

FINJAN HOLDINGS, INC.
Form DEF 14C
August 01, 2013

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

SCHEDULE 14C
(Rule 14c-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934

Check the appropriate box:

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| <input type="radio"/> Preliminary Information Statement | <input type="radio"/> Confidential, for Use of the Commission
Only
(as permitted by Rule 14c-5(g)) |
| <input checked="" type="radio"/> Definitive Information Statement | |

FINJAN HOLDINGS, INC.
(Name of Registrant as Specified in its Charter)

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- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.
- (1) Title of each class of Securities to which Transaction applies:
- (2) Aggregate number of securities to which Transaction applies:
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- (4) Proposed maximum aggregate value of Transaction:
- (5) Total fee paid:
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed: August 1, 2013
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FINJAN HOLDINGS, INC.
261 Madison Avenue
New York, NY 10016

NOTICE OF ACTION TAKEN BY WRITTEN CONSENT OF STOCKHOLDERS

Dear Stockholder:

This letter and accompanying information statement is being furnished to the stockholders of Finjan Holdings, Inc., a Delaware corporation (“we”, “us”, “our” or the “Company”), to inform them of certain actions taken by the written consent of the holders of a majority of the Company’s outstanding common stock.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

The corporate actions described in the accompanying Information Statement were approved by our board of directors and by the written consent of holders of a majority of our issued and outstanding common stock. Under applicable law, we may effect the corporate actions described in the accompanying Information Statement without a meeting or vote of our stockholders if stockholders holding a majority of our issued and outstanding common stock have consented to such actions in writing. Accordingly, we are not asking for your vote on these matters and the accompanying Information Statement is being furnished solely for the purpose of informing you of the corporate actions described therein before they take effect.

The purpose of this Information Statement is to inform our stockholders of the action taken by the written consent of the holders of a majority of our outstanding common stock delivered to the Company as of July 5, 2013, regarding (i) an amendment to our certificate of incorporation to effect a 1-for-12 reverse stock split of our common stock (collectively, the “Reverse Stock Split”), and (ii) the adoption of the Finjan Holdings, Inc. 2013 Global Share Option Plan, including the Israeli sub-plan appended thereto (the “Option Plan”). This letter and the accompanying Information Statement will serve as written notice to stockholders pursuant to Section 228 of the General Corporation Law of the State of Delaware.

The accompanying Information Statement contains details of the corporate actions described above. You are urged to read it carefully and in its entirety.

The accompanying Information Statement is first being mailed to our stockholders on or about August 1, 2013 to stockholders of record as of July 26, 2013. The corporate actions described therein will take effect no fewer than 20 calendar days after the initial mailing of this Information Statement, or on or about August 21, 2013.

Sincerely,

/s/ Philip Hartstein
Philip Hartstein
President

August 1, 2013

FINJAN HOLDINGS, INC.
261 Madison Avenue
New York, NY 10016

INFORMATION STATEMENT

INTRODUCTION

This Information Statement is furnished to the holders of common stock, par value \$0.0001 per share, of Finjan Holdings, Inc. (formerly Converted Organics, Inc.), a Delaware corporation (“we”, “us”, “our”, “Finjan” or the “Company” having an address at 261 Madison Avenue, New York, NY 10016, in connection with the following corporate actions unanimously approved by the board of directors of the Company, and the written consent in lieu of a meeting, delivered to the Company as of July 5, 2013, of the holders of a majority of the Company’s issued and outstanding shares of common stock:

- an amendment to the Company’s certificate of incorporation to effect a 1-for-12 reverse stock split of the Company’s common stock (the “Reverse Stock Split”); and
- the adoption of the Finjan Holdings, Inc. 2013 Global Share Option Plan, including the Israeli sub-plan appended thereto (the “Option Plan”).

The form of certificate of amendment for the Reverse Stock Split is attached as Appendix A to this Information Statement and the Option Plan is attached as Appendix B to this Information Statement. We will commence mailing this Information Statