Amdocs may designate from time to time), subject to receipt of customary confidentiality undertakings towards Subcontractor, reasonable access at reasonable hours to Subcontractor Personnel and to Contract Records and other pertinent information, all solely to the extent relevant to the performance of Subcontractor's obligations under this Agreement.

9.3.2. Such reasonable access shall be provided for the purpose of performing audits

9.3.3. Subcontractor shall provide any assistance reasonably requested by [**] or Amdocs or its designee in conducting any audit under this Section and shall make requested personnel, records and information available. If any audit reveals an overcharge by Subcontractor, and Subcontractor does not successfully dispute the amount questioned by the audit, Subcontractor shall promptly pay to Amdocs the amount of such overcharge, together with interest from the date of Subcontractor's receipt of such overcharge at the then current "Prime Rate" set forth in the "Money Rates" table in The Wall Street Journal ("Prime Rate"). In addition, if any audit reveals an overcharge of more than five percent (5%) of the audited charges in any charges category, Subcontractor shall promptly reimburse Amdocs for the reasonable cost of such audit and shall issue to Amdocs a credit for any charges due from Amdocs to Subcontractor.

9.4. [**] and Amdocs may be subject to regulation by governmental bodies and other regulatory authorities under applicable laws, rules, regulations and contract provisions. If a governmental body or regulatory authority exercises its right to examine or audit [**]'s or Amdocs' books, records, documents or accounting practices and procedures pursuant to such laws, rules, regulations or contract provisions, Subcontractor shall provide all reasonable assistance requested by [**] or Amdocs in responding to such audits or government requests for information to the extent such requests are related to this Agreement.

9.5. [**] and Amdocs shall provide Subcontractor with advanced notice at least [**] days prior to any operational or financial audit by [**] or Amdocs or its authorized agents or representatives. [**] and Amdocs shall be given adequate private workspace in which to perform an audit, plus reasonable access to photocopiers, telephones, facsimile machines, computer hook-ups, and any other facilities or equipment needed for the performance of the audit. [**] and Amdocs will not undertake audits more than [**] in any contract year, unless [**] or Amdocs has reasonable grounds to believe that Subcontractor is not in compliance with this Agreement, including improper invoicing of Amdocs, or Amdocs or [**] is otherwise required to undertake such audit.

9.6. If Subcontractor determines as a result of its own internal audit that it has overcharged Amdocs, then Subcontractor shall promptly pay to Amdocs the amount of such overcharge, together with interest from the date of Subcontractor's receipt of such overcharge at the Prime Rate.

9.7. Subcontractor and Amdocs shall meet to review each audit report promptly after the issuance thereof. The Parties will respond to each audit report in writing within [**] days from receipt of such report, unless a shorter response time is specified in such report. Subcontractor and Amdocs shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns and/or recommendations in such audit report and Amdocs and Subcontractor, each at its own expense, shall undertake remedial action in accordance with such action plan and the dates specified therein.

9.8. If an audit by a governmental body or regulatory authority having jurisdiction over [**], Amdocs or Subcontractor results in a finding that Subcontractor is not in compliance with any generally accepted accounting principle or other audit requirement or any rule, regulation or law relating to the performance of its obligations under this Agreement, Subcontractor shall, at its own expense and within the time period specified by such auditor, address and resolve the deficiency(ies) identified by such governmental body or regulatory authority.

9.9. Subcontractor and its suppliers shall provide the Services described in this Section 9 at no additional charge.

9.10. **SAS 70**

9.10.1. At Subcontractor's sole cost and expense, Subcontractor shall cooperate with [**] and Amdocs on SAS 70 Type II audits and on other Sarbanes-Oxley related documentation, testing, and auditing related activities.

9.11. **Security Audit**

To the extent [**]'s then-current security policies, architectures, standards, rules and procedures are applicable to Services and Materials provided by Subcontractor, on an annual basis starting on a date designated by [**] or Amdocs, Subcontractor will, at no charge, perform a security audit of each offshore site from which Services are provided under this Agreement, utilizing an independent auditor, as mutually agreed by the Parties, and provide a copy of the results of such audit to Amdocs. Such security audit shall review whether Subcontractor is strictly following all [**] security rules and procedures as made available to the Subcontractor for use of [**]'s electronic resources provided to Subcontractor and that Subcontractor is in strict compliance with [**]'s then-current security policies, architectures, standards, rules and procedures, all as set forth in the most current version of [**]'s Offshore Management Office External Audit Controls.

10. WARRANTIES

10.1. **Work Standards**

Subcontractor represents and warrants that the Services shall be rendered with promptness and diligence and shall be executed in a professional and workmanlike manner, in accordance with high standards of and at least generally accepted practices in the information technology services industry and the Service Levels. Subcontractor represents and warrants that it shall use adequate numbers of qualified individuals with suitable training, education, experience, competence and skill to perform the Services. Subcontractor shall provide such individuals with training as to new products and services prior to the implementation of such products and services in the [**] environment.

10.2. **Software**

10.2.1. Subcontractor represents, warrants and covenants that it is either the owner of, or authorized to use, any and all Software provided and used by Subcontractor in providing the Services. As to any such Software that Subcontractor does not own but is authorized to use, Subcontractor shall advise Amdocs as to the ownership and extent of Subcontractor's rights with regard to such Software to the extent any limitation in such rights would materially impair Subcontractor's performance of its obligations under this Agreement.

10.2.2. Subcontractor represents, warrants and covenants that any Subcontractor Owned Software will Comply with its Specifications and will provide the functions and features and operate in the manner described therein.

10.2.3. To the extent applicable to Subcontractor's Services and Materials to be provided under an Order, Subcontractor represents, warrants and covenants that Developed Materials shall be free from material errors in operation and performance, shall Comply with its documentation and the Specifications in all material respects and shall provide the functions and features and operate in the manner agreed by the Parties for [**] months after the installation, testing and Acceptance of such Developed Materials.

10.2.4. In the event that the Subcontractor Owned Software or Developed Materials do not Comply with the Specifications and criteria set forth in this Agreement, and/or materially and adversely affect the Services provided hereunder, Subcontractor shall repair or replace such Software or Material with conforming Software or Material.

10.3. **Non-Infringement**

10.3.1. Performance of Responsibilities: Except as otherwise provided in this Agreement, each Party represents and warrants that it shall perform its responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of, any patent, copyright, trademark, trade secret or other proprietary or privacy rights of any third party; provided, however, that the performing Party shall not have any obligation or liability to the extent any infringement or misappropriation is caused by (i) modifications made by the other Party or its contractors or subcontractors, without the knowledge or approval of the performing Party, (ii) the other Party's combination of the performing Party's work product or Materials with items not furnished, specified or reasonably anticipated by the performing Party or contemplated by this Agreement, (iii) a breach of this Agreement by the other Party, or (iv) the failure of the other Party to use corrections or modifications provided by the performing Party offering equivalent features and functionality. Each Party further represents and warrants that it will not use or create materials in connection with the Services which are or are alleged to be libelous, defamatory or obscene.

10.3.2. Actions in Case of Infringement: In the event that (1) any Materials, Developed Materials, Equipment or Software provided by Subcontractor or its Affiliates or permitted subcontractors pursuant to this Agreement or used by them in the performance of the Services are found or, based upon a third party claim or threatened claim of infringement, are likely to be found, to infringe upon the patent, copyright, trademark, trade secret, or other intellectual property or proprietary rights of any third party in any country in which Services are to be performed or received under this Agreement or (2) the continued use of such Materials, Developed Materials, Equipment or Software is enjoined, Subcontractor shall, in addition to defending, indemnifying and holding harmless Amdocs and [**] as provided in this Agreement, promptly and at its own cost and expense and in such a manner as to minimize the disturbance to Amdocs' and [**]'s business activities do one of the following:

(a) Obtain for [**] and Amdocs the right to continue using such Materials, Developed Materials, Equipment or Software.

(b) Modify the item(s) in question so that it is no longer infringing (provided that such modification does not degrade the performance or quality of the Services or adversely affect [**]'s and Amdocs' intended use as contemplated by this Agreement).

(c) Replace such item(s) with a non-infringing functional equivalent acceptable to [**] and Amdocs.

10.4. **Authorization**

Each Party represents and warrants to the other that:

10.4.1. It is a corporation duly incorporated, validly existing and in good standing under the laws of its State of incorporation;

10.4.2. It has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;

10.4.3. It has obtained all licenses, authorizations, approvals, consents or permits required to perform its obligations under this Agreement under all applicable Laws and under all applicable rules and regulations of all authorities having jurisdiction over the Services, except to the extent the failure to obtain any such license, authorizations, approvals, consents or permits is, in the aggregate, immaterial;

10.4.4. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by the requisite corporate action on the part of such Party; and

10.4.5. The execution, delivery, and performance of this Agreement shall not constitute a violation of any judgment, order, or decree; a material default under any material contract by which it or any of its material assets are bound; or an event that would, with notice or lapse of time, or both, constitute such a default.

10.5. **Inducements**

Subcontractor represents and warrants that it has not given and will not give commissions, payments, kickbacks, lavish or extensive entertainment, or other inducements of more than minimal value to any employee or agent of [**] or Amdocs in connection with this contract. Subcontractor also represents and warrants that, to the best of its knowledge, no officer, director, employee, agent or representative of Subcontractor has given any such payments, gifts, entertainment or other thing of value to any employee or agent of [**] or Amdocs. Subcontractor also acknowledges that the giving of any such payments, gifts, entertainment, or other thing of value is strictly in violation of [**]'s policy on conflicts of interest, and may result in the cancellation of this Agreement and all other existing and future contracts between the Parties.

10.6. **Malicious Code**

Each Party shall cooperate with the other Party and shall take commercially reasonable actions and precautions (including the use of Antivirus Software) to prevent the introduction and proliferation of Malicious Code into [**]'s environment or any System used by Subcontractor to provide the Services. Without limiting Subcontractor's other obligations under this Agreement, in the event Malicious Code is found in Equipment, Software or Systems managed or supported by Subcontractor or used by Subcontractor to provide the Services, Subcontractor shall exercise all commercially reasonable efforts, at no additional charge, to eliminate and reduce the effects of such Malicious Code and, if the Malicious Code causes a loss of operational efficiency or loss of data, to mitigate such losses and restore such data with generally accepted data restoration techniques.

10.7. **Disabling Code**

Subcontractor represents and warrants that, without the prior written consent of Amdocs, Subcontractor shall not insert into the Software any Disabling Code. Subcontractor further represents and warrants that, with respect to any Disabling Code that may be part of the Software, Subcontractor shall not invoke or cause to be invoked such Disabling Code at any time, including upon expiration or termination of this Agreement for any reason, without Amdocs' prior written consent. Subcontractor also represents and warrants that it shall not use third party software with Disabling Code without the prior approval of Amdocs.

10.8. **Compliance with Laws**

10.8.1. Subcontractor represents and warrants that, with respect to the provision of the Services and the performance of its other legal and contractual obligations hereunder, it is and shall be in compliance with all applicable Laws (including but not limited to those requiring the acquisition of applicable permits, certificates, manifests, approvals and inspections, applicable to the Equipment, Software, Systems and Services for which Subcontractor is operationally responsible), and shall remain in compliance with such Laws for the entire term of this Agreement. If a charge or a claim of non-compliance by Subcontractor with such Laws is made or asserted against Subcontractor, Subcontractor shall promptly notify Amdocs of such charge or claim.

10.8.2. At no additional charge, upon Amdocs' request, Subcontractor shall provide Amdocs with data and reports in Subcontractor's possession necessary for [**] and Amdocs to comply with, all Laws applicable to the Services.

10.8.3. Subcontractor covenants that the Software, Equipment, Systems and Materials owned, provided or used by Subcontractor in providing the Services are in compliance with all applicable Laws on the Effective Date and shall remain in compliance with such Laws for the entire term of this Agreement.

10.8.4. Subcontractor shall notify Amdocs of any Laws and changes in Laws of which Subcontractor is aware applicable to the provision of the Services and shall, to the extent such Laws or changes in Laws require a change in the performance, receipt, or use of the Services, identify the impact of such Laws and changes in Laws on Subcontractor's performance and [**]'s receipt and use of such Services. Subcontractor also shall maintain familiarity with the legal and regulatory requirements applicable specifically to the provision of telecommunications services by [**] which are similar to the Services to be provided hereunder and shall bring additional or changed requirements to Amdocs' attention. Subject to its non-disclosure obligation under other customer contracts, Subcontractor shall make commercially reasonable efforts to obtain information regarding such requirements from other customer engagements and to communicate such information to Amdocs in a timely manner. With respect to those Laws applicable to [**] as providers of telecommunication services, [**] shall retain the right, in its sole discretion, to interpret and determine the impact of such Laws on the Services to be provided by Subcontractor. At Amdocs' request, Subcontractor Personnel shall participate in [**] provided regulatory compliance training programs.

10.8.5. Cost of Compliance With Changes in Laws: Subcontractor shall comply with all Laws and changes in Laws applicable to the Services (including Laws specifically applicable to [**] as providers of telecommunication services to the extent Subcontractor receives notice of such Laws from Amdocs) and shall implement upon Amdocs' approval any necessary modifications to the Services prior to the deadline imposed by the regulatory or governmental body having jurisdiction for such requirement or change.

10.8.6. Compliance with Data Privacy Laws: Without limiting the foregoing, with respect to any [**] Personal Data, Subcontractor shall comply with all Laws under applicable Privacy Laws (as well as Laws with respect to any CPNI or CPI). Subcontractor shall also provide Amdocs with such assistance as Amdocs may reasonably require to assist [**] to fulfill its responsibilities under the respective applicable Privacy Laws.

10.8.7. Compliance with Export Control Laws: To the extent applicable to the Services and Materials to be provided by Subcontractor, the following shall apply:

(a) The Parties shall comply with all export control, import and foreign trade sanctions laws, rules and regulations, in their performance of this Agreement.

(b) No Party shall use, sell, export, re-export, distribute, transfer, dispose or otherwise deal with any such Material or any direct product thereof or undertake any transaction or Service without first obtaining all necessary consents, permits and authorizations and completing such formalities as may be required by any such laws or regulations.

(c) Subcontractor shall be solely responsible for arranging export clearance, including applying for and obtaining any permits, licenses or other authorizations and complying with export clearance formalities, for all exports of Materials used to provide Services and all Services made by Subcontractor hereunder, including exports thereof by Subcontractor to its Affiliates or subcontractors and exports thereof from such Affiliates or subcontractors to Subcontractor or to Amdocs in the United States.

(d) Each Party represents and warrants for the benefit of the other that it shall not export/re-export or otherwise transfer any Applications or Materials used to provide Services or any Services to any country that is subject to US trade sanctions imposed from time to time (currently, Cuba, Iran, North Korea, Sudan and Syria), to any persons or entities located in or organized under the laws of such country, or who are owned or controlled by or acting on behalf of the governments of such countries, as well as to citizens of such countries, or to persons identified from time to time on applicable US government restricted party lists (e.g., the US Department of Commerce's Denied Party List, Entity List, Unverified List; the US Department of the Treasury's List of Specially Designated Nationals and Other Blocked Persons; the US Department of State's various non-proliferation lists).

(e) Neither Party shall do anything which would cause the other Party to be in breach of applicable export control or foreign trade control laws, rules and regulations.

10.8.8. Foreign Corrupt Practices Act (FCPA) Compliance

(a) Without limiting any other provision of this Agreement, in all activities associated with the performance of the Services, Subcontractor shall perform in a manner consistent with the requirements of the FCPA. Amdocs may, from time to time, in its sole discretion, require that Subcontractor sign a certification statement providing that, in performing the Services, (i) Subcontractor has complied with and will continue to comply with the FCPA; (ii) Subcontractor has not made or caused to be made any offer or payment, directly or indirectly, to any government official or political party or candidate; (iii) Subcontractor has otherwise engaged in no activity which would result in a violation by [**] of the FCPA; and (iv) such other representation to Amdocs as [**] or Amdocs deems necessary to ensure compliance with the FCPA.

(b) Subcontractor agrees that no part of Subcontractor's compensation will be used for any purpose that could constitute a violation of the FCPA. Subcontractor agrees that it will not hire or in any other way retain a foreign official, a foreign political party or official thereof, or a candidate for foreign political office for any purpose relating to or in connection with the Services.

10.8.9. Subcontractor's obligation to comply with all Laws includes the procurement of permits, certificates, approvals, inspections and licenses, when needed, in the performance of this Agreement.

10.8.10. Subcontractor shall be responsible for any fines or penalties imposed on Subcontractor, Amdocs or [**] resulting from Subcontractor's performance hereunder and any failure of Subcontractor or its Subcontractors to comply with applicable Laws or respond in a timely manner to changes in such Laws.

10.8.11. Offshore Transfer or Processing of [**] Data

(a) Subcontractor represents and warrants that, to the extent that its performance of the Services includes the transfer, storage or processing outside of the United States of [**] Data or other performance of the Services outside of the United States, such Services (the "Offshore Services") will be (i) performed in accordance with the Agreement and Laws (including Privacy Laws) of the United States, European Union (if applicable) and any jurisdiction in which the Offshore Services are performed and (ii) performed such that Laws permit the transfer of the [**] Data back into the United States, and future performance of the Services within the United States, without any additional cost to Amdocs or authorization or permission of any Entity or government.

(b) In the event that new Laws or changes in Laws (i) require that any such Services be performed within the United States or any other jurisdiction, (ii) prohibit the performance of any Services as Offshore Services or (iii) require that the [**] Data used in connection with such Offshore Services be transferred back to the United States or restrict such [**] Data from being transferred to or from, or processed in, stored in or accessed from any jurisdiction (collectively, "Offshore Impact"), Subcontractor shall perform all necessary tasks in order to continue to perform the Services, including any Offshore Services, in compliance with Laws, including, as required by Laws, the performance of any or all Services within the United States. Upon the event of an Offshore Impact, the Parties will in good faith seek to agree on changes, if any, to the charges appropriate due to the increased costs, if any, of Subcontractor. If the parties are unable to agree on such changes, Amdocs shall be entitled to terminate this Agreement upon thirty (30) days prior written notice to Subcontractor.

(c) Subcontractor represents and warrants that, to the extent that Offshore Services are performed and to the extent that [**] Data is transferred to, processed or stored outside, or accessed from outside of the United States and in addition to its other obligations under this Agreement, Subcontractor shall store and process [**] Data and store and operate all Application Software in a secure environment designed, monitored and administered to prevent the violation of Laws or this Agreement. In addition, Subcontractor shall establish, and require all Subcontractor Personnel to comply with, stringent policies and rules regarding the removal of [**] Data or Application Software from Subcontractor facilities and otherwise requiring Subcontractor Personnel to act in accordance with this Agreement and Laws, and Subcontractor shall establish physical and logical measures to ensure that such policies and rules are followed. Under no circumstances shall [**] Data or Application Software used in Offshore Services be removed from Subcontractor facilities.

10.9. **Interoperability**

Subcontractor represents and warrants that the Systems used to provide the Services will be Compliant with the specifications set forth in the Order.

10.10. **Disclaimer**

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS, CONDITIONS OR WARRANTIES TO THE OTHER PARTY, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11. FEES, RATES AND EXPENSES

11.1. In consideration for the Services and Deliverables to be provided by Subcontractor hereunder, Amdocs will pay Subcontractor the fees and expenses set forth in the applicable Order, inclusive of all applicable taxes (including, but not limited to, sales tax if applicable to Subcontractor). Subcontractor's fees will be based on (i) a fixed price for the Services and Deliverables as set out in the Order; or (ii) Subcontractor's time and materials rates as specified in the Order.

11.2. In the event of Services provided on a time and materials basis, Subcontractor shall provide to Amdocs an estimate for the cost of the Services, based upon the amount of time that Subcontractor Personnel will be engaged in the provision of the Services. Amdocs shall not pay for any work performed which exceeds the estimate and which is not allowed for in the Order.

11.3. Save as may otherwise be agreed in an Order, payments to Subcontractor under an Order will be made within [**] days of the last to occur of Amdocs' receipt of Subcontractor's invoice and Amdocs' receipt of the corresponding payment from [**]. Amdocs will be entitled to withhold payment of any portion of an invoice that it disputes in good faith until such dispute is resolved. All payments will be made in U.S. Dollars unless otherwise mutually agreed to by the Parties. Subcontractor agrees that if Amdocs is required to return amounts to [**] associated with the Deliverables or Services due to the fault of Subcontractor, then within [**] days of receipt of notice from Amdocs of such requirement, Subcontractor shall reimburse Amdocs such amount.

11.4. Amdocs shall not be responsible for any travel, meal or other business related expense incurred by Subcontractor whether or not incurred in its performance of its obligations under this Agreement, unless reimbursement of expenses is expressly authorized in an Order pursuant to this Agreement. If reimbursement of expenses is so authorized, in order to be reimbursable, each and every such expense must comply with the requirements of [**]'s Vendor Expense Policy (the "Expense Policy"), a copy of which will be provided to Subcontractor.

11.5. Additionally, the Parties agree as follows:

(a) Travel and living expenses will not be paid for resources working at their primary work location or in the same metropolitan area as their primary work location.

(b) Certain travel and living expenses may be subject to caps imposed by [**] and/or Amdocs.

11.6. Except as provided herein, it is understood that any and all costs and expenses incurred by either Party in connection with this Agreement shall be borne by that Party.

11.7. With respect to any amount to be paid or reimbursed by Amdocs hereunder, Amdocs may set off against such amount any amount that Subcontractor is obligated to pay Amdocs hereunder.

12. SERVICE LEVELS AND LIQUIDATED DAMAGES

12.1. Subcontractor shall perform the Services at the levels of accuracy, quality, completeness, timeliness, responsiveness and productivity that meet high standards of the software and software service industries.

12.2. Subcontractor acknowledges that Amdocs may be required to pay liquidated damages to [**] under the Prime Contract if delivery of the Deliverables or Services is delayed. Accordingly, if requested by Amdocs in the applicable Order, Subcontractor agrees to pay to Amdocs such liquidated damages in certain circumstances, to the extent that delivery of the Deliverables or Services is delayed beyond the timetable set forth in the applicable Order by Subcontractor. The delivery of the Deliverables and Services shall be deemed to occur only upon delivery of the Deliverables and Services in a manner that conforms to the requirements and specifications set forth in the applicable Order.

12.3. Subcontractor acknowledges that [**] or Amdocs may require that certain service levels be met with regard to certain Deliverables or Services to be provided in connection with this Agreement ("Service Levels"). The Parties agree that a service level agreement, which shall set out the applicable severity levels, response and fix times and the Liquidated Damages applicable in the event of failure to comply with such Service Levels, may be attached to an applicable Order.

12.4. If Subcontractor fails to provide the Services in accordance with the Service Levels and this Agreement, Subcontractor shall (after restoring service or otherwise resolving any immediate problem): (i) promptly investigate and report on the causes of the problem; (ii) provide a Root Cause Analysis of such failure as soon as practicable after such failure or [**]'s or Amdocs' request; (iii) use all commercially reasonable efforts to implement remedial action and begin meeting the Service Levels as soon as practicable; (iv) advise Amdocs of the status of remedial efforts being undertaken with respect to such problem; and (v) demonstrate to [**]'s and Amdocs' reasonable satisfaction that the causes of such problem have been or will be corrected on a permanent basis. Subcontractor shall use all commercially reasonable efforts to complete the Root Cause Analysis within [**] days; provided that, if it is not capable of being completed within [**] days using reasonable diligence, Subcontractor shall complete such Root Cause Analysis as quickly as possible and shall notify Amdocs prior to the end of the initial [**] day period as to the status of the Root Cause Analysis and the estimated completion date. It is not intended that a protracted Root Cause Analysis should unduly delay prompt resolution of service level issues, including allocation of service level credits. Subcontractor shall provide the results of the Root Cause Analysis to Amdocs in writing or comparable electronic media.

12.5. If Subcontractor becomes aware of any failure by Amdocs to comply with its obligations under this Agreement or any other situation (i) that has impacted or reasonably could impact the maintenance of [**]'s financial integrity or internal controls, the accuracy of [**]'s financial, accounting or human resources records and reports or compliance with [**]'s strategic decisions, or (ii) that has had or reasonably could have any other material adverse impact on the Services in question or the impacted business operations of [**], then Subcontractor shall immediately inform Amdocs in writing of such situation and the impact or expected impact and Subcontractor and Amdocs shall meet to formulate an action plan to minimize or eliminate the impact of such situation.

13. CHANGE MANAGEMENT

13.1. The Parties agree that all changes to this Agreement, or any changes to an Order which materially alter the terms and conditions of this Agreement, must be set forth in a written amendment to such Order (such amendment, a "Change Order"), and signed by the Parties.

13.2. The rights and obligations of both Parties in connection with this Agreement, including any Order, shall not be changed, until a proposed Change Order is agreed to and mutually executed. Until such Change Order has been executed by both Parties, each Party shall continue to perform its obligations in accordance with the Agreement and the applicable Orders.

14. OWNERSHIP OF MATERIALS

14.1. **[**] Owned Materials**

[**] shall be the sole and exclusive owner, including all United States and foreign patent, copyright and other intellectual property rights, of (a) all Software and other Materials owned by [**] prior to the Effective Date or developed or acquired by or on behalf of [**] on or after the Effective Date, (b) all enhancements and Derivative Works of such Software and other Materials (other than as expressly agreed in writing by the Parties outside the scope of this Agreement), and (c) certain Developed Materials, as provided in Section 14.2 (collectively, "[**] Owned Materials").

14.2. **Developed Materials**

14.2.1. Ownership by [**]: All Developed Materials created by or for Subcontractor in connection with the Services provided by Subcontractor under this Agreement shall, upon creation, be owned by [**] and considered to be works made for hire (as that term is used in Section 101 of the Copyright Act or other applicable Law). If any such Developed Materials may not be considered a work made for hire under applicable Law, Subcontractor hereby irrevocably assigns, and shall assign, to [**] without further consideration all of Subcontractor's right, title and interest in and to such Developed Materials (except with regard to any Subcontractor-Owned Materials incorporated therein), including United States and foreign intellectual property rights. Subcontractor acknowledges that [**] and the successors and assigns of [**] shall have the right to obtain and hold in their own name any intellectual property rights in and to such Developed Materials (except with regard to any Subcontractor-Owned Materials incorporated therein). Subcontractor agrees to execute any documents and take any other actions reasonably requested by [**] or Amdocs to effectuate the purposes of this Section. Subcontractor is free to redevelop Materials similar to Developed Materials for other customers, provided that such redevelopment does not (i) breach confidentiality obligations of Subcontractor (including under this Agreement) and the Subcontractor Personnel hereunder or (ii) infringe, misappropriate or otherwise violate [**]'s rights (including rights in the Developed Materials).

14.3. **Subcontractor Owned Materials**

14.3.1. General: Subcontractor shall be the sole and exclusive owner of the (a) Materials it lawfully owned prior to the Effective Date, (b) Materials acquired by Subcontractor on or after the Effective Date, (c) derivative works of Subcontractor Owned Software created by Subcontractor and not otherwise owned by [**] pursuant to the terms of this Agreement, and (d) Materials developed by Subcontractor other than in the course of the performance of its obligations under this Agreement or in connection with the use of any [**] Data or [**] Owned Software ("Subcontractor-Owned Materials"**)**, including United States and foreign intellectual property rights in such Subcontractor Owned Materials.

14.3.2. Embedded Materials: To the extent that Subcontractor desires to embed any Subcontractor-Owned Materials into any Software or Developed Materials, Subcontractor will clearly identify such proposal and obtain [**]'s permission before such embedding. To the extent that Subcontractor-Owned Materials are embedded in any Developed Materials, Subcontractor shall not be deemed to have assigned its intellectual property rights in such Subcontractor Owned Materials to [**], but, except as the Parties may otherwise provide in a written amendment, Subcontractor hereby grants to [**] and Amdocs a license to use such Subcontractor-Owned Materials together with the Developed Materials.

14.4. **Other Materials**

This Agreement shall not confer upon either Party intellectual property rights in Materials of the other Party (to the extent not covered by this Article 14) unless otherwise so provided elsewhere in this Agreement.

14.5. **General Rights and Restrictions**

14.5.1. Each Party agrees to reproduce copyright legends which appear on any portion of the Materials which may be owned by the other Party or third parties.

14.5.2. Nothing in this Agreement shall restrict any employee or representative of a Party from using general ideas, concepts, practices, learning or know-how relating to information technology, network and data processing products and services that are retained solely in the unaided memory of such employee or representative after performing the obligations of such Party under this Agreement, except to the extent that such use infringes upon any patent, copyright or other intellectual property right of a Party or its Affiliates; provided, however, that this Section shall not be deemed to limit either Party's obligations under this Agreement with respect to the disclosure or use of Proprietary Information. An individual's memory is unaided if the individual has not intentionally memorized the Proprietary Information for the purpose of retaining and subsequently using or disclosing it and does not identify the information as Proprietary Information upon recollection.

14.5.3. Should either Party incorporate into Developed Materials any intellectual property subject to third party patent, copyright or license rights, any ownership or license rights granted herein with respect to such Materials shall be limited by and subject to any such patents, copyrights or license rights; provided that, prior to incorporating any such intellectual property in any Materials, the Party incorporating such intellectual property in the Materials has disclosed this fact and obtained the prior approval of the other Party.

15. [**] DATA AND OTHER PROPRIETARY INFORMATION

15.1. **Ownership of [**] Data and [**] Derived Data**

15.1.1. [**] Data is the property of [**]. To the extent needed to perfect [**]'s ownership in [**] Data, Subcontractor hereby assigns all right, title and interest in [**] Data to [**]. No transfer of title in [**] Data is implied or shall occur under this Agreement. Subcontractor shall promptly return [**] Data, at no cost to [**], and in the format and on the media prescribed by [**] (i) at any time at [**]'s or Amdocs' request, regardless of the expiration or termination of this Agreement, (ii) at the expiration or termination of this Agreement, or (iii) with respect to particular [**] Data, whenever such data is no longer needed by Subcontractor to perform its obligations under this Agreement. [**] Data shall not be (a) utilized by Subcontractor for any purpose other than as required to fulfill its obligations under this Agreement, (b) sold, assigned, leased, commercially exploited or otherwise provided to or accessed by third parties, whether by or on behalf of Subcontractor, (c) withheld from Amdocs or [**] by Subcontractor, or (d) used by Subcontractor to assert any lien or other right against or to it. Subcontractor shall promptly notify Amdocs if Subcontractor believes that any use of [**] Data by Subcontractor contemplated under this Agreement or to be undertaken as part of the performance of this Agreement is inconsistent with the preceding sentence.

15.1.2. [**] shall own all right, title and interest to the [**] Derived Data. To the extent needed to perfect [**]'s ownership in [**] Derived Data, Subcontractor hereby assigns all right, title and interest in [**] Derived Data to [**]. Subcontractor shall deliver [**] Derived Data in the format, on the media and in the timing prescribed by Amdocs. Such delivery shall be at no cost to Amdocs unless the format, media, or timing prescribed by Amdocs for delivery would cause Subcontractor to incur substantial additional costs, in which case Subcontractor shall so notify Amdocs and the Parties shall negotiate in good faith to determine whether the format, media, or timing can be changed to avoid Subcontractor's incurring such costs or to determine whether Amdocs is willing to reimburse Subcontractor for such costs. For the avoidance of doubt, Subcontractor shall not create or develop [**] Derived Data after the expiration or termination of this Agreement.

15.2. **Safeguarding [**] Data**

15.2.1. Subcontractor shall establish and maintain environmental, safety and facility procedures, data security procedures and other safeguards against the destruction, loss, unauthorized access or alteration of [**] Data in the possession of Subcontractor which are (a) no less rigorous than those maintained by Subcontractor for its own information of a similar nature, and (b) adequate to meet the requirements of [**]'s record retention policy and applicable Laws. Subcontractor will revise and maintain such procedures and safeguards upon [**]'s or Amdocs' request. [**] and Amdocs shall have the right to establish backup security for [**] Data and to keep backup copies of the [**] Data in [**]'s possession at [**]'s expense if [**] so chooses. Subcontractor shall remove all [**] Data from any media taken out of service and shall destroy or securely erase such media in accordance with Amdocs' instructions. No media on which [**] Data is stored may be used or re-used to store data of any other customer of Subcontractor or to deliver data to a third party, including another Subcontractor customer, unless securely erased in accordance with Amdocs' instructions. In the event Subcontractor discovers or is notified of a breach or potential breach of security relating to [**] Data, Subcontractor will expeditiously under the circumstances notify [**] and Amdocs and investigate and remediate the effects of such breach or potential breach of security and will provide [**] and Amdocs with such assurances as [**] or Amdocs shall request that such breach or potential breach will not recur.

15.2.2. As part of the Services, Subcontractor shall be responsible for developing and maintaining procedures for the reconstruction of lost [**] Data which are no less rigorous than those maintained by Subcontractor for its own information of a similar nature.

15.2.3. Subcontractor shall at all times adhere to the procedures and safeguards specified in Sections 15.2.1 and 15.2.2, and shall correct, at no charge to Amdocs, any destruction, loss or alteration of any [**] Data attributable to the failure of Subcontractor or Subcontractor Personnel to comply with Subcontractor's obligations under this Agreement.

15.3. **Confidentiality**

15.3.1. Amdocs and Subcontractor have entered into a Non-Disclosure and Confidentiality Agreement dated as of _____ (the "NDA"). The Parties acknowledge and agree that the NDA shall apply to the rendering of the Services hereunder and shall survive any termination or expiration of this Agreement or any Order. Subcontractor shall protect the confidentiality of any [**] confidential and proprietary information in accordance with the NDA.

15.3.2. At Amdocs's request, Subcontractor will sign a non-disclosure agreement with [**].

15.3.3. Subcontractor Personnel will sign the Confidentiality and Invention Agreement attached as Exhibit D.

15.4. **Information -- Customer**

15.4.1. Except as provided herein, title to all Customer Information shall be in [**]. Except as otherwise provided herein, no license or rights to any Customer Information are granted to Subcontractor hereunder.

15.4.2. Subcontractor acknowledges that Customer Information received may be subject to certain privacy laws and regulations and requirements, including requirements of [**]. Subcontractor shall consider Customer Information to be private, sensitive and confidential. Accordingly, with respect to Customer Information, Subcontractor shall comply with all applicable privacy laws and regulations and requirements, including, but not limited to, the CPNI restrictions contained in Section 222, and, for [**]'s customers residing in California, the Constitution of California (Article I, § 1), the California Public Utilities Code (§§ 2891 – 2894), and General Order 107-B of the California Public Utilities Commission. Accordingly, Subcontractor shall:

(d) comply with [**]'s privacy policies (which are available at [**] or its successors made known to Subcontractor);

(e) not use any CPNI to market or otherwise sell products to [**]'s customers, except to the extent necessary for the performance of Services for [**] or as otherwise approved or authorized by [**] in this Agreement or in writing;

(f) make no disclosure of Customer Information to any party other than [**] or Amdocs, except to the extent necessary for the performance of Services for [**] or except such disclosure required under force of law; provided that Subcontractor shall provide [**] and Amdocs with notice immediately upon receipt of any legal request or demand by a judicial, regulatory or other authority or third party to disclose or produce Customer Information; Subcontractor shall furnish only that portion of the Customer Information that is legally required to furnish and shall provide reasonable cooperation to [**] and Amdocs should [**] or Amdocs exercise efforts to obtain a protective order;

(g) not incorporate any Customer Information into any database other than in a database maintained exclusively for the storage of [**]'s Customer Information;

(h) not incorporate any data from any of Subcontractor's other customers, including Affiliates of [**], into [**]'s customer database;

(i) make no use whatsoever of any Customer Information for any purpose except to comply with the terms of this Agreement;

(j) make no sale, license or lease of Customer Information to any other party;

(k) restrict access to Customer Information to only those employees of Subcontractor that require access in order to perform Services under this Agreement;

(l) implement and comply with a data security plan, approved in advance in writing by Amdocs , and other procedures as may be agreed by the Parties relative to the security of Customer Information at all times in performing Services hereunder;

(m) prohibit and restrict access or use of Customer Information by any of Subcontractor's other customers, Subcontractor's Affiliates, or third parties except as may be agreed otherwise by the Parties ;

(n) promptly return all Customer Information to Amdocs upon expiration, termination or cancellation of this Agreement or applicable schedule or Order, unless expressly agreed or instructed otherwise by the Parties ; and

(o) immediately notify Amdocs upon Subcontractor's awareness of (A) any breach of the above-referenced provisions, (B) any disclosure (inadvertent or otherwise) of Customer Information to any third party not expressly permitted herein to receive or have access to such Customer Information, or (C) a breach of, or other security incident involving, Subcontractor's systems or network that could cause or permit access to Customer Information inconsistent with the above-referenced provisions, and such notice shall include the details of the breach, disclosure or security incident. Subcontractor shall fully cooperate with [**] and Amdocs in determining, as may be necessary or appropriate, actions that need to be taken including, but not limited to, the full scope of the breach, disclosure or security incident, corrective steps to be taken by Subcontractor, the nature and content of any customer notifications, law enforcement involvement, or news/press/media contact etc., and Subcontractor shall not communicate directly with any [**] customer without [**]'s and Amdocs's consent, which such consent shall not be unreasonably withheld.

15.5. **File Access**

[**] will have unrestricted access to, and the right to review and retain the entirety of, all computer or other files containing [**] Data, as well as all systems and network logs. At no time will any of such files or other materials or information be stored or held in a form or manner not immediately accessible to [**].

16. INDEPENDENT CONTRACTOR

16.1. It is hereby understood and agreed that Subcontractor will perform its Services hereunder as an independent contractor. Nothing in this Agreement is intended to or shall be deemed to create a partnership or joint venture of any kind or for any purpose. There is no employer/employee relationship between Amdocs and Subcontractor or Subcontractor Personnel, and Amdocs will not have any liability toward Subcontractor or its Personnel based on or arising from such relationship (including, but not limited to, liability for payments to individual employees of Subcontractor for work performed pursuant to a particular Order). The partners, employees, officers and agents of one Party, in the performance of this Agreement, shall act only in the capacity of representatives of that Party and not as employees, officers or agents of the other party and will not be deemed for any purpose to be employees of the other. Amdocs is not, nor shall Amdocs be deemed to be, a joint employer with, or an agent of, Subcontractor. Subcontractor Personnel are not, and will not be, entitled to make any representations or commitments on behalf of Amdocs, and/or represent Amdocs.

16.2. During the term of this Agreement, Subcontractor, and not Amdocs, shall be solely responsible for: (a) paying all wages and other compensation to Subcontractor Personnel, (b) withholding and payment of all income taxes and any other taxes and applicable amounts with respect to payments made to Subcontractor Personnel, (c) providing all insurance and other employment related benefits to Subcontractor Personnel, and (d) making any overtime payments to Subcontractor Personnel if required by the applicable laws or regulations.

16.3. Subcontractor Personnel shall not, as a result of providing Services, be entitled to any additional benefits that may accrue or be paid to employees of Amdocs under any employee retirement or insurance program or any other type of employee program of any nature, including, without limitation, sick leave or pay, vacation leave or pay, or health or accident insurance coverage.

16.4. Subcontractor acknowledges that it will be treated as an independent contractor for all tax purposes, including but not limited to employment taxes. Consequently, Subcontractor hereby accepts exclusive liability for, and agrees to hold Amdocs harmless for and indemnify Amdocs against, the payment by Amdocs of any taxes, contributions or other amounts pursuant to any applicable federal, state or local laws based upon the salaries or payroll of "employees," as that term is defined for such purposes, and related to Subcontractor's rendition of the Services pursuant to this Agreement.

16.5. Subcontractor shall comply with all federal and state laws, including, but not limited to, the requirements to (i) make estimated tax payments and to report all items of gross receipts as income from the operation of its business and (ii) pay all self-employment taxes.

17. ASSIGNMENT

Subcontractor will not, without first obtaining Amdocs's written consent, assign, delegate or subcontract this Agreement or any of its obligations under this Agreement or any Order to any third party.

18. INSURANCE

Subcontractor will, at Subcontractor's expense, maintain the insurance coverage and comply with the insurance requirements set out in Exhibit E and shall comply with such other insurance requirements as may be required by law or requested by [**] (including as requested of Amdocs by [**]) from time to time.

19. INDEMNITY

19.1. **Indemnity by Subcontractor**

19.1.1. General Indemnification. Subject to the provisions of Section 19.4, Subcontractor agrees to indemnify, defend and hold harmless Amdocs and [**] and their respective officers, directors, employees, agents, representatives, successors, and assigns from any and all Losses and threatened Losses relating to third party claims arising from or in connection with any of the following:

(a) Subcontractor's breach of any of the representations, warranties and covenants set forth in Sections 10.4 and 10.8;

(b) [**];

(c) Infringement or misappropriation or alleged infringement or misappropriation of a patent, trade secret, copyright or other proprietary rights in contravention of Subcontractor's representations, warranties and covenants in Section 10.3;

(d) Taxes, together with related interest and penalties, that are the responsibility of Subcontractor;

(e) Any claim, other than an indemnification claim under this Agreement, initiated by Subcontractor's subcontractor asserting rights under this Agreement;

(f) [**];

(g) Any claim by Subcontractor Personnel for death or bodily injury suffered on a [**] or Amdocs site, except to the extent caused by [**]'s or Amdocs's gross negligence or willful misconduct;

(h) Any claim relating to any: (i) violation by Subcontractor, Subcontractor Affiliates or subcontractors, or their respective officers, directors, employees, representatives or agents, of Federal, state, provincial, local, international or other Laws or regulations or any common law protecting persons or members of protected classes or categories, including laws or regulations prohibiting discrimination or harassment on the basis of a protected characteristic; (ii) liability arising or resulting from the employment of Subcontractor Personnel by Subcontractor, Subcontractor Affiliates or Subcontractors; (iii) payment or failure to pay any salary, wages or other cash compensation due and owing to any Subcontractor Personnel; (iv) employee pension, benefit plan, bonus program, vacation benefit, sick leave benefit, tuition assistance, severance program, medical benefit, stock benefit, stock option benefit or other benefits of any Subcontractor Personnel; (v) other aspects of the employment relationship of Subcontractor Personnel with Subcontractor, Subcontractor Affiliates or subcontractors or the termination of such relationship, including claims for wrongful discharge, claims for breach of express or implied employment contract and claims of joint employment or co-employment;

(i) Pledging Damages: Claims by third parties in connection with payment right transfers by Subcontractor associated with this Agreement.

19.2. **Indemnity by Amdocs**

19.2.1. Subject to the provisions of Section 19.4, Amdocs agrees to indemnify, defend and hold harmless Subcontractor and its officers, directors, employees, agents, representatives, successors, and assigns, from any Losses and threatened losses relating to third party claims arising from or in connection with any of the following:

(a) Amdocs's breach of any of the representations, warranties and covenants set forth in Sections 10.4 and 10.8;

(b) Amdocs breach of its obligations with respect to Subcontractor's Proprietary Information;

(c) Any claim by Amdocs employees for death or bodily injury suffered on a Subcontractor facility under this Agreement, except to the extent caused by Subcontractor's gross negligence or willful misconduct; and

(d) Infringement or misappropriation or alleged infringement or misappropriation of a patent, trade secret, copyright or other proprietary rights in contravention of Amdocs's representations, warranties and covenants in Section 10.3.

19.3. **Additional Indemnities**

Subcontractor and Amdocs each agree to indemnify, defend and hold harmless the other and their respective Affiliates, officers, directors, employees, agents, representatives, successors, and assigns, from any and all Losses and threatened Losses arising from or in connection with any of the following: (a) the death or bodily injury of any agent, employee, customer, business invitee, business visitor or other person caused by the negligence or other tortious conduct of the indemnitor or the failure of the indemnitor to comply with its obligations under this Agreement; and (b) the damage, loss or destruction of any real or tangible personal property caused by the negligence or other tortious conduct of the indemnitor or the failure of the indemnitor to comply with its obligations under this Agreement.

19.4. **Indemnification Procedures**

With respect to third party claims, the following procedures shall apply:

19.4.1. Promptly after the entity entitled to indemnification (under Section 19.1 through Section 19.3 or any other provisions of this Agreement) has notice of the commencement or threatened commencement of any civil, criminal, administrative, or investigative action or proceeding involving a claim in respect of which the indemnitee will seek indemnification pursuant to any such Section, the indemnitee shall notify the indemnitor of such claim. No delay or failure to so notify an indemnitor shall relieve it of its obligations under this Agreement except to the extent that such indemnitor has suffered actual prejudice by such delay or failure. Within fifteen (15) days following receipt of notice from the indemnitee relating to any claim, but no later than five (5) days before the date on which any response to a complaint or summons is due, the indemnitor shall notify the indemnitee that the indemnitor elects to assume control of the defense and settlement of that claim (a "Notice of Election").

19.4.2. If the indemnitor delivers a Notice of Election within the required notice period, the indemnitor shall assume sole control over the defense and settlement of the claim; provided, however, that (i) the indemnitor shall keep the indemnitee fully apprised at all times as to the status of the defense, and (ii) the indemnitor shall obtain the prior written approval of the indemnitee before entering into any settlement of such claim asserting any liability against the indemnitee or imposing any obligations or restrictions on the indemnitee or ceasing to defend against such claim. The indemnitor shall not be liable for any legal fees or expenses incurred by the indemnitee following the delivery of a Notice of Election; provided, however, that (i) the indemnitee shall be entitled to employ counsel at its own expense to participate in the handling of the claim, and (ii) the indemnitor shall pay the fees and expenses associated with such counsel if, in the reasonable judgment of the indemnitee, based on an opinion of counsel, there is a conflict of interest with respect to such claim or if the indemnitor has requested the assistance of the indemnitee in the defense of the claim or the indemnitor has failed to defend the claim diligently. The indemnitor shall not be obligated to indemnify the indemnitee for any amount paid or payable by such indemnitee in the settlement of any claim if (x) the indemnitor has delivered a timely Notice of Election and such amount was agreed to without the written consent of the indemnitor, (y) the indemnitee has not provided the indemnitor with notice of such claim and a reasonable opportunity to respond thereto, or (z) the time period within which to deliver a Notice of Election has not yet expired.

19.4.3. If the indemnitor does not deliver a Notice of Election relating to any claim within the required notice period, the indemnitee shall have the right to defend the claim in such manner, as it may deem appropriate. The indemnitor shall promptly reimburse the indemnitee for all such costs and expenses incurred by the indemnitee, including attorneys' fees.

19.5. **Subrogation**

Except as otherwise provided in Exhibit E, in the event that an indemnitor shall be obligated to indemnify an indemnitee pursuant to Section 19.1 through Section 19.3 or any other provision of this Agreement, the indemnitor shall, upon payment of such indemnity in full, be subrogated to all rights of the indemnitee with respect to the claims to which such indemnification relates.

20. LIMITATION OF LIABILITY

20.1. EXCEPT AS PROVIDED IN THIS SECTION 20.1, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR PUNITIVE DAMAGES, INCLUDING LOST REVENUE, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. Additionally, except as provided below, the total aggregate liability of either Party, for claims asserted by the other Party under or in connection with this Agreement, regardless of the form of the action of the theory of recovery, shall not exceed two times the fees paid or payable under this Agreement.

20.2. The limitations of liability set forth in Section 20.1 shall not apply with respect to:

20.2.1. Losses occasioned by the fraud or willful misconduct of a Party;

20.2.2. Amounts paid with respect to third party claims that are the subject of indemnification under this Agreement;

20.2.3. Losses occasioned by the wrongful termination of this Agreement by Subcontractor;

20.2.4. Losses occasioned by any breach of a Party's obligations under Article 15; or

20.3. Items Not Considered Damages: Fees that are due and owing to Subcontractor for Services performed under this Agreement shall not be considered damages subject to, and shall not be counted toward the liability cap specified in Section 20.1. In addition, liquidated damages and Service Level Credits shall not be considered damages subject to, and shall not be counted toward the liability cap specified in Section 20.1.

20.4. Waiver of Liability Cap: If, at any time, the total aggregate liability of one Party for claims asserted by the other Party under or in connection with this Agreement equals or exceeds [**] of either of the liability caps specified in Section 20.1 and, upon the request of the other Party, the Party incurring such liability refuses to waive such cap and/or increase the available cap to a mutually agreeable amount, then the other Party may terminate this Agreement.

20.5. Acknowledged Direct Damages: The following shall be considered direct damages and neither Party shall assert otherwise to the extent they result directly from either Party's failure to perform in accordance with this Agreement:

20.5.1. Costs and expenses of recreating or reloading any lost, stolen or damaged [**] Data;

20.5.2. Costs and expenses of implementing a work-around in respect of a failure to provide the Services or any part thereof;

20.5.3. Costs and expenses of replacing lost, stolen or damaged Equipment, Software and Materials;

20.5.4. Cover damages, including the costs and expenses incurred to procure the Services or corrected Services from an alternate source, to the extent in excess of Subcontractor's fees under this Agreement;

20.5.5. Straight time, overtime or related expenses incurred by [**] or Amdocs, including overhead allocations for employees, wages and salaries of additional employees, travel expenses, overtime expenses, telecommunication charges and similar charges for cover, due to failure of Subcontractor to provide all or a portion of the Services incurred in connection with clauses (i) through (iv) above or otherwise perform in accordance with this Agreement;

20.5.6. Straight time, overtime or related expenses incurred by Subcontractor in accordance with this Agreement, including overhead allocations for employees, wages and salaries of additional employees, travel expenses, overtime expenses, telecommunication charges and similar charges for cover, due to Amdocs's failure to perform an obligation under this Agreement;

20.5.7. Costs and expenses incurred to bring the Services in-house or to contract to obtain the Services from an alternate source, including the costs and expenses associated with the retention of external consultants and legal counsel to assist with any re-sourcing;

20.5.8. Payments, fines, penalties, sanctions, or interest imposed by a governmental body or regulatory agency for failure to comply with requirements or deadlines; and

20.5.9. Service level credits or other credits or liquidated damages assessed against Subcontractor.

21. TERM

21.1. This Agreement shall be in full force and effect for a period of five (5) years commencing on the Effective Date, unless sooner terminated pursuant to the terms hereof (the "Initial Term"). Thereafter the term of the Agreement may be extended for one or more years (each, an "Extension") upon the parties' written agreement. The Initial Term and any Extension(s) shall together be referred to as the "Term."

21.2. Notwithstanding the foregoing any Order(s) in effect at the time of expiration or Termination of the Agreement will remain in effect and subject to the terms of this Agreement until such Order(s) expire or are terminated in accordance with their terms.

22. TERMINATION

22.1. **Termination for Cause**

22.1.1. By Amdocs. If Subcontractor:

(a) commits a material breach of this Agreement, which breach is not cured within [**] days after notice of the breach from Amdocs;

(b) commits a material breach of this Agreement which is not capable of being cured within [**] days;

(c) commits numerous breaches of its duties or obligations which collectively constitute a material breach of this Agreement;

(d) makes an unpermitted assignment of this Agreement;

then Amdocs may, by giving notice to Subcontractor, terminate this Agreement with respect to all or any part of the Services as of a date specified in the notice of termination. If Amdocs chooses to terminate the Agreement in part, the fees payable under the Agreement will be equitably adjusted in accordance with this Agreement.

22.1.2. By Subcontractor: Subcontractor may only terminate in accordance with the following:

In the event that Amdocs fails to pay Subcontractor undisputed Charges for [**] days after the payment due date therefor and fails to cure such default within [**] days of notice from Subcontractor of the possibility of termination for failure to make such payment, then Subcontractor may, by notice to Amdocs, terminate this Agreement.

22.2. **Critical Services**

Without limiting Amdocs rights under Section 22.1, if Subcontractor commits a material breach which prevents or materially degrades [**]'s ability to conduct, perform and support a [**] hours of written notice from Amdocs, Amdocs may, in addition to its other remedies under this Agreement, at law, and in equity, obtain from a third party or provide for itself services which will allow Amdocs to conduct its business without material degradation until Subcontractor has cured the breach or this Agreement is terminated. During such period, Amdocs shall continue to pay Subcontractor the applicable undisputed fees. Subcontractor shall reimburse Amdocs for all costs and expenses of obtaining or providing such services. The express inclusion of this remedy in this Section 20 does not limit Amdocs's right to use a similar remedy for other breaches by Subcontractor of this Agreement.

22.3. **Termination for Convenience**

22.3.1. Amdocs may terminate an Order for convenience upon the provision of fourteen (14) days' written notice to Subcontractor, however, if [**] determines in good faith that an order Between Amdocs and [**] regarding specific Project requires immediate Termination due to budget restrictions and terminates such order immediately, Amdocs shall be entitled to terminate the Order regarding such Project immediately by written notice to Subcontractor.

22.3.2. In the event of Termination for Convenience by Amdocs, Subcontractor shall be entitled to compensation in respect of Services performed and Deliverables Accepted prior to the effective date of such Termination for Convenience. Upon receipt of Amdocs's payment, Subcontractor shall deliver to Amdocs all drafts and versions of the Deliverables which have been prepared pursuant to such terminated Order.

22.4. **Insolvency**

This Agreement may be terminated by either Party on written notice if the other Party shall become insolvent, cease doing business as a going concern, make an assignment for the benefit of its creditors, or admit in writing its inability to pay debts, or if proceedings are instituted by or against it in bankruptcy, under the insolvency laws, or for receivership or dissolution, provided such proceedings are not dismissed within thirty (30) days of their commencement.

22.5. Upon receipt of any termination notice from Amdocs, Subcontractor shall, if so requested by Amdocs, immediately cease performing work and incurring costs in connection with the applicable Order. All notices of intention to terminate this Agreement or any Order shall be provided in writing by the terminating Party to the other Party and shall set forth the effective date of Termination. In the event of termination, the provisions of this Agreement that by their nature are intended to survive this Agreement shall survive.

23. GOVERNING LAW AND DISPUTE RESOLUTION

23.1. The validity, performance, construction and effect of this Agreement shall be governed by the laws of Texas, without giving effect to its choice-of-law rules. In any litigation arising out of this Agreement, and to the fullest extent permitted by Law, the Parties hereby irrevocably agree, submit and waive objection to jurisdiction and venue in, the United States District Court for the Southern District of New York, provided that in any litigation arising out of this Agreement in which [**] is a party, and to the fullest extent permitted by Law, the Parties hereby irrevocably agree, submit and waive objection to jurisdiction and venue in, the United States District Court for the Central District of Texas and the District Courts of the State of Texas, Bexar County.

23.2. The Parties will use their best efforts to resolve any controversy or claim arising out of or relating to this Agreement or an Order through good faith negotiations during a period not to exceed [**] days.

23.3. **Arbitration**

23.3.1. Except for claims arising out of the breach of a Party's obligations under Article 15, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, which cannot be resolved using the procedures set forth above in Section 23.2, shall be finally resolved under the Commercial Arbitration Rules of the American Arbitration Association then in effect; provided, however, that without limiting any rights or remedies under this Agreement, at law, or in equity a Party may have because of an improper termination of this Agreement by the other Party, nothing contained in this Agreement shall limit either Party's right to terminate this Agreement pursuant to Article 22. Subject to the foregoing, the Parties shall escalate arbitration proceedings so that any dispute relating to Section 22.1 is resolved within any applicable cure period specified in Section 22.1.

23.3.2. The Arbitration shall take place in New York City, New York and shall apply the law of the State of Texas without regard to its choice of law provisions. The decision of the arbitrator shall be final and binding and judgment on the award may be entered in any court of competent jurisdiction. The arbitrator shall be instructed to state the reasons for its decisions in writing, including findings of fact and law. The arbitrator shall be bound by the warranties, limitations of liability and other provisions of this Agreement. Except with respect to the provisions of this Agreement that provide for injunctive relief rights, such arbitration shall be a precondition to any application by either Party to any court of competent jurisdiction.

23.3.3. Within [**] days after delivery of written notice ("Notice of Dispute") by one Party to the other in accordance with this Section, the Parties each shall use good faith efforts to mutually agree upon one (1) arbitrator. If the Parties are not able to agree upon one (1) arbitrator within such period of time, then an arbitrator will be chosen in accordance of the Commercial Arbitration Rules of the American Arbitration Association who has at no time ever represented or acted on behalf of either of the Parties, and is not otherwise affiliated with or interested in either of the Parties.

23.3.4. The arbitrator selected pursuant to this Section shall be a practicing attorney with at least five (5) years' experience in technology law applicable to the Services. Any such appointment shall be binding upon the Parties. The Parties shall use best efforts to set the arbitration within [**] days after selection of the arbitrator, but in no event shall the arbitration be set more than [**] days after selection of the arbitrator. Discovery as permitted by the Federal Rules of Civil Procedure then in effect will be allowed in connection with arbitration to the extent consistent with the purpose of the arbitration and as allowed by the arbitrator. The decision or award of the arbitrator shall be rendered within [**] days after the conclusion of the hearing, shall be in writing, shall set forth the basis therefor, and shall be final, binding and nonappealable upon the Parties and may be enforced and executed upon in any court having jurisdiction over the Party against whom the enforcement of such decision or award is sought. Each Party shall bear its own arbitration costs and expenses and all other costs and expenses of the arbitration shall be divided equally between the Parties; provided, however, the arbitrator may modify the allocation of fees, costs and expenses in the award in those cases where fairness dictates other than such allocation between the Parties.

23.4. **Continued Performance**

23.4.1. General: Each Party agrees that it shall, unless otherwise directed by the other Party, continue performing its obligations under this Agreement while any dispute is being resolved; provided that this provision shall not operate or be construed as extending the term of this Agreement. For purposes of clarification, [**] Data may not be withheld by Subcontractor pending the resolution of any dispute.

23.4.2. Non-Interruption of Service: Subcontractor acknowledges and agrees that any interruption to the Service will cause irreparable harm to [**], in which case an adequate remedy at law would not be available. Subcontractor expressly acknowledges and agrees that, pending resolution of any dispute or controversy, it will not deny, withdraw, or restrict Subcontractor's provision of the Services to [**] under this Agreement, except as specifically and expressly agreed in writing by [**] and Subcontractor. Subcontractor further agrees as follows:

(a) In the event of any material breach by Subcontractor (or attempt or threat of breach) of any of the terms of this Agreement that could reasonably be expected to cause an interruption to the Services or compromise of rights of [**] under this Agreement (including provision of access to computers or other files containing [**] Data in accordance with this Agreement), Amdocs may proceed directly to court without going through any otherwise applicable procedures or waiting periods set forth in Article 23. If a court of competent jurisdiction should find that Subcontractor has breached (or attempted or threatened to breach) any such obligations, Subcontractor agrees that without any additional findings of irreparable injury or other conditions to injunctive relief, it shall not oppose the entry of an appropriate order compelling performance by Subcontractor and restraining it from any further breaches (or attempted or threatened breaches).

(b) Subcontractor shall not intentionally interrupt the Services or provide reduced levels of Service quality or support.

(c) To the extent that Subcontractor suspends the availability of the Services or any portion of the Services because it is required to do so by a governmental authority of competent jurisdiction ("Government Requirement"), Subcontractor shall promptly use all reasonable efforts to comply with any such Government Requirement to the extent necessary to fully restore the Services.

24. FORCE MAJEURE

24.1. A Party is excused from performing its obligations under this Agreement or any Order if, to the extent that, and for so long as:

i. such Party's performance is prevented or delayed by an act or event (other than economic hardship, changes in market conditions or insufficiency of funds) that is beyond its reasonable control and could not have been prevented or avoided by its exercise of due diligence; and
ii. such Party gives written notice to the other Party, as soon as practicable under the circumstances, of the act or event that so prevents such Party from performing its obligations.

By way of illustration, and not by way of limitation, acts or events that may prevent or delay performance (as contemplated by this Section) include: acts of God or the public enemy, acts of civil or military authority, terrorists acts, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, and labor disputes (even if [**] is involved in a labor dispute). If Subcontractor is the Party whose performance is prevented or delayed, and if such event of Force Majeure continues for a period of [**] days or more, at any point thereafter during the pendency of such Force Majeure event, Amdocs may elect to:

i. Terminate, in whole or in part, the affected Orders, without any liability to Subcontractor, or
ii. Suspend the affected Orders or any part thereof for the duration of the delay; and (at Amdocs' option) obtain Material and Services elsewhere and deduct from any commitment under such Order the quantity of the Material and Services obtained elsewhere or for which commitments have been made elsewhere; and resume performance under this Agreement or such Order when Subcontractor resumes its performance; and extend any affected Delivery Date or performance date up to the length of time Subcontractor's performance was delayed or prevented.

24.2. Upon the occurrence of a force majeure event, Subcontractor shall implement promptly, as appropriate, its disaster recovery plan and provide disaster recovery services, and shall periodically update and test such disaster recovery plan, as described in Exhibit F. The occurrence of a force majeure event shall not relieve Subcontractor of its obligation to implement its disaster recovery plan and provide disaster recovery services.

24.3. If Subcontractor fails to provide Services in accordance with this Agreement due to the occurrence of a force majeure event, all amounts payable to Subcontractor hereunder shall be equitably adjusted in a manner such that Amdocs is not required to pay any amounts for Services that it is not receiving from Subcontractor.

24.4. Without limiting Subcontractor's obligations under this Agreement, whenever a force majeure event or disaster causes Subcontractor to allocate limited resources between or among Subcontractor's customers and Affiliates, Amdocs shall receive at least the same treatment as comparable Subcontractor customers.

25. GENERAL TERMS AND CONDITIONS

25.1. Subcontractor will not induce or attempt to induce [**], either directly or indirectly, to cease doing business with Amdocs. In addition, Subcontractor agrees that during the term of this Agreement, Subcontractor will not, directly or indirectly, provide services to [**] that would involve Amdocs's software or applications.

25.2. Any Amdocs Affiliates shall be entitled to place Orders with Subcontractor pursuant to this Agreement; provided, however, Amdocs shall remain primarily liable for any Orders placed on behalf of one or more Amdocs Affiliates. In such event, the references in this Agreement to Amdocs shall be deemed to be references to the applicable Amdocs Affiliate.

25.3. Any notice, demand or communication which under the terms of this Agreement or otherwise must or may be given or made by either Party shall be in writing and shall be given or made by certified or registered air mail, return receipt requested, facsimile (electronic confirmation required) or any delivery services requiring signature of receipt, addressed to the respective Parties as set forth on the first page of this Agreement or other addresses of which a Party may notify the other Party in writing. Subcontractor shall concurrently transmit to Amdocs, in the same manner transmitted to or received from [**], any request, permission, approval, claim, or other notice which is transmitted between Subcontractor and [**] and made in connection to this Agreement.

25.4. Subcontractor's failure to perform its responsibilities under this Agreement or to meet the Service Levels shall be excused if and to the extent such Subcontractor non-performance is caused by the act or omission of Amdocs (each a "Savings Event"), but only if (i) Subcontractor provides prompt and reasonable notification (including by e-mail) to Amdocs of such act or omission and Subcontractor's inability to perform under such circumstances, (ii) Subcontractor provides Amdocs with a reasonable opportunity to correct such act or omission and thereby avoid such Subcontractor non-performance, and (iii) Subcontractor uses commercially reasonable efforts to perform notwithstanding such act or omission. Without limiting the foregoing, to the extent Amdocs reasonably believes that a Savings Event has occurred it shall use commercially reasonable efforts to correct such Savings Event and avoid such Subcontractor non-performance.

25.5. This Agreement, including the NDA and all Orders and Exhibits hereto, is the complete and exclusive statement regarding the subject matter hereof and supersedes any prior or contemporaneous oral or written agreement, understanding, communication or representation with regard to the subject matter hereof. This Agreement and any Order may only be modified by a written instrument signed by the authorized representatives of the Parties.

25.6. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision and the rights and obligations of the Parties shall be construed and enforced accordingly. In addition, the parties hereby agree to cooperate to replace the invalid or unenforceable provision(s) with valid and enforceable provision(s) which will achieve the same result (to the maximum legal extent) as the provision(s) determined to be invalid or unenforceable.

25.7. No waiver of rights arising under this Agreement or Orders shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy and/or prejudice any rights of such party.

25.8. Headings used in this Agreement are for convenience only and shall not be used for interpretation purposes.

25.9. Obligations under this Agreement, which by their nature would continue beyond the expiration or ending in any other way of this Agreement shall survive the expiration or termination of this Agreement.

25.10. Neither Party shall disclose or publicly refer to the other party or the existence of this Agreement in any advertising or promotional materials, business plans, investment memoranda, or announcements without the other party's specific, written consent, except that disclosure to [**] shall be permitted.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the date first stated above.

AMDOCS INC.

By: /s/ Thomas C. Druey
Name: Thomas C. Drury
Title: President
Date: March 26, 2015

RADCOM Inc,

By: /s/ David Ripstein
Name: David Ripstein
Title: CEO
Date: March 23, 2015

EXHIBIT 4.9

PORTIONS OF THIS AGREEMENT WERE OMITTED AND HAVE BEEN FILED SEPARATELY WITH THE SECRETARY OF THE COMISSION PURSUANT TO AN APPLICATION FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934; [**] DENOTES OMISSIONS

Value Added Reseller Agreement

This Value Added Reseller Agreement ("**Agreement**"), is entered into by and between **Amdocs Software Systems Limited**., existing under the laws of Ireland, having its principal offices at First floor, Block S, East Point Business Park, Dublin 3, Ireland ("**Amdocs**") and **RADCOM Ltd** a corporation organized and existing under the laws of Israel having its principal offices at 24 Raoul Wallenberg Street, Tel Aviv, Israel ("**Company**").

The purpose of the Agreement is to provide the parties with a commercial framework for marketing, distributing and reselling Company's products specified in **Schedule A** (the "**Products**") and related services by Amdocs or any of its Affiliates (collectively, "**Amdocs**") to Amdocs' customers and prospective customers ("**End Users**").

1. Scope of the Agreement

a. As a reseller Amdocs has the right to offer and resell the Products and related services (maintenance and support, professional services and training) to End Users by reselling Product licenses.

b. Orders for Products shall be made under this Agreement, and orders for related services (such as professional services and maintenance and support) shall be made under an applicable service agreement, if needed, and as will be entered between the parties on a case by case basis.

c. Amdocs or any of Amdocs's Affiliate (as this term is defined herein) shall be entitled to place orders with the Company or any of the Company's Affiliates under this Agreement and/or the applicable service agreement, as will be mutually agreed on a case by case basis. In such event, the references in this Agreement and/or the applicable service agreement, to Company and/or Amdocs shall be deemed to be references to the applicable Company's and/or Amdocs Affiliate.

d. The Products shall be licensed to End Users pursuant to a written license or subscription agreement to be entered into between Company and the End Users directly. Company will handle any claim related to that license/subscription agreement. Amdocs shall not be a party to the license/ subscription agreement, nor bound by any of its provisions.

e. Company and its suppliers/lawful licensors own all right, title and interest in the Products and related documentation, including all intellectual property rights therein and all, updates and upgrades. With respect to modification, customizations and derivative works, only the above will apply unless otherwise agreed in writing. The rights granted to Amdocs under this Agreement confer no title to, or ownership interest in, the Products and documentation and they are not deemed as a sale of any copies or rights in the Products or the documentation. There are no implied licenses in this Agreement, and all rights not expressly granted to Amdocs herein are reserved solely to Company and/or its suppliers/lawful licensors.

2. Marketing

When Amdocs learns of an opportunity for the Products, it will register the opportunity using the Opportunity Registration Form (**Schedule B**). Within 7 business days of receipt of the notification by the Company, the Company must reject or accept the notice.

Registered and confirmed opportunities expire six months after last major sales process event (which is either demonstration or proof of concept, and/or an offer to RFXs) to occur, unless extended by the parties.

At Amdocs' request, Company's sales organization will work closely with Amdocs' sales organization to sell the Products and related services to End Users, in connection with the relevant opportunity registered. Company will not directly or indirectly, alone or through, including but not limited, any of its affiliates, agents, subcontractors, distributors etc. solicit orders, from those registered End User who have been confirmed as exclusive in the Opportunity Registration Form, for the Products and related services in connection with the specific opportunity registered and confirmed as exclusive.

Any orders Company receives from any partner designated in the Opportunity Registration Form (including if designated as "OEM Partner" in said form), shall not be deemed as Company's solicitation of orders, and such order will not entitle Amdocs for any payment. Nothing stated in this Agreement, shall prevent Company from working directly and/or indirectly through a partner, which was registered and confirmed in the Opportunity Registration Form with the End Users including receiving orders from the End Users, in each of the following events: (i) if the relevant opportunity registered, was not confirmed as exclusive in the Opportunity Registration Form, and/or (ii) in the event the relevant registered opportunity has expired and/or terminated, (iii) in the event Amdocs refuses to process the deal as a reseller of the Company. With respect to registered opportunities, in cases where the End User requests to work directly with the Company and/or if Amdocs is not able to offer, provide and/or perform the Products and/or the Products' related services, at terms acceptable by and/or agreed with the End User, the parties will discuss in good faith the approach to be taken.

3. Revenue Sharing

In this Agreement, "**Proceeds (Amdocs)**" shall mean the net amounts actually received (i.e., cash basis) by Amdocs from an End User. Accordingly, any taxes, duties, insurance, and delivery charges paid by an End User to Amdocs in connection with a sale made to an End User or taxes, duties, insurance and delivery charges paid by Amdocs or withheld from the payments to Amdocs in connection with a sale made to the End User shall not be deemed as part of the Proceeds (Amdocs).

a. End User Licenses (reselling) :

1. The fee payable by Amdocs to Company for hardware and third party software (other than software of Radcom or its affiliates) related to the RADCOM's Products and provided by Radcom shall be [**] of the Proceeds (Amdocs) paid by the End User to Amdocs which are attributed to the RADCOM's Products sold by Amdocs to the End User in the applicable transaction **("third party hardware and software license fees")**.

2. The fee payable by Amdocs to Company for RADCOM software licenses Products shall be [**] of the Proceeds (Amdocs) paid by the End User to Amdocs which are attributed to licenses of the Products sold by Amdocs to the End User in the applicable transaction. ("**License Fees**").

4. Maintenance and Support for End Users

a. Company will extend maintenance and support to End Users, as mutually agreed in accordance with the following support options:

i. *Support Option A* - Amdocs shall be responsible for providing Support Level One to End Users, who have purchased support and maintenance services from Amdocs. Company shall provide Support Level Two and Three and maintenance for the Company Products directly to Amdocs. "First Level Support" shall consist of receiving and logging calls by a non-technical person via email, phone or web and shall be available during business working hours of the respective Amdocs Affiliate. Other specific terms may be agreed by the parties on a case by case basis.

ii. *Support Option B* - Company will provide End Users Support Level One, Two and Three and maintenance, provided the End User enters into a maintenance and support contract directly with Company.

iii. *Support Option C* - Company will provide Support Level One, Two and Three to End Users who have purchased support and maintenance services from Amdocs.

iv. Company will provide maintenance and support in accordance with its standard maintenance and support agreement. Company is fully aware and confirms that the maintenance and support terms will be agreed directly between the End User and the Company.

b. Support Fees:

i. Support Option A - The fee paid by Amdocs to Company for Support Option A shall be [**] of the Proceeds (Amdocs) for such services.

ii. Support Option B - The fee paid by Company to Amdocs for Support Option B shall be [**] of the Proceeds received by Company for such services.

iii. Support Option C - The fee paid by Amdocs to Company for Support Option C shall be [**] of the Proceeds (Amdocs) for such services.

The support fees in section 4b (ii) shall apply beyond two maintenance and support renewals and/or two years of maintenance and support service, the shorter of the two, subject to Amdocs providing Level One (in accordance with Company's maintenance and support terms) to the End User.

5. Source Code

Company acknowledges that it might be required to deposit the Source Code and all the respective documentation if so required by the End User. The terms of the Escrow agreement would be determined on a case by case basis.

6. Lost Sale Fee

In this Agreement, "**Proceeds (Company)**" shall mean the net amounts actually received (i.e., cash basis) by Company and its Affiliates. Accordingly, any taxes, duties, insurance, and delivery charges paid to Company (or its Affiliate) in connection with a sale made or taxes, duties, insurance and delivery charges paid by Company (or its affiliate) or withheld from the payments to Company (or its Affiliate) in connection with such sale shall not be deemed as part of the Proceeds (Company)

Lost Sale Fee: If Amdocs engages in sales promotion activities, and actively offers and promotes the sale of the Products to an End User, for a certain opportunity, and it was agreed in the Opportunity Registration Form that exclusivity shall apply, but the End User elects to buy the Products for said opportunity directly from Company (or including but not limited from: its Affiliates, agents, subcontractors or their other distributors not mentioned in the registration form or from OEM partners of the Company when not designated in the registration form), Amdocs will receive a fee of [**] of the Proceeds (Company) received by Company (or its Affiliate) from such sale, provided the Company Product operate in conjunction with an Amdocs software and/or services.

7. Support, Testing, Backup, Development and Evaluation Licenses

Company hereby grants Amdocs with a worldwide: free-of-charge nonexclusive, non assignable (other than to Amdocs' entities), royalty free license and right to use the Products during the term of this Agreement for the following purposes: (i) to internally evaluate the Products; (ii) to perform demonstrations for customers and prospective customers, including the right to sub-license under the same license terms set in this Section, during the Term of this Agreement, trial licenses of the Products for allowing a potential End Users for evaluation purposes; trial and demonstration licenses shall be provided for no more than [**], and shall be free provided the relevant customer or End User is not being charged by Amdocs for the demonstration and/or trial (iii) to receive training for Amdocs' employees and contractors in the use of the Products; and (iv) for a period of [**] days (which may be extended for further periods subject to Company's prior approval) to install, use, configure and integrate the Products with Amdocs' Products for the purpose of pre-production, testing and staging Company's Products for End Users and prospective customers within Amdocs (and or its Affiliates) premises unless otherwise agreed by the parties; (v) to use and install a reasonable number of copies of the Company's Products solely for the purpose of end user support and/or any preliminary trouble shooting; (vi) To copy the documentation, incorporate all or any portion of the documentation into or with Amdocs' documentation for and distribute the documentation for such evaluation and support purposes.

With respect to third party components combined in and/or offered with the Product but only in relation to Support, Testing, Backup, Development and Evaluation Licenses, it is agreed that a prior written consent from the relevant third party will be required, and that additional costs may be involved.

In exercising the above Support, Testing, Backup, Development and Evaluation Licenses**,** Amdocs shall not:

directly or indirectly, in whole or in part, modify, port, re-engineer, change, translate, reverse engineer, decrypt, decompile, disassemble, reprogram, make error corrections to, create derivative works based on, or otherwise attempt or create, or cause others to attempt or create, or discover, the source code or underlying ideas or algorithms of the Product;

remove or alter any trademarks or other proprietary notices, legends, symbols or labels that appear on or in connection with Product and/or documentation;

use the Product and/or its documentation for development;

allow any third party other than an Affiliate to use the Product or documentation;

transfer, assign, sell, market, rent, lease, license, distribute, disclose, pledge, grant or convey any other rights whatsoever in the Product or any portion thereof to any third party;

reproduce or make any copy of the Product or of any part, portion or module thereof, except for end user support and/or any preliminary trouble shooting only;

use, access, evaluate or view the Product or documentation for the purpose of designing, modifying, or otherwise creating any software program which performs functions identical or similar to the functions performed by the Product;

Notwithstanding anything contrary in this Agreement, the evaluation, demonstration, trial and training licenses are provided by Company "AS IS" with no warranties, intellectual property infringement indemnity or support, and Company shall not be liable for any damage, direct and/or indirect, arising out of and/or in connection with said licenses.

8. Professional Services

Company's professional services will be provided under a specific agreement such as a Master Subcontractor Agreement between the parties, SOW, Order etc.

Amdocs will make its commercially reasonable efforts to work in transparent with the Company to ensure best proposal is submitted to the End-User. The fee payable by Amdocs to Company for the services (customization, training and other services to be sold to the relevant End-User and provided by Radcom, but not including maintenance and support) shall be [**] of the Proceeds (Amdocs) paid by the End User to Amdocs which are attributed the services sold by Amdocs to the End User in the applicable transaction. **("Service Fees")**.

If a fixed fee proposal and/or contract is required, it will be based on a scope of work determined and agreed to by Amdocs and Company.

9. Training

To ensure sufficient technical knowledge of the Company Software, and its use:

a. Company shall train free of charge [**] employees of Amdocs (and its Affiliates) in reselling and marketing the Company Software.

b. To improve the use of the Company Software in connection with Amdocs Software, Company will assist Amdocs' technical team to educate itself on the features and uses of the Company Software.

10. Payment Terms

a. All undisputed amounts owed by Amdocs to Company shall be due hereunder within [**] days following the later of receipt of the applicable invoice or actual payment from the End User. All undisputed fees owed by Company to Amdocs shall be payable within [**] days following the later of Company's receipt of an invoice from Amdocs or receipt of payment from the End User. Company will not issue the invoice before the Products sold to the End User have been delivered to the End User and in case of software licenses, not before the Products were made available to the End-User. Invoicing for applicable services shall be in accordance with the relevant service agreement between the Parties or as otherwise agreed in an applicable service order.

b. Each party will notify the other party in writing within [**] business days following receipt of payment from End-User which trigger the payment obligations under this Agreement and the amount which the other party is entitled to receive.

c. All fees payable by Amdocs to Company or by Company to Amdocs are on an inclusive basis and include all current and future applicable taxes and duties, including, but not limited to, Value Added Tax, sales tax and withholding tax, if applicable to such payments. In the event that any of the amounts payable to a Party (or its Affiliates) are subject to withholding taxes, the other Party (or its Affiliates) shall withhold and pay over the required amounts to the appropriate tax authorities within the time provided by law and shall furnish to the other within [**] days thereof, or as soon as practicable thereafter, the official receipts of the relevant tax authorities for the taxes involved.

11. Term and Termination:

a. This Agreement shall commence on the Effective Date and shall be valid for a period of [**] months ("**Original Term**"). This Agreement will be automatically renewed for an additional t [**] month period each time ("**Additional Period**"), unless either party notifies the other of its intent to terminate this Agreement at least [**] days prior to the end of the Original Term or the applicable Additional Period. The Original Term and the Additional Period, if any, shall be collectively referred to herein as the "Term" of this Agreement.

b. Notwithstanding the foregoing, (i) Either party may terminate this Agreement upon [**] days written notice to the other party; (ii) This Agreement may be terminated upon any breach of this Agreement, which remains uncured for [**] days after written notice to the breaching party. In such case, the terminating party may notify the breaching party that this Agreement will terminate following such [**] days cure period.

c. Notwithstanding termination of this Agreement: (i) the terms and conditions of this Agreement will continue to apply to any purchase orders issued by Amdocs and accepted by Company, prior to the termination date (ii) the terms and conditions of this Agreement will continue to apply to any outstanding quotes issued by Amdocs prior to the termination date for a period of [**] days.

12. General Provisions

a. Amdocs' Affiliates. Any Amdocs' Affiliate has the right to exercise the same rights and obligations granted to (or undertaken by) Amdocs in this Agreement. Amdocs and/or any of its affiliates have the right to be engaged on a transaction basis on Amdocs' sole discretion. In such event, the references in this Agreement to Amdocs shall be deemed to be references to the applicable Amdocs Affiliate. Amdocs hereby warrants and declares, that its Affiliates' exercise of the same rights and obligations granted to (or undertaken by) Amdocs in this Agreement, shall be subject to the terms of this Agreement, to which said Affiliates agree and bound to. Without derogating the above, Amdocs shall be liable at all times, for the applicable Affiliate's compliance with the terms of this Agreement.

"Affiliate" means an entity that controls, is controlled by, or is under common control with a party, where "control" means the direct or indirect holding of more than [**] of equity ownership or voting rights.

b. Confidentiality. For purposes of this Agreement, the parties agree that exchange and treatment of confidential information shall be treated in accordance with the Non Disclosure & Confidentiality Agreement between Company and Amdocs which is attached hereto as **Schedule C**.

c. Independent Contractors. The parties to this Agreement are and shall remain independent contractors, and nothing herein shall be construed to create a partnership, agency or joint venture between Company and Amdocs. No fiduciary relations exist.

d. Responsibility for Expenses. During the term of this Agreement, each party will be responsible for its own expenses associated with its sales activities and the negotiation of any reselling agreement signed by the parties.

e. Warranty. Company represents and warrants that (i) it has the right and authority to enter into this Agreement and to grant Amdocs (and its Affiliates) the rights set out in this Agreement, and the rights and licenses hereunder with respect to the Products; (ii) the media, if any, on which the Products are provided shall be free of material defects in material and workmanship and free of any viruses that can be detected by commercially available anti-virus software (iii) any services provided by Company or its Affiliates under this Agreement shall be provided in a workmanlike manner in accordance with generally accepted standards of professional care and skill applicable to the type of work performed. It is agreed that additional warranty clauses would be agreed directly between the End-User and the Company in the applicable license agreement.

It is agreed that any warranty claims by the End Users will be handled by Company, at its sole expense and responsibility.

Amdocs represents and warrants that (i) it has the right and authority to enter into this Agreement; (ii) the execution delivery and performance by it of the Agreement does not; (a) violate any charter document of it, (b) violate any agreement or order to which it is a party or by which it or its assets are bound, or (c) require any consent from any person or entity (iii) it shall not make any representations, warranties or guaranties to any party, including the End Users, with respect to the specifications, features or capabilities of the Products or services that are materially inconsistent with or broader than those explicitly set in the applicable documentation and/or by Company in writing.

f. Either Party agrees that it is familiar with the provisions of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other analogous anti-corruption legislation in other jurisdictions it operates in, (together "Anti-Corruption Laws"), that it shall comply at all times with the FCPA Policy and with the Anti-Corruption Laws, and that it shall not in connection with the transactions contemplated by this Agreement make any payment or transfer anything of value, offer, promise or give a financial or other advantage or request, agree to receive or accept a financial or other advantage, either directly or indirectly: (a) to any government official or employee (including employees of a government corporation or public international organization); (b) or to any political party or candidate for public office; (c) or to any other person or entity. Either Party further agrees that it will not take any action which would cause the other Party to be in violation of the U.S. Foreign Corrupt Practices Act, the FCPA Policy or any other applicable anti-corruption law or regulation. Either Party will promptly notify the other Party if it becomes aware of any such violation and will indemnify the other party for any losses, damages, fines, penalties whatsoever which the other Party may suffer or incur, arising out of or incidental to any such violation. In case of breach of the above, the other Party may suspend or terminate this Agreement at any time without notice or indemnity.

g. Liability. Except for liability relating to (i) the parties' confidentiality obligations hereunder and (ii) indemnification obligations under section 12 (h) [excluding 12 (h)(2)] hereunder (Non Infringement and indemnity), and (iii) willful misconduct, (1) neither party will be liable to the other party for any incidental, special, indirect or consequential damages of any kind or nature, whether alleged to be attributed to a breach of this Agreement, tort or otherwise, including, without limitation, lost profits resulting from an alleged breach of this Agreement even if, under applicable law, such lost profits would not be considered consequential or special damages; and (2) the total liability of each party to the other under this Agreement shall not exceed the amounts payable under all orders for Products and services.

h. Non-Infringement and Indemnity. Company represents and warrants that it has the right and authority to enter into this Agreement and to grant Amdocs (and its Affiliates) the rights set out in this Agreement, and the rights and licenses hereunder with respect to the Products/services. Company represents and warrants that the Products and services do not violate or infringe any patent, copyright, trade secret or other proprietary right of any third party and that it is not aware of any facts upon which such a claim for infringement could be based. Company shall at its own expense indemnify, defend and hold harmless Amdocs, its affiliates, their respective customers, officers, directors, employees, agents and End Users ("Amdocs' indemnitee") from any and all claims (including third party ones), allegations, demands, suit, cause of action, liabilities, losses, damages, awards, judgments or settlements including all reasonable costs and expenses related thereto including reasonable attorneys' fees ("Claims") that will be awarded against Amdocs' indemnitee by a court of competent jurisdiction or arbitration panel directly arising from or in connection with any Claims that (i) the provision of the Products/services or related services by Company infringes any copyright, trademark, patent, trade secret or other intellectual property right or (ii) Amdocs is in breach of a End User Agreement due to failure on the part of Company to provide the Products/services or related services in accordance with the terms of this Agreement or (iii) Company's violation of confidentiality or (iv) Claim by or on behalf of Company's employees, alleging that a relationship of employer-employee exists between them and Amdocs; provided that Amdocs (i) notifies Company promptly in writing of such claim provided that Amdocs's failure to provide such notice or to provide it promptly will relieve the Company of its indemnification obligations only if and to the extent that such failure prejudices the Company's ability to defend the Claims; (ii) grants Company sole control over the defense and settlement thereof; and (iii) reasonably cooperates in response to Company's request for assistance, at the Company's sole expense.

Amdocs may employ counsel at its own expense to assist it with respect to any such Claim; provided, however, that if such counsel is necessary because of a conflict of interest of either the Company or its counsel or because the Company does not assume control, the Company will bear the expense of such counsel.

Company shall have no liability if the alleged infringement is solely based on (1) combination with third party products neither provided by Company or authorized by Company to be used with the Products and provided and solely to the extent that the alleged infringement would have been avoided without this combination; (2) use for a purpose or in a manner for which the Product was not designed or licensed provided that the alleged infringement would have been avoided without this use (3) use of any older version of the Product, when use of a newer Product's version would have avoided the infringement, provided that the newer Product's version was provided and the Company promptly gives notice on the new version and a reasonable amount of time to install, unless Company agrees for Amdocs to maintain the older version; (4) any modification not made with Company's written approval, where the alleged infringement relates to such modification and would have been avoided but for such modification;

Amdocs shall defend and indemnify Company against any third party claim (i) that the use or disposition of Amdocs' products, whether standalone or in combination with the Product or other third party products, violate or infringe any patent, copyright, trade secret or other proprietary right of any third party, and pay the resulting costs and damages awarded against Company by a court of competent jurisdiction in a final and binding judgment, provided that Company (a) notifies Amdocs promptly in writing of such claim, (b) grants Amdocs sole control over the defense and settlement thereof (with Company's retaining the right to hire independent counsel at Company's expense), and (c) reasonably cooperates if necessary in response to Amdocs' request for assistance.

THIS SECTION STATES AMDOCS' SOLE AND EXCLUSIVE REMEDY AND COMPANY'S ENTIRE LIABILITY FOR THIRD PARTY INFRINGEMENT CLAIMS.

i. Independent Evaluation. Amdocs acknowledges that its investment in performing pursuant to this Agreement is the result of its own independent evaluation of the Products and the business opportunities related to the distribution of the Products.

j. Non-Solicitation. In accordance with the applicable law, during the term of this Agreement and for a period of one year after its termination, neither party will solicit, interview, hire, or discuss employment prospects with any officer or employee of the other party; nor will the parties during said restriction period solicit, interview, hire or discuss employment prospects with any former officer or employee of the other party who voluntarily terminated his or her employment for a period of six (6) months after such termination.

k. Assignment. Neither party may assign or transfer any of the rights or responsibilities set forth herein (including by merger or acquisition) without the express written consent of the other. Notwithstanding the above, Amdocs has the right to assign this Agreement to any of its Affiliates.

l. Press Releases. Neither party shall issue a press release regarding this Agreement, nor disclose its existence without the express prior written consent of the other party.

m. Law and Jurisdiction. The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of New York, U.S.A., excluding its choice of law rules.

n. Escalation Process. The Parties shall promptly attempt to resolve through good faith negotiation any dispute or disagreement between them relating to this Agreement. Each of the Parties may escalate the dispute or disagreement, first to VP Partner Sales (for Amdocs) and VP Products and Marketing (for Company); if VP Partner Sales and VP Products and Marketing fail to reach a consensus within 7 days, the matter shall be escalated to their managers ("**Lead Executives**").

If the dispute is not resolved according to the process described above, Company and Amdocs may refer the dispute to arbitration in accordance with this Agreement but will not initiate such proceedings for the resolution of the dispute until the earlier of: (a) the Lead Executives' joint written conclusion that amicable resolution through continued negotiation is unlikely; (b) 30 days after the matter was escalated to the Lead Executives; or (c) 30 days before the statue of limitation period governing any such cause of action relating to such dispute would expire.

o. Dispute Resolution. Subject to the escalation process set forth in section 12(m) above, any dispute under this Agreement shall be referred to and resolved in accordance with following provisions:

i. Notwithstanding sections 12(m) and 12(n)(iii), intellectual property indemnification claims for court proceedings initiated by a third party against Amdocs (or its Affiliate) may be brought in the court in which Amdocs (or its Affiliate) is being sued.

For all other disputes arising under or in connection with this Agreement, these disputes shall be exclusively referred to and finally resolved by binding arbitration conducted by three (3) arbitrators, in accordance with the rules of the ***the American Arbitration Association ("AAA")*** . In the event that the Parties are not able to agree upon the arbitrators' decision within thirty (30) days of a request by either Party to appoint such arbitrators, the arbitrators will be appointed at the request of either Party by the AAA. The situs of all arbitration proceedings shall be New-York, unless the Parties agree in writing to another situs. All arbitration proceedings and records shall be in English. The arbitration award and/or determination shall be final and binding and judgment may be entered thereon in any court of competent jurisdiction. The arbitration proceedings contemplated by this section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by law.

p. Costs. Except as otherwise agreed, any and all costs, expenses or liabilities of Amdocs or Company arising out of this Agreement or its implementation shall be borne by the party incurring the costs, expenses or liabilities. Each party will be responsible for its own costs, expenses or liabilities incurred in connection with all sales and marketing activities, including expenses associated with the preparation of any proposals.

q. Force Majeure. Neither party shall be liable hereunder by reason of any failure or delay in the performance of its obligations under this Agreement (other than the obligation to make payments when due) that is caused by force majeure events, such as fire, war, shortage, embargo, riot, insurrection, sabotage, explosion, earthquake, governmental action (rendering provision of the Services unlawful), and/or any other cause, which is beyond the control of such party PROVIDED that such party (i) gives prompt notice of the event causing the failure or delay and (ii) makes all reasonable efforts to perform its obligations as soon as possible. In the event that either party is unable to perform its obligations for a period of twenty-one (21) days or more the other party may give notice of termination of this Agreement.

r. Statute of limitation- in no event will any cause of action be brought against either Party (or any of its Affiliates) more than three years from the date when either party knew, or should have known after reasonable investigation, of the facts giving rise to the claim(s). The foregoing does not apply to any claim brought against either partyin relation to infringement of any copyright, trademark, patent, trade secret or other intellectual property right .

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives as set forth below.

Radcom Limited
("Company")
By: /s/ David Ripstein
Name: David Ripstein
Title: President & CEO
Date: December 30, 2015

Amdocs Software Systems Limited
("Amdocs")
By: /s/ Philip Butler
Name: Philip Butler
Title: Director and Assistant Secretary
Date: December 30, 2015

EXHIBIT 4.10

PORTIONS OF THIS AGREEMENT WERE OMITTED AND HAVE BEEN FILED SEPARATELY WITH THE SECRETARY OF THE COMISSION PURSUANT TO AN APPLICATION FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934; [**] DENOTES OMISSIONS

ADDENDUM TO VALUE ADDED RESELLER AGREEMENT

This Addendum to the Value Added Reseller Agreement ("Addendum") with an effective date of December 30, 2015 on ("Effective Date"), Amdocs Software Systems Limited., existing under the laws of Ireland, having its principal offices at First floor, Block S, East Point Business Park, Dublin 3, Ireland ("Amdocs") and RADCOM Ltd a corporation organized and existing under the laws of Israel having its principal offices at 24 Raoul Wallenberg Street, Tel Aviv, Israel ("Company"),

WHEREAS, Company and Amdocs have entered into a Value Added Reseller Agreement dated December 30, 2015 (the "Agreement") providing Amdocs with the right to resell Company's Products (also referred to as "Software" herein) and Services to its End Users; and

WHEREAS, pursuant to the Agreement Company shall provide and Amdocs shall resell to its End User [**]. and their affiliates and subsidiaries ("[**]") Company's Products, subject to the terms and conditions of the Agreement, this Addendum and pursuant to and in conformance with the Supplement Agreement between Amdocs and Radcom dated December 30, 2015 (the "Supplement Agreement") and Orders entered into between Company and Amdocs; and

WHEREAS, the parties wish to supplement, add to, and amend the Agreement with respect to transactions with [**] as follows:

1. Section 5 "Source Code" shall be replaced with the following:

5. Source Code.

[**]

5.12 This Section 5 shall survive any expiration or termination of the Agreement.

2. The first paragraph of Section 12 (e) "Warranty" shall be replaced with the following:

e. RADCOM warrants and represents that all RADCOM Software shall function in all material respects in accordance with the Documentation for a period defined as the Warranty Period in the Supplement Agreement ("Warranty Period"). RADCOM warrants that during the Warranty Period, the RADCOM Software will be free from defects in material and workmanship under conditions of normal use, and will operate substantially in accordance with the applicable Documentation.

Should the RADCOM Software fail to comply with the warranty set forth above during the Warranty Period, Amdocs' sole and exclusive remedy and RADCOM's sole obligation is to repair and replace (or cause to be replaced) the RADCOM Software at no additional charge to Amdocs or [**], provided that Amdocs and/or [**] has promptly reported same to RADCOM in writing and RADCOM has, upon inspection, found such RADCOM Software actually to be defective.

With respect to any RADCOM Software that is subject to warranty pursuant to this Section , RADCOM shall, at its cost, pay for inspection and labor services ("Warranty Service") if such Warranty Service is deemed necessary by RADCOM to perform the repair or replacement of the RADCOM Software. If Amdocs and/or [**] requests RADCOM to perform Warranty Service on RADCOM Software that is: (i) excluded from warranty; or (ii) found by RADCOM not to be defective, Amdocs and/or [**] shall be responsible the cost of such Warranty Service.

The warranty provided above does not include damage to RADCOM Software resulting from a cause other than a defect or malfunction, including: (i) improper storage, misuse or unreasonable use; (ii) neglect, accident, fire, lightning, power or air conditioning failure, unusual physical or electrical stress caused by forces or elements external to the RADCOM Software, or other hazard; or (iii) installation, testing, maintenance, servicing or modification of the RADCOM Software or part thereof by anyone other than RADCOM and/or Amdocs.

Upon the expiration of the Warranty Period, Amdocs may purchase maintenance and support services for the RADCOM Software for the benefit of [**]; such services shall be provided under the Support and Maintenance Agreement.

Amdocs will also be entitled to Updates for the RADCOM Software resold to [**] for no additional cost during the term of any Support and Maintenance Agreement in effect.

RADCOM will use commercially reasonable efforts to notify Amdocs and [**] in writing (which may be via email) of all Updates and Upgrades for the RADCOM Software licensed hereunder to which Amdocs and [**] will be entitled at least ninety (90) days or as soon as possible prior to the scheduled release.

Such notice will define the Updates' and Upgrades' elements, such as the bug fixes, error corrections and patches included, and the new release availability date. In addition, in the event that RADCOM changes the elements of the Updates and Upgrades after providing the initial notice mentioned above, RADCOM shall promptly provide Amdocs and [**] with a revised list of the actual elements of the Updates and Upgrades. RADCOM shall provide Updates and Upgrades via electronic delivery, and will include Documentation and installation procedures. RADCOM shall also furnish any available new and/or revised Documentation and installation instructions therewith. Except as provided otherwise herein, provided that the RADCOM Software is covered by a Support and Maintenance Agreement, no additional license fee shall be due for such Updates.

Technical support services for the RADCOM Software shall be provided under and in accordance with the Support and Maintenance Agreement related to this Addendum during the applicable support and maintenance term.

For the avoidance of doubt, and notwithstanding anything in this Agreement to the contrary, Upgrades are not provided during the Warranty Period and the support and maintenance term.

During the applicable term of a Support and Maintenance Agreement, LICENSEE will be provided, at no additional charge, with basic telephone consulting assistance in the event that difficulties occur in the use of the RADCOM Software or in LICENSEE's interpretation of the results of such software use.

It is expressly understood that these warranty obligations, however, do not limit Radcom's warranty obligations provided to Amdocs and [**] in accordance with the Supplement Agreement.

This Warranty obligation shall survive any expiration or termination of the Agreement and shall continue for the Warranty Period (defined above).

3. Section 12 (h) "Non-Infringement and Indemnity: shall be replaced with the following:

h. Indemnity

Definitions. For purposes of this Section:

"Indemnified Parties" shall mean Amdocs, and its Affiliates individually or collectively, as the case may be (as may be applicable).

"Loss" shall mean any liability, loss, claim, demand, suit, cause of action, settlement payment, cost, expense, interest, award, judgment, damages (including, without limitation, punitive and exemplary damages and increased damages for willful infringement), liens, fines, fees, penalties, and Litigation Expense.

"Litigation Expense" means any court filing fee, court cost, arbitration fee, and each other reasonable fee and cost of investigating or defending an indemnified claim or asserting any claim for indemnification or defense under this Agreement, including without limitation reasonable attorneys' fees and other professionals' fees, and disbursements.

"Provided Elements" shall mean any products, hardware, software (including the Software), interfaces, systems, content, services, processes, methods, documents, materials, data or information, or any functionality therein, provided to any Indemnified Party, by or on behalf of RADCOM (including, without limitation, by any of RADCOM's sub-suppliers or distributors) Nothing in this paragraph shall be construed either as an affirmative obligation on RADCOM's part to furnish Amdocs or [**] any particular kinds of Provided Elements (e.g., hardware, systems, etc.) other than as may be provided elsewhere in this Agreement or in the Supplement Agreement, or as an affirmative right on Amdocs part to demand that RADCOM furnish such kinds of Provided Elements.

Obligations.

RADCOM shall indemnify, hold harmless, and defend (which shall include, without limitation, cooperating with Amdocs as set forth below in the defense of) the Indemnified Parties against any Loss resulting from, arising out of or relating to any allegation, threat, demand, claim or lawsuit brought by any third party ("Covered Claim"), regardless of whether such Covered Claim is meritorious, of:

(a) infringement (including, without limitation, direct, contributory and induced infringement) of any patent, copyright, trademark, service mark, or other Intellectual Property Right in connection with the Provided Elements, including, for example, any Covered Claim of infringement based on:

(1) making, repair, receipt, use, importing, sale or disposal (and offers to do any of the foregoing) of Provided Elements (or having others do any of the foregoing, in whole or in part, on behalf of or at the direction of the Indemnified Parties), provided that the above acts were provided or performed by RADCOM, or performed by Amdocs as permitted by this Agreement, the Supplement Agreement, the General Agreements, and the Subordinate Support and Maintenance Agreement. or

(2) use of Provided Elements in combination with products, hardware, software, interfaces, systems, content, services, processes, methods, documents, materials, data or information not furnished by RADCOM, including, for example, use in the form of the making, having made or using of an apparatus or system, or the making or practicing of a process or method unless the function performed by the Provided Elements in such combination is of a type that is neither normal nor reasonably anticipated for such Provided Elements (a "Combination Claim");

With respect to a Combination Claim notwithstanding the above and/or anything to the contrary herein, the use of Provided Elements by Amdocs in combination with products, hardware, software, interfaces, systems, content, services, processes, methods, documents, materials, data or information furnished by Amdocs, its Affiliates and/or anyone acting on their behalf, differently than and/or in addition to and/or independently of from those provided by RADCOM to Amdocs for [**] (the "Independent Materials"), shall not be considered for the sake of this Agreement, as a "Combination Claim".

(b) misappropriation of any trade secret, proprietary or non-public information in connection with the Provided Elements;
any and all such Loss referenced in this Section ("Obligations") being hereinafter referred to as a "Covered Loss."

Insofar as RADCOM's obligations result from, arise out of, or relate to a Covered Claim that is a Combination Claim, RADCOM shall be liable to pay only its Proportionate Share of the Covered Loss associated with such Combination Claim. The "Proportionate Share" payable by RADCOM shall be a portion of the Covered Loss determined on an objectively fair and equitable basis to be attributable to RADCOM based on the relative materiality of the role played by the applicable Provided Elements in the Combination Claim. If RADCOM believes Amdocs assessment of RADCOM's Proportionate Share is not fair and equitable, then RADCOM's Proportionate Share shall be determined, insofar as possible, through good faith negotiation between the Parties; provided, however, that a failure of the Parties to agree on RADCOM's Proportionate Share shall not relieve RADCOM of its obligations to pay its Proportionate Share under this Section. RADCOM shall make payments in satisfaction of its Proportionate Share obligation whenever such payments become due.

Amdocs shall have sole control over the defense of (i) any Combination Claim and (ii) any other Covered Claim that involves RADCOM and one or more other suppliers of Amdocs, [**] or its Affiliates (i) and (ii) being hereinafter referred to separately and collectively as a "Compound Claim"). RADCOM shall cooperate in every reasonable way with Amdocs to facilitate the defense and may, at its option and at its own expense, participate with Amdocs in the defense with counsel of their own choosing. Where Amdocs controls the defense under this paragraph, Amdocs shall make good faith efforts to enter into a reasonable joint defense or common interest agreement with RADCOM. Amdocs shall not settle any Compound Claim in a manner that make any admission on behalf of RADCOM without RADCOM's prior approval, which shall not be unreasonably withheld or delayed.

Insofar as RADCOM's obligations result from, arise out of, or relate to other than a Compound Claim, RADCOM may control the defense of the Covered Claim provided that, promptly upon any of the Indemnified Parties' giving RADCOM written notice of the Covered Claim, RADCOM delivers to Amdocs a written, properly executed, unconditional, irrevocable, and binding promise to fully indemnify and hold harmless the Indemnified Parties from and against all Losses related to the Covered Claim as provided under this Section. In the event that RADCOM controls the defense of the Covered Claim, RADCOM shall retain as its lead counsel, subject to Amdocs' approval, one or more competent attorneys from a nationally recognized law firm who have significant experience in litigating intellectual property claims of the type at issue; and the Indemnified Parties may, at their option and expense, participate with RADCOM in the defense of such Covered Claim.

Amdocs, shall notify RADCOM promptly of any Covered Claim; provided, however, that any delay in such notice shall not relieve RADCOM of its obligations under this Section, except insofar as RADCOM can show that such delay actually and materially prejudiced RADCOM.

In no event shall RADCOM settle, without Amdocs, prior written consent, any Covered Claim, in whole or in part, in a manner that would require any Indemnified Party to discontinue or materially modify its products or services (or offerings thereof). In no event shall RADCOM enter into any agreement related to any Covered Claim or to the Intellectual Property Rights asserted therein that discharges or mitigates RADCOM's liability to the third-party claimant but fails to fully discharge all of Amdocs' and/or [**], liabilities as to the Covered Loss.

Continued Use of Provided Elements Upon Injunction.

Without in any manner limiting the foregoing indemnification, if, as a result of a Covered Claim, (i) the Indemnified Parties' rights under this Agreement are restricted or diminished; or (ii) an injunction, exclusion order, or other order from a court, arbitrator or other competent tribunal or governmental authority preventing or restricting the Indemnified Parties' use or enjoyment of the Provided Elements ("Adverse Judicial Order") is issued or imminent, then, in addition to its other obligations set forth in this Section, RADCOM, in any case at its sole expense (or, in the case of a Combination Claim, at its fairly and equitably apportioned expense) and at no loss, cost or damage to the Indemnified Parties , shall use commercially reasonable efforts to obtain for the Indemnified Parties the right to continue using or conducting other activities with respect to the Provided Elements (or, in the case of a Combination Claim, shall use commercially reasonable efforts, in cooperation as reasonably needed with other interested parties, to obtain for the Indemnified Parties the right to continue using or conducting other activities with respect to the Provided Elements in the combination at issue); provided that if RADCOM is unable to obtain such right, RADCOM shall, after consulting with and obtaining the written approval of the Indemnified Parties, provide modified or replacement non-infringing Provided Elements that are (or, in the case of a Combination Claim, shall use commercially reasonable efforts, in cooperation as reasonably needed with other interested parties, to provide a modified or replacement non-infringing combination, with the Provided Elements being modified or replaced as needed therein, that is) equally suitable and functionally equivalent while retaining the quality of the original Provided Elements and complying fully with all the representations and warranties set forth in this Agreement; provided further that if RADCOM is unable in this way to provide such modified or replacement non-infringing Provided Elements, : Amdocs shall have the right, at its option and without prejudice to any other rights or remedies that Amdocs has in contract, law or equity: (i) to terminate this Agreement, the Supplement Agreement and/or Maintenance and Support Agreement or relevant purchase or funding commitments hereunder; and/or (ii) to require RADCOM, as applicable, to remove, accept return of, or discontinue the provision of the Provided Elements, to refund to [**] the purchase price thereof paid by [**] to Amdocs, or other monies paid therefor (subject, in the case of Provided Elements other than services, to reduction based on the amount of depreciation or amortization over the useful life of the Provided Elements at issue), and to reimburse Amdocs for any and all reasonable out-of-pocket expenses of removing, returning, or discontinuing such Provided Elements.

Elimination of Charges. After [**] ceases, as a result of actual or claimed infringement or misappropriation, to exercise the rights granted under the ESLA with respect to the Provided Elements, Amdocs shall not have any obligation to pay RADCOM any charges that would otherwise be due under this Agreement, the Supplement Agreement or the Maintenance and Support Agreement for such rights.

Exceptions. RADCOM shall have no liability or obligation to any of the Indemnified Parties for that portion of a Covered Loss which is based on (and only to the extent such portion is based on):

use of the Provided Elements by the Indemnified Parties in a manner that constitutes a material breach of this Agreement (including use of the Software in a manner that violates the license grant in the ESLA); or

an unauthorized modification of the Provided Elements by an Indemnified Party; or an Indemnified Party's deliberate continued use of the Provided Elements in their unchanged, unmodified form after the Likely Implementation Date after RADCOM has promptly consulted with such Indemnified Party as to RADCOM's -provided modifications or changes in the Provided Elements (e.g., a new version of the Software) required to avoid such Covered Claim and offered to implement those modifications or changes at RADCOM's sole expense if (i) such Covered Claim would have been avoided by such implementation of such modifications or changes, and (ii) the modified or changed Provided Elements were functionally equivalent while retaining the quality of the original Provided Elements and complying fully with all representations and warranties set forth in this Agreement (the "Likely Implementation Date" being the first date by which all such RADCOM-provided modifications or changes could reasonably have been fully and successfully implemented without causing any material business disruption to the Indemnified Party); or

RADCOM's contractually required conformance to Amdocs' and [**] written specifications, unless any one or more of the following is true:

there was a technically feasible non-infringing means of complying with those specifications; or

the relevant specifications are designed to bring the Provided Elements into compliance with, or have the Provided Elements conform to, an industry standard promulgated by a generally recognized industry standards-setting body (e.g., IEEE, ITU, 3GPP, ETSI, W3C, etc.);

the Provided Elements are or have been provided by or on behalf of RADCOM to any third party at any time; or

the Provided Elements are or have been available on the open market (i.e., provided or offered for general availability to all interested customers by a third party other than the third party who brought the Covered Claim against the Indemnified Parties) at any time; or

the relevant specifications for the Provided Elements are of RADCOM's (or one or more of its sub-suppliers') origin, design, or selection.

OTHER LIMITATIONS OF LIABILITY NOT APPLICABLE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT TO THE CONTRARY (AND WHETHER OR NOT SUCH A PROVISION CONTAINS LANGUAGE TO THE EFFECT THAT THE PROVISION TAKES PRECEDENCE OVER OTHER PROVISIONS CONTRARY TO IT), WHETHER EXPRESS OR IMPLIED, NONE OF THE LIMITATIONS OF LIABILITY (INCLUDING, WITHOUT LIMITATION, ANY LIMITATIONS REGARDING TYPES OF OR AMOUNTS OF DAMAGES OR LIABILITIES) CONTAINED ANYWHERE IN THIS AGREEMENT WILL APPLY TO RADCOM'S AND/OR AMDOCS' OBLIGATIONS UNDER THIS SECTION. IT IS EXPRESSELY UNDERSTOOD THAT THERE MAY BE OTHER LIABILITY PROVISIONS IN THE SUPPLEMENT AGREEMENT THAT ADD TO THE LIABILITY OF RADCOM SET FORTH HEREIN AND SUCH ADDITIONAL LIABILITY IS ACCEPTED BY RADCOM.

This Subsection h sets forth the entire obligation of RADCOM with respect to any Covered Claims.

In addition to its obligation to indemnify against infringement as set forth above, RADCOM shall also indemnify, defend and hold harmless Amdocs, and their Affiliates from and against any liability, claim, demand, suit, or cause of action, regardless of whether meritorious, settlement payment, cost and expense, interest, award, judgment, damages (including punitive damages), liens, fines, fees, penalties, and reasonable associated attorneys' fees and other costs ("Loss") resulting from a third party claim of personal injury (including death) or property damage arising out of the negligent or willful act of Radcom and any claims by any governmental agency or any of RADCOM's or its subcontractors' current or former employees arising out of the employment relationship with RADCOM or a claim that they were employed by Amdocs, or one of their Affiliates, including any liability, cause of action, lawsuit, penalty, claim or demand, or administrative proceeding in which [**] or any of its Affiliates is named as or alleged to be an "employer" or "joint employer" with RADCOM. This paragraph shall apply even if such Loss was caused in whole or in part by the negligence of Amdocs and/or their Affiliates, to the fullest extent permitted by Law. RADCOM shall keep [**] fully informed of any such defense and afford Amdocs at their own expense, an opportunity to participate in the defense or settlement of such Loss.

This Section shall survive any expiration or termination of the Agreement.

4. New Section 13 entitled "[**]" shall be added to the Agreement as follows:

[**]

5. New Section 14 entitled "Governance Meetings" shall be added to the Agreement as follows:

14. Governance Meetings

14.1 The Company and Amdocs will agree in writing procedures for monitoring and managing their activities under this Agreement. These procedures will include, among other things, a framework for ongoing project management for all projects related to [**] as well as Amdocs' participations in Company's internal project management. . The Parties may amend those procedures by agreement in writing from time to time.

14.2 Without limiting the foregoing and unless otherwise agreed by the Parties in the written procedures set forth above, meetings between the Parties will be held on a regular basis at times agreed. The Company will provide to Amdocs a week before each scheduled review meeting, reports in respect of each of the matters to be discussed the Parties, including:

14.2.1 The status of all outstanding Orders;

14.2.2 the performance and status of the Software, Documentation, Deliverables and Services;

14.2.3 the Parties' performance under the Agreements generally;

14.2.4 the Company's product roadmap applicable only to [**] as it relates to the Software, Documentation, Deliverables and Services; and

14.2.5 any other matters agreed between the Parties.

14.3 Additionally, during the Term, the Parties will meet every [**] months, at a minimum, at a time nominated by Amdocs following at least [**] Business Days' notice to the Company to discuss the Company's product roadmap applicable only to [**] as it relates to the Software, Documentation, Deliverables and Services, including:

14.3.1 future product release plans for the Company;

14.3.2 any dependencies impacting on the Software, Documentation, Deliverables and Services; and

14.3.3 Amdocs's and [**] requirements in relation to the Company's roadmap and future functionality of the Software.

14.4 For the avoidance of doubt, the Parties agree that these meetings are in addition to Amdocs's right to attend any other meetings offered by the Company generally to its customers in relation to the Company's roadmap.

6. Miscellaneous.

All other terms and conditions of the Agreement shall apply to this Addendum and remain unchanged. This Addendum may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Capitalized terms in this Addendum, unless otherwise defined herein, shall have the same meanings ascribed thereto in the Agreement. All references in this Addendum to the "Subordinate Support and Maintenance Agreement" and "General Agreements" shall have the meaning ascribed thereto in the Supplement Agreement (as defined above). In the event of any inconsistencies between the terms of this Addendum and those in the Agreement, the provisions contained in this Addendum shall prevail.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by their authorized representatives as set forth below.

RADCOM Ltd. ("Company")	Amdocs Software Systems Limited ("Amdocs")
By: /s/ David Ripstein	By: /s/ Philip Butler
Name: David Ripstein	Name: Philip Butler
Title: President and CEO	Title: Director & Assistant Secretary
Date: December 30, 2015	Date: December 30, 2015

EXHIBIT 4.11

PORTIONS OF THIS AGREEMENT WERE OMITTED AND HAVE BEEN FILED SEPARATELY WITH THE SECRETARY OF THE COMISSION PURSUANT TO AN APPLICATION FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934; [**] DENOTES OMISSIONS

Supplemental Agreement

Agreement NET002.B

Between

Amdocs Software Systems Limited

And

Radcom Ltd

Supplement NO. --

1.0 Preamble

1.1 Overview

This Subordinate Agreement No. RADCOM01 (this "Agreement") is pursuant to and hereby incorporates by reference the terms and conditions of (1) The Master Subcontractor Agreement between Amdocs, Inc. ("Amdocs") and Radcom, Inc. dated March 23rd, 2015 as assigned by Radcom, Inc. to Radcom Ltd. by Assignment, Consent and Consumption Agreement dated December 30, 2015 and as amended by Amendment to the Subcontract Agreement dated December 30, 2015 (collectively the "Subcontractor Agreement") as if Amdocs Software Systems, Ltd., were Amdocs, Inc. for purposes of the Subcontractor Agreement; and (2) The Value Added Reseller Agreement between Amdocs Software Systems Limited and RADCOM Ltd dated December 30, 2015 and as amended by the Addendum to the Value Added Reseller Agreement dated December 30, 2015 (collectively the "VAR"). Both the Subcontract Agreement and the VAR may be collectively referred to herein as the "**General Agreements**." Terms capitalized herein but not otherwise defined shall have the meaning given to them in the General Agreements.

1.2 Preamble and Effective Date

This Agreement, effective on the date when signed by the last Party ("Effective Date"), is by and between Amdocs Software Systems Limited, an Irish corporation ("Amdocs"), and Radcom, Ltd., an Israeli Corporation ("Radcom"), each of which may be referred to in the singular as "Party" or in the plural as "Parties"

1.3 Scope of Agreement

a. This Agreement shall only apply to Amdocs' resale to [**] of the Software and provision of Services described herein and in Appendix A for the Virtual Probe Solution (vprobe), subject to the terms and conditions of this Agreement and the EULA and pursuant to and in conformance with Statements Of Work (each an "Order") submitted by Amdocs or its Affiliates. The applicable fee for the Material and Services is specified in Appendix B. Amdocs Affiliates may issue Orders under this Agreement. Radcom shall not reject any Order for Material or Services described in Appendix A unless the Order includes:

    1. Delivery Dates to which Radcom has not agreed, prior to the placement of the Order, and which Radcom is unable to meet; or

    2. Terms and conditions to which Radcom has not agreed, prior to placement of the Order, and which are objectionable to Radcom; or

    3. Prices contrary to those established under this Agreement.

b. If Radcom rejects an Order, Radcom, shall give Amdocs written notice stating Radcom's reasons for rejecting the Order and the modifications, if any, that would make the Order acceptable to Radcom. Radcom shall furnish Materials that materially conform to the Specifications established under this Agreement or as otherwise set forth in an Order. If Radcom is unable to tender conforming Material, Radcom shall not tender non-conforming Material; the Parties agree non-conforming tenders are not an accommodation to Amdocs. All Delivery Dates are firm, and time is of the essence.

2.0 Definitions

2.1 Capitalized Terms Not Defined

Capitalized terms used but not defined in this Agreement shall take the meanings assigned to such terms by the General Agreements. For the sake of clarification, capitalized terms used and defined herein, which have also been defined in the General Agreements, shall have for the scope of this Agreement the meaning set in this Agreement.

2.2 Additional Definitions

"Software" means RADCOM Software as described in Appendix A.

"CP" or **"Control Plane"** means transmitted data that is used to control (e.g., establish, clear, etc.) sessions and/or calls.

"CPU" or **"Central Processing Unit"** means the hardware within a system that carries out the instructions of a program or application software.

"CSO" means [**] Chief Security Office.

"**End User License Agreement**" or "**EULA**" shall mean that Agreement No. 20151218.060.C between [**] and Radcom Ltd. with respect to the Software.

"Enterprise Wide License" means a license granted to [**] and all [**] Affiliates.

"Error" shall mean defects found in Software which cause the Software to function in non-compliance with the Specifications.

"Evaluation Period" means the period after First Field Application but before General Acceptance. Evaluation Period shall last [**] days.

"First Field Application" or **"FFA"** means the Services that are provided in connection with the Software being passed from the Labs to the Network (as Network is defined [**]'s or any of its Affiliates' 4G mobile networks deployed in the Territory, and used by [**] or any of such Affiliates to provide mobile services to subscribers of said network) and deployed in a limited capacity as detailed in Appendix A in order to ascertain whether the Software meets contractually established criteria.

"General Acceptance" means Amdocs and [**]'s acceptance of the Software or Services Ordered by Amdocs for [**] and provided by Radcom to Amdocs that have successfully passed the Lab Acceptance and First Field Application, and successfully completed the Evaluation Period. General Acceptance of the Software will be based on the features and functionality delivered in the March 2016 release, as detailed in Appendix A.

"Gbps" means Gigabits per second.

"GGSN" or **"Gateway GPRS Support Node"** means a network node that acts as a gateway between a GPRS wireless data network and other networks such as the Internet or private networks. When a GPRS device establishes a Packet Data Protocol (PDP) Context to a specific Access Point Name (APN), the APN selected determines the GGSN to be used.

"Gi" or **"SGi"** means the reference point between a GGSN/PGW and the Internet.

"GTP-C" means the GTP-C protocol is the control section of the GPRS Tunneling Protocol (GTP) standard.

"GTP-U" means a relatively simple IP based tunneling protocol which permits many tunnels between each set of end points.

"GTPV1" means the GPRS Tunneling Protocol version 1 group of IP-based communications protocols used to carry General Packet Radio Service within GSM and UMTS networks.

"Hyper Text Transfer Protocol" or **"HTTP"** means the request/response communications protocol between clients and servers used to transfer or convey information on the World Wide Web.

"Intellectual Property Rights" means all patents (including all reissues, divisions, continuations, and extensions thereof) and patent applications, trade names, trademarks, service marks, logos, trade dress, copyrights, trade secrets, mask works, rights in technology, know-how, rights in content (including performance and synchronization rights), or other intellectual property rights that are in each case protected under the Laws of any governmental authority having jurisdiction.

"IP" means Internet Protocol.

"IPV6" means Internet Protocol Version 6.

"ITO" means [**] Information Technology Operations.

"KPI" or **"Key Performance Indicator"** means a type of performance measurement. [**] uses KPIs to evaluate its success for particular activities, e.g., Call Drop Rate, Call Setup Delay.

"KCI" or "**Key Capacity Indicator"** means a type of capacity measurement. [**] uses KCIs to evaluate the load on a system and/or element. CPU and memory utilization are common KCIs.

"LT" or **"Long Term Storage"** means the disk volumes that are used to store the control plane call trace (ISA) records on the probe.

"Material" means (a) Software licensed or otherwise provided hereunder, including without limitation and for the avoidance of doubt, where applicable, Paid for Development, and (b) any unit of equipment, apparatus, components, tools, supplies, material, product, or firmware thereto, and third party tangible and intangible materials provided or furnished by Supplier.

"Mbps" means Megabits per second.

"MCD" or **"Master Configuration Document**" means a document that identifies the configurable parameters and their current values for a system. [**] uses the MCD to document the [**]-recommended parameter values and to determine whether a new software release impacts the recommended values.

"Minor Release" means an Update.

"MME" or **"Mobility Management Entity"** means the key control-node for the LTE access-network.

"MOP" means **"Method Of Procedure".**

"NDC" or **"National Data Center"** means the location where the Serving/Packet (S/P)-Gateways (GWs) and GGSNs are housed.

"NEO Zone" means a high capacity service zone architecture defined by [**]. It includes recommended configurations for the Serving Gateways (SGW), Packet Gateways (PGW), GGSNs, and policy enforcement functions.

"NTC" or **"National Technology Center"** means the location where the S/P-GWs and GGSNs are housed. The terms NTC and NDC are used interchangeably.

"OA&M" or **"Operations, Administration and Management"** means the processes, activities, tools, standards, etc., involved with operating, administering, managing and maintaining systems.

"PCEF" or **"Policy Charging and Enforcing Function"** means the protocol that provides Quality of Service control for user plane traffic in accordance with [**]'s policy and charging rules.

"PGW" or **"PDN Gateway"** means the Packet Data Network Gateway, which is an LTE element that routes user data packets between [**]'s LTE network and external packet data networks.

"PO" means Purchase Order.

"PPS" or **"Packets Per Second"** means the calculation for the router throughput metric.

"Protocol Data Unit" or **"PDU"** means the protocol data traffic from a combination of interfaces or monitored Nodes in the network. Control plane packets (such as GTP-C, Radius, RTSP, and DNS).

"S11 Interface" means the reference point between the MME and serving gateway.

"S4 Interface" means the user plane with related control and mobility support between SGSN and the SGW and is based on Gn reference point as defined between SGSN and GGSN.

"SGn Interface" means the LTE version of 2G/3G Gn interface.

"SGI Interface" means the reference point between the PDN GW and the packet data network.

"SGW" or **"Serving Gateway"** is an LTE element that routes and forwards user packets within [**]'s network.

"ST" or **"Short Term Storage"** means the disk volumes that are used to store the user plane call trace (ISA) records on the probe.

"SP" or **"Service Patch"** means a minor Amdocs software release. SPs are used to provide fixes to known problems and/or new features without requiring a major software release.

"Store-to-Disk" or **"S2D"** means the storage of only packet data to short-term or long-term volumes on a storage array.

"SW" means Software.

"TB" or "**Terabyte"** means a standard unit measure for 1 trillion bytes.

"TCP" or **"Transmission Control Protocol"** means a transport layer protocol which is used by applications that required guaranteed delivery of data.

"UDP" or **"User Datagram Protocol"** means a transport layer protocol which is used by applications that do not require guaranteed delivery of data.

"UP" or **"User Plane"** means the transmitted data representing the user content portion of a call or data session. Voice conversations, web surfing, and email are examples of user plane data.

"Software Updates" means new versions of the Software made available, which are limited to error corrections, bug fixes and/or patches;

"Software Upgrades" means new features or functions of the Software, whether contained in or designated as new versions.

"Supplier" means Radcom Ltd.

"Support and Maintenance" means the maintenance and support Services provided by Supplier after the Warranty Period with respect to Material that are provided under a separate Subordinate Support and Maintenance Agreement.

"Viral Open Source Software" means software (including source code) used or distributed under license terms that:

a. requires as a condition of use, that such Viral Open Source Software or other software combined with such Viral Open Source Software be:

   i. disclosed or distributed in source code form;

   ii. licensed for the purpose of making derivative works; or

   iii. redistributable at no charge;

b. as a condition of use by [**], affect or purport to affect any [**] intellectual property right not originating exclusively in such Viral Open Source Software; or

c. impede or restrict [**]'s ability to use the corresponding Materials as contemplated in the Specifications and Documentation.

"VoLTE" means voice over LTE and refers to packetized voice sent over an LTE network.

"Warranty Period" or **"warranty period"** will expire [**] months after General Acceptance or [**] whichever occurs first, during which Amdocs is entitled, for the benefit of [**], to the warranty coverage with respect to that Software. The Parties acknowledge that the warranty term described in the General Agreement does not apply, and only the warranty set forth in Section 4.9 shall apply with respect to the Software provided pursuant to this Agreement. Should Amdocs purchase for resale to [**] a product that uses an older version of Software, Amdocs shall be entitled for the benefit of [**] during the Warranty Period to any and all newer versions of that Software up to and including the current release (but excluding any Upgrades).

3.0 General Terms

3.1 Order of Precedence

The terms contained in this Agreement, and any Orders placed pursuant hereto, including all exhibits, appendices and subordinate documents attached to or referenced in this Agreement or any Orders placed pursuant hereto, together with the General Agreements, will constitute the entire integrated agreement between Amdocs and Radcom with regard to the subject matter. This Agreement supersedes all prior oral and written communications, agreements and understandings of the Parties, if any, with respect hereto. In the event of any conflict in terms between this Agreement, an Order, and the General Agreements, the Parties agree to follow the following order of precedence:

With respect to the Software, the terms of this Agreement will govern, then the terms set forth in an Order, and then the terms of the VAR. With respect to all Services (including but not limited to Paid For Development, other development, Maintenance and Support or other services and any unlicensed Materials, materials or Deliverables provided in connection therewith), the terms of this Agreement will govern, then the terms set forth in an Order, and then the terms of the Subcontract Agreement.

Acceptance of Material or Services, payment or any inaction by Amdocs or where applicable [**], shall not constitute Amdocs or [**]'s consent to or acceptance of any additional or different terms from those stated in this Agreement, except for terms in an Order placed by Amdocs and signed by both Parties. Estimates furnished by Amdocs and Radcom are for planning purposes only and shall not constitute commitments. Amdocs and Radcom covenant never to contend otherwise.

3.2 Notices

a. Each Party giving or making any notice, consent, request, demand, or other communication (each, a "Notice") pursuant to this Agreement must give the Notice in writing and use one of the following methods, each of which for purposes of this Agreement is a writing: in person; first class mail with postage prepaid; Express Mail, Registered Mail, or Certified Mail (in each case, return receipt requested and postage prepaid); internationally recognized overnight courier (with all fees prepaid); facsimile transmission; or email. If Notice is given by facsimile transmission or e-mail, it must be confirmed by a copy sent by any one of the other methods. Each Party giving Notice shall address the Notice to the appropriate person (the "Addressee") at the receiving Party at the address listed below:

Supplier:

Amdocs Software Systems Limited:

AMDOCS SOFTWARE SYSTEMS LIMITED
East Point Business Park
1st Floor, Block S
Dublin 3
Attn.: Manager of Contracts

Radcom Ltd.:

24 Raoul Wallenberg Street,
Tel Aviv, Israel

Attn: Eyal Harari, VP Products and Marketing

Email Address: EyalH@radcom.com

b. A Notice is effective only if the Party giving notice has complied with the foregoing requirements of this Section and the Addressee has received the Notice. A Notice is deemed to have been received as follows:

1. If a Notice is delivered by first class mail, five (5) days after deposit in the mail;

2. If a Notice is furnished in person, or sent by Express Mail, Registered Mail, or Certified Mail, or internationally recognized overnight courier, upon receipt as indicated by the date on the signed receipt;

3. If a Notice is sent by e-mail or facsimile transmission, upon successful transmission to the receiving machine, if such Notice is sent in time to allow it to be accessible by the Addressee before the time allowed for giving such notice expires, and a confirmation copy is sent by one of the other methods.

c. The addresses and telephone numbers to which notices or communications may be given to the Addressees of either Party may be changed by written notice given by such Party to the other pursuant to this Section.

3.3 Term of Agreement

a. This Agreement is effective on upon final signature (the "Effective Date") and, unless terminated as provided in this Agreement, shall remain in effect for a term ending [**] years from the Effective Date (the "Initial Term").

b. After the Initial Term, Amdocs shall have the option to extend the term for an additional period of [**] months by giving Radcom written notice at least [**] days prior to the expiration of the Initial Term. The termination or expiration of this Agreement shall not affect the obligations of either Party to the other Party pursuant to any Order previously executed hereunder, and the terms and conditions of this Agreement shall continue to apply to such Order as if this Agreement were still in effect. Likewise, termination, or expiration of the General Agreements shall not affect the obligations of either Party to the other Party pursuant to this Agreement, and the terms and conditions of the General Agreements shall continue to apply to this Agreement as if the General Agreements were still in effect.

4.0 Additional Terms and Conditions:

4.1 Lab Equipment and Software

Radcom shall provide the Software for use in [**]'s labs for testing and evaluation purposes and [**] shall provide all other material (including software or hardware) for the lab activities.

Lab testing for the purpose of moving forward to the FFA will be in accordance with the Project Plan.

The quantity and configuration of the Software to support [**]'s requirements will be mutually agreed upon between Amdocs and Radcom with input from [**]. Radcom shall provide a basic one time installation service free of charge if needed. Other Services will be provided at a mutually agreed upon discount.

4.2 General Availability

Initial or first official release of the Software resold by Radcom to the [**] Lab shall meet the requirements set forth below for General Availability.

"**General Availability"** or **"GA"** means that the condition of the official Software release version (including major releases and emergency patches) is such as to render it ready for deployment. These are the minimum GA requirements:

a. Radcom has tested and certified to Amdocs that Radcom has identified no Critical faults.

b. [**] has received from Amdocs of all software, complete media, and documentation from Radcom.

c. All emergency patches must be officially released by Radcom.

d. The content of delivered software must be compatible with previous releases and remain consistent through the life of the core software.

e. Radcom shall comply with the following policy regarding OS patch testing related to ongoing releases: Radcom will notify Amdocs of the patch releases Radcom plans to test prior to test execution. Amdocs will confirm within [**] working days whether releases have been accepted by [**] (ITO/CSO). If [**] have rejected a patch release, Amdocs will advise and Radcom will verify against the previous accepted version. Radcom will test one OS and one database patch version for each release.

f. Included in the GA release is the associated final Documentation associated with each of the applicable target released components planned for deployment, provided that further updates to the Documentation may be made and provided to [**] later on.

g. Release notes have been provided by Radcom to Amdocs identifying major features expected in the release and any known issues (minor faults) that may be encountered during testing.

h. Associated training materials compiled by Radcom technical subject matter experts are complete and available for use by [**]. [**] pre-requisites are identified, documented, and met. This includes any additional software that must be obtained to satisfy requirements for the target release by Radcom.

i. Any GA requirement may be waived (in writing in [**] sole discretion) if there is a specific documented requirement for a non-GA release by [**].

4.3 Delivery, Performance, and Acceptance

For the purpose of the Software, the Subcontractor Agreement shall have no application. In its place, the following shall apply between the Parties for such purposes:

a. If installation services are provided for the Software for or during the FFA, it shall be considered complete and ready for [**]'s consideration only after testing by Radcom in material compliance with both [**] and Radcom installation Specifications and procedures. Upon completion of the initial Installation, Radcom will submit to Amdocs (who shall then submit promptly to [**]) a "Notice of Completion". If found by [**] to be materially in compliance with such installation Specifications and procedures, upon notice by [**], Amdocs will advise Radcom and the Software will be granted General Acceptance by Amdocs and, if not in compliance, then additional rounds of tests will be conducted until compliance is achieved. The Software shall be deemed Accepted upon the earliest occurrence of the following events: (i) a "Notice of Completion" was issued by Radcom, and Amdocs did not raise any material deviations from the installation Specifications and procedures, by the lapse of the period set for said tests as agreed by the Parties as part of the Project Plan; and/or (ii) if completion of Installation is delayed for an extended period of time due to an act and/or omission of [**], Amdocs and Radcom agree to achieve a mutually agreed resolution; and/or (iii) the Radcom Software is no longer deployed in a limited capacity; and/or (iv) there are no Critical and no more than [**] Major Errors. There will be an Evaluation Period after First Field Application to evaluate performance of the Software.

b. If the Software meets the requirements as set forth in Appendix A for General Acceptance, Amdocs shall be deemed as Accepting the relevant Software component.

c. Radcom, at its expense, shall correct defects or other issues impeding such General Acceptance within [**] working days, or as may be otherwise agreed to by the Parties, from receipt of Amdocs' receipt of [**]'s notification and shall notify Amdocs that such corrections have been made. Amdocs shall require that [**] repeat the appropriate acceptance tests, and the above procedure shall continue until General Acceptance is achieved. General Acceptance shall be deemed to occur upon the earlier occurrence of the following events: (i) there are no Critical Errors and no more than [**] Major Errors; and/or (ii) Amdocs was notified on the remedy of the corrections, and failed to raise any feedback within [**] working days of said notification.

Amdocs shall not reject the Software which is subject to Acceptance by [**], unless to the extent rejected by [**] and in the event [**] accepted the Software as described above, Amdocs will accept accordingly and promptly.

4.3.1 Lab and FFA Process

The objective of the [**] Product Acceptance Process is to validate the Radcom's fulfillment of their solutions in [**]'s Lab and in production with a FFA.

Radcom will work with Amdocs to prepare the following for [**]:

(a) FFA Project Plan with relevant milestones and resource allocation.

(b) An Acceptance Test Plan (ATP), which highlights the relevant Test Objects to be validated. These Test Objects will cover the various functionalities of the Supplier solutions.

(c) The lab test environment to be set up for the validation.

(d) Establish a regular lab meeting schedule and method of documenting validation status and progress.
(e) The scope of testing may include but is not limited to feature/functionality verification, negative tests, monitoring of other network elements, load/capacity tests, interoperability/interworking tests for D1 and other platforms, end-to-end performance evaluation, application tests, and user interface testing.
(f) If so requested by [**] from Amdocs, Amdocs may mandate that a release be tested on an entire market/region before GA can be granted, and the Parties will agree as part of the FFA project plan on a per release basis.

4.3.2 [**] Product Acceptance Milestones

The [**] Product Acceptance Procedure consists of two steps: **Lab testing** and **FFA**. The goal of the Lab phase is to demonstrate and test the Supplier's software in [**]'s lab as defined by a mutually agreed Acceptance Test Plan (ATP). The goal of the FFA phase is to introduce and test the Radcom's software in an [**] First Field Application area. An FFA precedes full network introduction of a product in [**]'s network, and in which the Radcom's software will be introduced into a live, commercial [**] market for the first time.

For each of the phases, there are entry and exit criteria that have to be met in order to proceed towards the final goal, which is to reach the acceptance of the Radcom product. Ready for Acceptance (RFA) entry criteria to the [**] lab are used to determine that the solution is ready for testing in the [**] lab environment. Ready For Service (RFS) criteria shall be used as entry criteria prior to start of FFA. RFA exit criteria (and hence RFS entry criteria) are used to determine that the solution is ready for service in the commercial network.

During the entire FFA process, the Radcom shall use commercially available tools and scripts available to Amdocs which shall be made available to [**]. No proprietary development tools or software shall be used unless with prior agreement with Amdocs. In such cases, Radcom shall commit to provide [**] with the software or tools required to continue the rollout and operation of the network.

4.3.3 Ready for Acceptance (RFA) Milestone

The RFA entry criteria are achieved when the following milestones are met:

- Amdocs and Radcom have agreed to jointly-developed Acceptance Test Plans (ATPs) with [**] input accepted.
- All known "Critical" issues (found during Radcom testing period) have been resolved or have an agreed upon resolution plan.

- Amdocs and Radcom have had an Entry RFA meeting and, upon [**]'s agreement, agree to proceed to RFA.
- Radcom has provided all required product documentation, including but not limited to
  - System load and product verification test plans and results, as needed to determine that RFA entry criteria are met.
  - Release notes and system impact document where all impacts and changes to Software, backend, and interfaces are identified.
  - Key documents where changes with impacts to [**] 3rd party applications (ex. IT systems) and D1 Interworking (other suppliers' nodes and systems) are identified.
  - Response to Amdocs, with respect to [**] security checklist and [**] approval/acceptance
- Radcom will hold a knowledge transfer workshop that will provide [**] lab personnel with sufficient details regarding product architecture, operation, and implementation. Where possible, the information should include simulation results or knowledge gained from testing in Radcom's lab. Knowledge transfers sessions' topics shall include, but are not limited to, feature implementation, feature testing/simulation, delta training, etc. This may be in a customized format specifically addressing the current project, or Radcom may make use of existing training courses, so long as project timeline constraints are met, at no cost and with no minimum attendance requirements. Workshops will be scheduled for a mutually agreed timeframe to the [**] lab and Radcom as lab entry criteria, and to provide knowledge transfer to meet project requirements. Every effort will be made to schedule workshops on-site while appropriate Radcom personnel are present.

The RFA exit criteria is achieved with the following:

- All tests specified in the ATPs have been completed, with any exceptions noted.
- All known priority "Critical" issues remaining after the RFA phase have been resolved and all priority "Major" issues have an agreed upon resolution plan. Priority "Critical" issues have an acceptable and approved work around.
- Amdocs, [**] and Radcom have had an Exit RFA meeting and agreed to proceed on to the RFS stage.

4.3.4 Ready for Service (RFS) Milestone

The entry criteria to be met for RFS are:

- All tests specified in the ATPs have been completed, with any exceptions noted.
- All known "Critical" issues remaining after the RFA phase have been resolved and all "Major" priority issues have an agreed upon resolution plan.
- [**], Amdocs and Radcom have had an Entry RFS meeting and agree to proceed.
- Engineering support from [**], Amdocs or Radcom are available to monitor performance and issues related to the overall solution to be tested.

- [**], Amdocs and Radcom have had a kick off meeting with [**] Operations, ATS and other relevant teams.
- Required Operational Training for the FFA has been held prior to proceeding to the field. Content of the training shall be agreed between Amdocs and Radcom.
- The exit criteria to be met for RFS are:
  - All tests specified in the ATPs have been completed, with any exceptions noted.
  - All new "Critical" priority issues found during the RFS phase have been resolved. All "Major" issues have a resolution plan acceptable to Amdocs.
  - All major feature functionality has been proven to work satisfactorily
  - Software is benchmarked and the result is compared to performance with the prior software version and there is no degradation in features, functionality or capacity, unless any such degradation is agreed with Amdocs prior to FFA and is noted in Radcom's documentation.
  - System is declared stable for a mutually agreed soak period and with normal usage. The soak period starts after the last changes are implemented and lasts for a minimum of [**] weeks. All FFA documentation is completed and released, including FFA result document.
  - Updated MOP, Test Plans, and other FFA related documents that have been updated during the FFA should be provided to Amdocs.
  - A complete list of all cases failed during the FFA periods has been provided to Amdocs. This should be a detailed list which explains the nature of the problem for which the case was failed, and the nature of the fix.
  - A complete list of all patches applied during the FFA, and which cases those fixed, if applicable.

4.3.5 FFA Support

As part of the FFA process, Radcom shall initially support lab testing. Radcom will provide on-site and/or remote, as necessary, technical support to the lab during this initial test period. This support is to include installation support, as well as design level technical and test support. Once the FFA software is installed in the field, Supplier will provide sufficient support to the lab so long as support to the field installations is not affected.

4.3.6 Software Efficiency and Capacity Requirements

Radcom's software shall be efficient to ensure minimal usage of [**] hardware resources, as commercially possible. In case of inefficient use Radcom commits to make all reasonable efforts to improve the Software's utilization of [**] hardware resources at no additional cost.

4.4 Severity Levels impacting Acceptance

The defects/problems identified through testing will be assigned one of the following severity levels:

It is clarified that, in the event the below are caused by a component and/or service not provided by Radcom and/or its sub-contractors, or in the event the below are caused due to an act and/or omission of Amdocs, [**] and/or any party acting on their behalf, then the below shall not be deemed as defects/problems caused by the Software.

1. Critical: Critical system functionality is not operational or not capable of producing critical deliverables (which have been pre-defined in Appendix A as critical) and there are no workarounds available. The problem/defect has one or more of the following characteristics:

    a. Data corruption such that physical or logical data is unavailable or incorrect.

    b. System hangs. The system becomes non responsive indefinitely or there is severe performance degradation, causing unreasonable wait time for resources or response, as if the system is hanging.

    c. System crashes repeatedly. Database process or background processes fail and continue to fail after restart attempts.

    d. Critical functionality (which has been pre-defined in Appendix A or otherwise by the Parties in writing as critical) is not available. The application cannot continue because a vital feature is inoperable.

    e. Resource limitation (e.g., disk space) prevents a user from doing work without an agreed-upon workaround.

    f. Security vulnerability beyond [**] control that results in unauthorized access to systems, crashing of systems or data corruption, and which cannot be avoided by [**].

2. Major: Major system functions are unavailable or unusable. An agreed-upon workaround is available, and operations can continue in a restricted fashion. The problem/defect has one or more of the following characteristics:

    a. Reoccurring Errors causing the system to fail, but restart or recovery is possible.

    b. Severely degraded performance.

    c. Limited access to data to perform the job.

    d. Missing a message capture per requirements (no error message at all) when a major error occurs.

    e. Incorrect response to a command for a major system function.

    f. Security vulnerability with a workaround that mitigates such vulnerability.

    g. Some important functionality is unavailable, yet the system can continue to operate in a restricted fashion.

3. Minor: A defect/problem that does not rise to the level of either Critical or Major.

4.5 Documentation

a. Radcom shall furnish, [**], Documentation for the Software and other Material delivered hereunder, including any and all succeeding changes, updates and upgrades.

b. Documentation shall include user instructions, engineering guidelines, installation information, system manuals and training material in electronic form, Radcom's customer facing written specifications, all written material defined in the table below associated with Software and other information that is normally delivered by Radcom regarding the Software and/or Material. Engineering/capacity management guidelines shall include sufficient information and insight from Radcom to enable Amdocs to assist [**] in capacity management of the Software under this Agreement. Capacity management guidelines shall enable [**] to determine the engineered capacity for the system and identify the key capacity indicators that should be monitored and trended to recognize when the system resources are nearing exhaust. Radcom will provide the following to Amdocs, in order to enable [**] to capacity manage the monitoring system:

- Capacity limits of the v-probe solution
- Call model factors that were used to produce the stated capacity
- A list of KCIs that should be used to monitor the stated capacity triggers
- A mechanism to obtain the KCI data
- MOP for installation and any making any changes to the Software. This MOP shall provide guidelines to install Software, Upgrades and Updates.

4.6 Ownership of Paid-For Development, Use and Reservation of Rights

a. Ownership and Use of Rights and Items.

[**] shall be the exclusive owner of all right, title, and interest in and to all Paid-For Development (defined below), including, without limitation, all Intellectual Property Rights therein and thereto. Radcom shall assign or have assigned to [**] and hereby assigns directly and solely to [**] all Intellectual Property Rights in and to the Paid-For Development. **"Paid-For Development"** shall mean any and all Items to the extent produced or developed by or on behalf of Radcom or its employees, agents, or direct or indirect contractors or suppliers (and whether completed or in-progress), or forming part of any deliverable, pursuant to this Agreement (including, without limitation, under any statement of work, exhibit, order or other document under, subordinate to, or referencing this Agreement) (collectively **"Agreements"**) for the development of which [**] has been charged monies by Amdocs (and Amdocs in return has been charged monies by Radcom) in one or more of the Agreements (**"Development Fees"**). Payment of standard license fees, configuration, integration, and implementation fees or standard maintenance fees, and standard support fees shall not be deemed payment of Development Fees under this subsection. Paid-For Development shall always exclude all Excluded Materials, and shall further exclude any third-party software as to which Radcom lacks the right to transfer or assign the Intellectual Property Rights therein and thereto to [**]. For the avoidance of doubt, Radcom's development of Paid-For Development shall not, in and of itself, limit Radcom's right to develop and provide similar products or technologies for Radcom's other customers besides [**] (**"Outside Similar Development"**), it being understood that where Radcom engages in Outside Similar Development, Radcom must not violate the terms and conditions of this Agreement and, in particular, must not infringe or misappropriate any of [**]'s Intellectual Property Rights, including without limitation any of [**]'s Intellectual Property Rights in and to any Paid-For Development.

"Items" shall mean any or all inventions, discoveries, ideas (whether patentable or not), and all works and materials, including but not limited to products, devices, computer programs, source codes, interfaces, designs, files, specifications, texts, drawings, processes, data or other information or documentation in preliminary or final form, and all Intellectual Property Rights in or to any of the foregoing.

"Excluded Materials" shall mean: i) Radcom's Pre-Existing Materials; ii) Radcom's Independently Developed Materials; and iii) Radcom's Mere Reconfigurations

"Radcom's Pre-Existing Materials" shall mean those Items (including derivatives thereof) owned by Radcom or by Radcom's suppliers to the extent and in the form that such Items (including derivatives thereof) (i) existed prior to the date Radcom began any work under this Agreement and (ii) were created without any use of any [**] Items.

"Radcom's Independently Developed Materials" shall mean those Items (including, without limitation, derivatives thereof, e.g., Updates and Upgrades, fixes and patches) that have been developed by Radcom or its employees, agents, or direct or indirect contractors or suppliers, or on the aforementioned parties' behalf i) without use of any [**] Items and ii) independently of any work performed under any Agreements.

"Radcom's Mere Reconfigurations" means those specific integrations, implementations and/or reconfigurations of Radcom's pre-existing software performed by Radcom, or on Radcom's behalf, but only to the extent that such integrations, implementations and reconfigurations are alterations to such software that are strictly required to permit Radcom's software to function on [**]'s network or service platform. In no event shall Radcom's Mere Reconfigurations include enhancements, modifications, or updates that are not contained in Radcom's Pre-Existing Materials and that add any features, functionality, or capabilities.

For the sake of removing any doubt, it is clarified that Amdocs and/or its Affiliates shall have no title, license or right of any sort, in the Paid-For Development and/or the Excluded Materials except as may be otherwise provided under the escrow of the source code section in the General Agreements,.

b. License Grant to Excluded Materials.

If and to the extent that Radcom embeds any Excluded Materials in the Paid-For Development, Radcom hereby grants and promises to grant and have granted to [**] and its Affiliates a royalty-free, nonexclusive, sublicensable, assignable, transferable, irrevocable, perpetual, world-wide license in and to the Excluded Materials (but, insofar as the Excluded Materials consists of software in object code form, not to the underlying source code or detailed specification) and under (but not to) any applicable Intellectual Property Rights of Radcom to use (provided that this right to use shall not include the right to develop, modify, enhance, customize, create derivative works, or improve, all of which are not granted except for the limited "modify" right below), copy, modify (except that software in object code form may not be modified), distribute, display, perform, import, make, sell, offer to sell, and exploit (and have others do any of the foregoing on or for [**]'s or any of its customers' behalf or benefit) the Excluded Materials, but only insofar as such Excluded Materials are embedded in the Paid-For Development by Radcom.

c. Further Acts and Obligations.

Radcom will take or secure such action (including, but not limited to, the execution, acknowledgment, delivery and assistance in preparation of documents or the giving of testimony) as may be reasonably requested by [**] to evidence, transfer, perfect, vest or confirm [**]'s right, title and interest in any Paid-For Development. Radcom shall, in all events and without the need of [**]'s request, secure all Intellectual Property Rights in any Paid-For Development (and any licenses specified above in any Excluded Materials) from each employee, agent, subcontractor or sub-supplier of Radcom who has or will have any rights in the Paid-For Development or Excluded Materials.

d. Reservation of Rights and Limited License.

Notwithstanding any other provision in this Agreement, [**] is not transferring or granting to Radcom any right, title, or interest in or to (or granting to Radcom any license or other permissions in or to) any or all: a) Items created by or on behalf of [**] or directly or indirectly provided to Radcom (in any form, including, without limitation, verbally) by or on behalf of [**] or its third party providers ("[**] Provided Items"); b) Paid-For Development or c) Intellectual Property Rights, including, without limitation, any Intellectual Property Rights in or to any [**] Provided Items or Paid-For Development. The sole exception to the foregoing reservation of rights is that [**] hereby grants Radcom a limited, nonexclusive, non-transferable license (that shall automatically terminate upon the termination or expiration of this Agreement), under any rights owned by [**], to use the [**] Provided Items and Paid-For Development solely as instructed by [**] and to the extent necessary for Radcom to perform its obligations under this Agreement, subject further to the terms and conditions of this Agreement. In no way expanding the foregoing license, said license in no manner permits Radcom to (and Radcom hereby promises not to without the explicit prior written and signed consent of [**] Intellectual Property, Inc. ("[**]IPI Consent") make use of any [**] Provided Items, Paid-For Development or [**] Intellectual Property Rights either for the benefit of any third party or other than as instructed in writing by [**]. ([**] may be willing, in its sole discretion, to grant [**]IPI Consent in exchange for appropriate additional compensation). Paid-For Development and [**] Provided Items shall constitute [**] Information under this Agreement.

e. Notwithstanding anything in the General Agreement to the contrary, the Section of the General Agreement entitled "Title to Work" shall not apply to this Agreement.

4.7 Training

a. Radcom and Amdocs shall make available a minimum [**] user training sessions, and [**] admin training sessions, in multi-person classes, up to [**] each, at an [**]-designated site, at a date, time and location to be proposed by Amdocs and [**] and reasonably agreed to by Radcom and Amdocs. This will be provided at no cost.

b. User training materials and admin training materials will be reasonably agreed upon by the Parties and be provided to the identified participants at least [**] week prior to the scheduled training, at no additional cost.

c. Radcom will make available to [**], at the detailed below published Radcom rates (less any applicable discount to which [**] is entitled), additional training material and courses to include instruction on functions, features and usability tailored to the specific group receiving the training. Radcom has a professionally-developed in house training curriculum for Radcom products that offer student guides that are designed to work in conjunction with the instructor's presentation. Each student enrolled in the class will receive a current copy of the student guide.

Training Course	Cost	Description
Training-Basic	US$ [**]	[**] [**]
Training-Adv	US$ [**]	[**] [**]
Administrator/Operations Training	US$ [**]	[**] [**].

In addition to the training described above, AMDOCS shall receive the training set forth in the VAR and its Addendum.

4.8 Competitive Cost Analysis - Should Cost

Radcom shall maintain the Material and Services contemplated by this Agreement competitive as compared to reasonably comparable materials and services available in the marketplace, including with respect to pricing, features, performance, functions and capabilities, including capacity and scalability. Amdocs shall have the right, upon [**]'s request to conduct studies from time to time, including by engaging one or more third parties, regarding the Material and Services to assess their competitiveness, in accordance with [**]'s guidelines and instructions. Such analyses may evaluate, among other things, the cost to Radcom of internal components, services and processes. Radcom shall reasonably cooperate with such studies, including by providing reasonably requested information with respect to the Material and Services. Amdocs acknowledges that Radcom is a publicly traded corporation and will cooperate subject to certain reporting rules of applicable regulatory bodies.

4.9 Warranty, Support and Maintenance

Amdocs will be entitled to Updates for Software for no additional cost during the term of the Support and Maintenance Agreement, for the sole purpose of providing said Updates to [**]. Support and Maintenance for the product will commence upon expiration of the Warranty Period, provided that Amdocs on behalf of [**] enters into a separate Supplement for Support and Maintenance and all applicable Support and Maintenance fees are paid when due. Amdocs may purchase yearly support renewals for a product for so long as Support and Maintenance is generally available for that product.

4.10 Non-Exclusive Market

This Agreement does not grant Radcom any right or privilege to provide to Amdocs or [**] any Material and Services of the type described in or purchased under this Agreement. Except for obligations arising under an Order, this Agreement does not obligate Amdocs to purchase or license any such Material or Services. [**] may contract with other manufacturers and vendors for the procurement or trial of Material and Services or for Amdocs to contract with other manufacturers and vendors for the resale to, or the provision of a trial to [**] of Material and Services comparable to those described in or purchased under this Agreement, and [**] or Radcom may itself perform such Services.

4.11 Offshore Requirements

Radcom resources will be located in the United States, India, Israel, Canada and Brazil.

Radcom's Offshore resources working on this Work Order will be located at the addresses listed in Appendix K:

Radcom's Offshore resources can only access [**] Systems/data while physically located in an [**]-approved Radcom facility as stated in this Work Order, and may not at any time remotely access any [**] System or data from outside of the [**]-approved Radcom facilities as stated in the Work Order.

4.12 Liquidated Damages Regarding Initial Project Deployment

Radcom recognizes the importance of meeting Delivery Dates and agrees to the following Liquidated Damage provisions and procedures:

a. Upon discovery of anything indicating a reasonable certainty that Software and/or Services will not be Delivered by the scheduled Delivery Date, Radcom shall notify Amdocs and provide the estimated length of delay. The Parties shall work jointly toward resolving the delayed Delivery and to agree on a revised Delivery Date. Amdocs will use reasonable efforts to obtain agreement from [**] on an extended Delivery Date and if such an extended date is agreed, will align the Radcom Delivery Date to the date agreed with [**]. If the Parties reach agreement on an extended Delivery Date and Radcom fails to meet the extended Delivery Date, then Amdocs may (i) exercise its right to recover Liquidated Damages specified hereunder, to the extent [**] has exercised its right to recover Liquidated Damages from Amdocs (ii) further extend the Delivery Date, and/or (iii) if such delay amounts to a material breach, terminate the applicable Order, but only after the cap of the Liquidated Damages mentioned below has been reached and only in the event [**] has terminated the Applicable order with Amdocs, under this section. Notwithstanding any terms to the contrary in this Agreement or the General Agreements, the effective date of termination of the Amdocs Order with Radcom shall be the same as the effective date of termination of the corresponding scope of the [**] order with Amdocs. No payments, progress or otherwise, made by Amdocs to Radcom after any scheduled Delivery Date shall constitute a waiver of Liquidated Damages. Delivery Dates shall be extended as and to the extent Radcom is unable to meet the original Delivery Date due to causes outside of Radcom's control. Such extension shall be proportionate to the delay caused by factors outside Radcom's and/or Amdocs' control, and in such events, the Liquidated Damages shall not apply.

b. Notwithstanding the above paragraph, in the event of Radcom's failure to meet a Delivery Date, Amdocs shall be entitled to recover amounts as liquidated damages, and not as a penalty. For the first [**] days of delay, no liquidated damages will apply. Thereafter, liquidated damages of [**] % percent of the price of delayed Software and/or Services shall apply for each week up to [**] % of the delayed Software or Services price.

For the sake of relieving any doubt, it is clarified that Radcom shall not be liable for any delays to the extent caused solely by Amdocs and/or [**].

4.13 Third Party Software

The Parties recognize that third party software is required for the operation of the Software. Amdocs shall require [**] to be responsible to provide to Amdocs and Radcom the temporary use of the software, software version updates/upgrades and associated licenses for the following Third Party Software:

[**]

5.0 Special Software Terms

5.1 Delivery of Software

Software for the products shall initially be delivered by Radcom directly to [**] for download electronically through transfer by means of telecommunications and any subsequent Updates of such Software to which [**] is entitled, shall be made available as above. Unless and until directed in writing by Amdocs to do so, Radcom will not transfer any disks, tapes or other tangible property containing a product's Software, or any subsequent Updates of that Software, to [**].

5.2 Documentation Updates

During the applicable Support and Maintenance period, Radcom agrees to make available to Amdocs (who shall then make them available to [**]) updates to Documentation furnished to Amdocs hereunder which is related to the use and support of the Software (when such updates are made generally available to Radcom's other customers who are covered by Support and Maintenance). Documentation shall be maintained and revised to incorporate new or revised operating procedures resulting from corrections to and revisions of the Software. Radcom shall also provide written communications (which may be via email) concerning the Material, Updates, newly available Upgrades, programming notes, and Documentation corrections to Amdocs with respect to Material that is under Support and Maintenance. In addition, during the applicable Support and Maintenance period, Radcom agrees to promptly assist Amdocs with any undocumented error or abnormal program end conditions encountered by [**] with respect to any of the corresponding Material.

5. 3 Program Protection and Security

a. Amdocs shall require in its agreement with [**] that [**] shall not provide or otherwise make available the Software in any form to any unaffiliated third party, except as provided in this Agreement, ,, the EULA or in an Order accepted by Radcom.

b. Amdocs shall require in its agreement with [**] that [**] shall take appropriate action, by instruction, agreement or otherwise with the persons permitted access to the Software and Documentation, to satisfy the obligations pursuant to its agreement with Amdocs with respect to use, protection and security of the Software and Documentation.

c. Amdocs shall provide in its agreement with [**] that [**]'s rights of disclosure under its agreement with Amdocs shall include the right to provide the Software and related Documentation to [**]'s agents and contractors anywhere in the world who have a reasonable need for it in connection with for the performance of services for [**] under its agreement with Amdocs , provided that the Software and related Documentation may not be provided to a third party for the purpose of allowing that third party to develop or participate in the development of a product or service that competes with Radcom's products.

5.4 Software

Subject to the execution of the Agreement, [**] will receive from Radcom a Worldwide, Perpetual License to the Software outlined below:

[**]

It is agreed, that the license granted to [**] for the Software shall be as set forth in the EULA.

5.5 Software Enhancement Notification

a. Radcom will use commercially reasonable efforts to notify Amdocs and [**] in writing (which may be via email) of all Updates for Software licensed hereunder to which Amdocs will be entitled for the purpose of providing them to [**], at least [**] prior to the availability of that Update.

b. each new Update of Software (provided under a Support and Maintenance agreement) will be subject to [**] policies but for that particular Update only.

c. The Parties will seek to identify future Software Updates through the Radcom/Amdocs/[**] roadmap planning sessions and/or on-going communication exchanges. The Parties will seek to jointly identify and document an annual (calendar year) inventory of future Software Updates to be included as part of that year's Software releases to be made available as part of Support and Maintenance (the "Annual Software Feature List").

5.6 Software Support

Radcom shall make available to Amdocs for the sole purpose of Amdocs then providing to [**] all Updates to Software licensed hereunder for no additional cost during the term of the Support and Maintenance Agreement and Software technical support at no additional cost during the Warranty Period for such Software.

5.7 Software Updates

a. With respect to any Updates provided to Amdocs for [**] hereunder, RADCOM acknowledges and agrees that as per Amdocs agreement with [**], [**] will have the right to remove same and replace it with the previous version if such new version will degrade or impair [**]'s network. If Amdocs wishes to resell licenses for any new features or functionality of Software that are not licensed to [**] as part of an Update and are licensed separately, then Amdocs and Supplier will negotiate in good faith on a license fee or payment for such feature or functionality.

5.8 Support of Previous Versions

Provided that Amdocs enters into a separate Support and Maintenance Supplement, during the applicable Support and Maintenance term for the benefit of [**], Radcom agrees that, for all Software covered by Support and Maintenance, Radcom will make available error correction and technical support for each version of that Software for at least [**]) months following Radcom's initial release of that version.

6.0 Warranties, Indemnities and Liabilities for Software Licenses, Services and related Maintenance

The standard warranties, indemnities and liability obligations set forth in this Agreement and in the Subcontractor Agreement shall apply with respect to all Services provided under this Agreement including but not limited to development, Paid For Development, Maintenance and Support, testing, installation and implementation;

The standard warranties, indemnities and liability obligations set forth in this Agreement and the VAR shall apply with respect to Amdocs' resale of the Software to [**].

[**]'s right to use the Software, and the related warranties, indemnities and liabilities, are provided to [**] in accordance with the EULA and this Agreement.

[**]

7.0 Escrow/Source Code

[**]

8.0 General Provisions

Without derogating from those rights and licenses given directly from Radcom to [**] under Section 4.6 above and/or the Software license granted to [**] by Radcom under the EULA, a person who is not a party to this Agreement and/or the General Agreements, may not enforce any of their terms.

The last sentence of Section 11.3 of the Subcontractor Agreement, which obligates Radcom to reimburse Amdocs within [**] days, shall not apply to the Software license and Services. It is expressly understood that all indemnification obligations in this Agreement and the General Agreements shall continue to apply.

9.0 Additional Appendices

Appendix A: Statement of Work or Requirements

Appendix B: Fees

Appendix C: [**] Responsibilities

Appendix D: Additional Features

Appendix M: Change Processes with Forms A through F

Appendix O: Security Information Security Requirements (SISR)

Appendix Q: Software Enhancement Form

10.0 Execution of Agreement

10.1 Transmission of Original Signatures and Executing Multiple Counterparts

Original signatures transmitted and received via facsimile or other electronic transmission of a scanned document, (e.g., .pdf or similar format) are true and valid signatures for all purposes hereunder and shall bind the Parties to the same extent as that of an Original signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute only one document.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date the last Party signs.

Amdocs Software Systems Limited
By: /s/ Philip Butler
Printed Name: Philip Butler
Title: Director and Assistant Secretary
Date: December 30, 2015

Radcom Ltd.
By: /s/ David Ripstein
Printed Name: David Ripstein
Title: President & CEO
Date: December 30, 2015

EXHIBIT 4.12

COMPENSATION POLICY

RADCOM LTD.

Compensation Policy for Executive Officers and Directors

As Approved by the Shareholders on January 2014

A. Overview and Objectives

1. **Introduction**

The purpose of this document is to describe the overall compensation strategy of RADCOM Ltd. ("**RADCOM**" or the "**Company**") for its Executive Officers and Directors, and to provide guidelines for setting compensation of its Executive Officers and Directors (this "**Compensation Policy**" or "**Policy**"), in accordance with the requirements of the Companies Law, 1999 (the "**Companies Law**").

Compensation is a key component of RADCOM's overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals who will enhance RADCOM's value and otherwise assist RADCOM to reach its business and financial long term goals. Accordingly, the structure of this Policy is established to tie the compensation for each Executive Officer to RADCOM's goals and performance.

For purposes of this Policy, "Executive Officers" shall mean "Office Holders" as such term is defined in the Companies Law, excluding, unless otherwise expressly indicated herein, RADCOM's Directors.

Under no event shall the Company be deemed by this Policy, as being obligated to provide and/or grant any compensation component mentioned hereunder, to any of its Executive Officers and/or non-employee Directors; this Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Compensation Policy is approved by the shareholders of RADCOM.

The Compensation Committee and the Board of Directors of RADCOM shall review and reassess the adequacy of this Policy from time to time, as required by the Companies Law.

2. **Objectives**

RADCOM's objectives and goals in setting this Compensation Policy are to attract, motivate and retain highly skilled and experienced personnel who will provide leadership for RADCOM's success and enhance shareholder value, while supporting a performance culture that is based on merit, and differentiates and rewards excellent performance in the long term, and recognizes RADCOM's values. To that end, this Policy is designed, among others:

2.1. To closely align the interests of the Directors and Executive Officers with those of Company's stockholders in order to enhance stockholder value;

2.2. To provide the Executive Officers with a structured and balanced compensation package, including competitive salaries and benefits, performance-motivating cash and equity incentive programs; and

2.3. To provide appropriate awards for superior individual and corporate performance.

3. **Compensation structure and instruments**

3.1. Compensation instruments under this Compensation Policy may include the following:

3.1.1. Base salary;

3.1.2. Benefits and perquisites;

3.1.3. Cash bonuses;

3.1.4. Equity based compensation; and

3.1.5. Retirement and termination of service arrangements.

4. **Overall compensation - Ratio between fixed and variable compensation**

4.1. This Policy aims to balance the mix of Fixed Compensation (base salary, benefits and perquisites) and Variable Compensation (cash bonuses and equity based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet Company's goals while considering Company's management of business risks;

4.2. In light of the foregoing, the table below reflects the ratio between Fixed and Variable Compensation permitted under this Policy (per annum basis):

	Range for % of fixed compensation out of the total compensation	**Range for % of variable compensation out of the total compensation (*)**
CEO	20% - 100%	0%-80%
Non Sales Executives	25% - 100%	0%-75%
Sales Executives	15% - 100%	0%-85%

(*) Variable compensation includes annual bonuses and equity compensation. The variable component in regard of the equity compensation reflects the value at the date of grant.

5. **Inter-Company Compensation Ratio**

5.1. In the process of composing this Policy, RADCOM has examined the ratio between overall compensation of the Executive Officers and the average and median salary of the other employees of RADCOM (including employee-contractors and agency contractors, if any) (the "**Ratio**").

5.2. The possible ramifications of the Ratio on the work environment in RADCOM were examined in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in RADCOM.

5.3. The following is the current compensation Ratio: overall compensation of each executive, including the CEO, is not more than 6 times the average (and median) of the overall compensation of the other employees.

B. Base Salary, Benefits and Perquisites

6. **Base Salary**

6.1. The base salary varies between Executive Officers, and is individually determined according to the past performance, educational background, prior business experience, qualifications, role and the business responsibilities of the Executive Officer.

6.2. Since a competitive base salary is essential to Company's ability to attract and retain highly skilled professionals, RADCOM will seek to establish a base salary that is competitive with the base salaries paid to Executive Officers of a peer group of companies, while considering, among others, RADCOM's size and field of operation. To that end, RADCOM shall utilize as a reference comparative market data and practices.

7. **Benefits and Perquisites**

7.1. The following benefits and perquisites may be granted to the Executive Officers in order, among other things, to comply with legal requirements:

7.1.1. Vacation of up to 28 days per annum;

7.1.2. Sick days of up to 30 days per annum;

7.1.3. Convalescence pay according to applicable law;

7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to the practice in peer group companies;

7.1.5. Company shall contribute on behalf of the Executive Officer to an insurance policy or a pension fund, as allowed by applicable law and with reference to the practice in peer group companies;

7.1.6. Company shall contribute on behalf of the Executive Officer towards work disability insurance, as allowed by applicable law and with reference to the practice in peer group companies; and

7.1.7. Company shall sponsor Private Health Insurance for the Executive Officer, in accordance with the Company's policy and agreement with the insurance company.

7.2. Company may offer additional benefits and perquisites to the Executive Officers, which will be comparable to customary market practices, such as: company cellular phone benefits; company car benefits; refund of business travel including per diem when traveling and other business related expenses, insurances, etc.; provided however, that such additional benefits and perquisites shall be determined in accordance with Company's policies and procedures.

C. Cash Bonuses

8. **The Objective**

8.1. Compensation in the form of cash bonus(es) is an important element in aligning Executive Officers' compensation with Company's objectives and business goals in the long-term, such that both individual performance and overall company success are rewarded.

8.2. Company's policy is to allow annual cash bonuses, which may be awarded to the Executive Officers upon the attainment of pre-set periodical objectives and personal targets, pursuant to distinguishable terms for three Executive Officers' populations, as reflected in Section 9 below.

8.3. The performance targets payable to each Executive Officer (other than the CEO) shall be presented and recommended by Company's Chief Executive Officer and reviewed and approved by the Compensation Committee and the Board of Directors.

Examples of performance targets that may be considered include:

- financial results;
- sales results;
- efficiency metrics;
- internal and external customer satisfaction;
- enterprise value;
- execution of specific projects; and
- attainment of milestones.

9. **The Formula**

CEO

9.1. The annual bonus of the CEO will be based on 3 components, as further set out below: measureable results of the Company, special activities and qualitative, non-measureable criteria.

9.2. 30-80% of the annual bonus will be based on the measurable results of the Company, as compared to RADCOM's budget and work plan for the relevant year. Such measurable criteria will be determined at the commencement of each fiscal year (or start of employment, as applicable), and may include (but is not limited to) any one or more of the following criteria: profit, revenue, booking, enterprise value etc.

9.3. 0-60% of the annual bonus may be based on specific KPIs with regard to special activities, which include the following: mergers and acquisitions, fund raising and cost reduction targets. Such bonus will be based on measurable criteria which will be determined at the commencement of each fiscal year (or start of employment, as applicable).

9.4. A non-material portion of up to 20% of the CEO's annual bonus may be based on qualitative, non-measureable criteria, according to the discretion of the Compensation Committee and the Board of Directors Consideration.

9.5. The annual bonus will not exceed the amount of 2.5 annual base salaries of the CEO.

Non-Sales Executive Officers

9.6. The annual bonus of a non-sales Executive Officer may be based on 3 components, as further set out below: achievement and performance of individual measurable key performance indicators, measureable results of the Company and qualitative, non-measureable criteria.

9.7. 40%-60% of the annual bonus will be based on the achievement and performance of the individual measurable key performance indicators (KPIs) specified in Section 8.3, as determined at the commencement of each fiscal year (or start of employment, as applicable).

9.8. 40%-60% will be based on the measurable results of the Company, such as (but not limited to) profit, revenue, booking, etc., as compared to RADCOM's budget and work plan for the relevant year. Such measurable criteria will be determined at the commencement of each fiscal year (or start of employment, as applicable).

9.9. Another non-material component of up to 20% of the annual variable compensation of the Executive Officer may be based on qualitative, non-measureable criteria, according to the discretion of the Compensation Committee and the Board of Directors.

9.10. The annual bonus for the Non-Sales Executive Officers will not exceed the amount of 0.75 of their annual salary.

Sales Executive Officers

9.11. The annual bonus of a sales Executive Officer, may be based on 4 components, as further set out below: targets of the individual and/or his/her team or division; Company's performance; individual measurable key performance indicators (KPIs) specified in Section 8.3 above; and qualitative, non-measureable criteria.

9.12. 40-100% of the annual bonus will be calculated based upon measureable targets of the individual and/or his/her team or division, such as bookings, collection, revenue, gross profit and/or profit, as compared to RADCOM's budget and work plan for the relevant year. Such measurable targets will be determined at the commencement of each fiscal year (or start of employment, as applicable).

9.13. 0-20% of the annual bonus will be based on the measurable results of the Company, such as (but not limited to) profit, revenue, booking, etc., as compared to RADCOM's budget and work plan for the relevant year. Such measurable criteria will be determined at the commencement of each fiscal year (or start of employment, as applicable).

9.14. 0-20% of the annual bonus, will be calculated based upon the achievement and performance of the individual measurable key performance indicators (KPIs) specified in Section 8.3, as determined at the commencement of each fiscal year (or start of employment, as applicable).

9.15. Another non-material component of up to 20% of the annual variable compensation of the Executive Officer may be based on qualitative, non-measureable criteria, according to the discretion of the Compensation Committee and the Board of Directors.

9.16. The annual bonus for sales Executives Officers shall not exceed the amount of 2.5 annual salaries of the sales Executive Officers.

10. **Compensation Recovery ("Clawback")**

10.1. In the event of an accounting restatement, RADCOM shall be entitled to recover from Executive Officers bonus compensation in the amount of the excess over what would have been paid under the accounting restatement, with a two-year look-back. The compensation recovery will not apply to former Executive Officers of RADCOM.

10.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the event of a financial restatement required due to changes in the applicable financial reporting standards.

10.3. Nothing in this Section 10 derogates from any other "clawback" or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable securities laws.

D. Equity Based Compensation

11. **The Objective**

11.1. The equity based compensation for RADCOM's Directors and Executive Officers is designed in a manner consistent with the underlying objectives in determining the base salary and the annual bonus, with its main objectives being to enhance the alignment between the Directors' and Executive Officers' interests with the long term interests of RADCOM and its shareholders, and to strengthen the retention and the motivation of Directors and Executive Officers in the long term. In addition, since equity based awards are to be usually structured to vest over a long term, their incentive value to recipients is aligned with longer-term strategic plans.

11.2. The equity based compensation offered by RADCOM is intended to be in a form of stock options and/or other equity forms, such as RSUs, in accordance with the Company's equity compensation policies and programs in place from time to time.

12. **General guidelines for the grant of awards**

12.1. The equity based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the Executive Officer

12.2. As a general policy, equity based compensation for RADCOM's Executive Officers shall fully vest over a period of between 1 to 4 years.

12.3. The fair market value of the equity based compensation for the Executive Officers will be determined according to acceptable valuation practices at the time of grant. Such fair market value, as examined at the time of grant as aforesaid, shall not exceed the amount of 2 annual salaries per year of vesting on a linear basis.

13. **Acceleration and exercise of awards**

13.1. The Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable.

13.2. The Board may, following approval by the Compensation Committee, make provisions with respect to the acceleration of the vesting period of any Executive Officer's awards, including, without limitation, in connection with a corporate transaction involving a change of control.

E. Retirement and Termination of Service Arrangements

14. **Advance notice**

RADCOM may provide an Executive Officer a prior notice of termination of up to 6 months, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his options. During the advance notice period the Executive Officer may be required to continue providing services to RADCOM.

15. **Transition period**

RADCOM may provide an additional transition period during which the Executive Officer will be entitled to up to an additional 3 months of continued base salary, benefits and perquisites beyond the Advance Notice period described above. Additionally, the Board may, following approval by the Compensation Committee, approve to continue the vesting and/or the exercise eligibility of such Executive Officer's options during such transition period. The transition period shall be conditioned on terms of service of at least 2 years, on the employment relationship not being terminated with the Executive Officer for cause, and will be determined based on some or all of the following considerations: the period of service or employment of the Executive Officer (subject to as mentioned above, terms of service not being less than 2 years), service or employment terms during the Executive Officer's service or employment period, RADCOM's performance during such period, Executive Officer's contribution to the achievement of RADCOM's objectives and performance and the particular circumstances of termination of employment or service.

16. **Additional Retirement and Termination Benefits**

RADCOM may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices and which in such event, shall not exceed in value the equivalent of 6 monthly base salaries of the Executive Officer.

F. Exculpation, Indemnification and Insurance

17. **Exculpation**

Except as may be otherwise approved from time to time by the shareholders, RADCOM shall not exempt its Directors and Executive Officers from the duty of care.

18. **Indemnification**

RADCOM may indemnify its Directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the Executive Officer, as provided in the Indemnity Agreement between such individuals and RADCOM, all subject to applicable law.

19. **Insurance**

19.1. RADCOM will provide "Directors and Officers Insurance" (the "**Insurance Policy**") for its Directors and Executive Officers.

19.2. The maximum aggregate coverage for the Insurance Policy will be USD 20,000,000, as may be increased or decreased from time to time by the shareholders.

19.3. The maximum aggregate annual premium will be USD 100,000, as may be increased or decreased from time to time by the shareholders.

G. Board of Directors Compensation

20. The members of Company's board may (and, in the case of external directors, shall) be entitled to remuneration and refund of expenses according to the provisions of the Companies Regulations (Rules on Remuneration and Expenses of Outside Directors), 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 2000, as such regulations may be amended from time to time.

21. In addition, the members of Company's Board may be granted equity based compensation which shall fully vest over a period of between 1 to 4 years, and having a fair market value (determined according to acceptable valuation practices at the time of grant) not to exceed, with respect to each director, US$ 200,000 and US$ 500,000 with respect to the Company's chairman per year of vesting, on a linear basis, subject to applicable law and regulations.

22. The Chairperson of our Board of Directors shall be entitled to receive fixed monthly salary from the Company, for as long such individual is acting as an active Chairperson, and the provisions of the Compensation Policy shall apply to such remuneration accordingly.

23. For so long as the Active Chairperson receives the monthly salary, he or she will not be entitled to receive the cash remuneration received by the other members of the Board.

EXHIBIT 8.1

LIST OF SUBSIDIARIES

Name	Jurisdiction of Incorporation
RADCOM Equipment, Inc.	New Jersey
RADCOM Investments (96) Ltd.	Israel
RADCOM do Brasil Comercio, Importacao E Exportacao Ltda.	Brazil
RADCOM Trading India Private Limited	India

EXHIBIT 12.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yaron Ravkaie, certify that:

1. I have reviewed this annual report on Form 20-F of RADCOM Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2016

/s/ Yaron Ravkaie
Yaron Ravkaie
Chief Executive Officer

EXHIBIT 12.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Uri Birenberg, certify that:

1. I have reviewed this annual report on Form 20-F of RADCOM Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2016

/s/ Uri Birenberg
Uri Birenberg
Chief Financial Officer

EXHIBIT 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of RADCOM Ltd. (the "Company") for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yaron Ravkaie, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2016

/s/ Yaron Ravkaie
Yaron Ravkaie
Chief Executive Officer

EXHIBIT 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of RADCOM Ltd. (the "Company") for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Uri Birenberg, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2016

/s/ Uri Birenberg
Uri Birenberg
Chief Financial Officer

EXHIBIT 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8, No. 333-111931, No. 333-123981 , No. 333-190207, No. 333-195465 and No. 333-203087) pertaining to the Radcom Ltd. 2003 Share Option Plan and the Radcom Ltd. 2013 Share Option Plan, and Form F-3 (File No. 333-170512 and No. 333-189111) of Radcom Ltd., and in the related Prospectus, of our report dated March 29, 2016 with respect to the consolidated financial statements of Radcom Ltd. and its subsidiaries for the year ended December 31, 2015 included in this Annual Report on Form 20-F for the year ended December 31, 2015.

Tel Aviv, Israel
March 29, 2016

/s/ Kost, Forer, Gabbay & Kasierer
KOST, FORER, GABBAY & KASIERER
A Member of EY Global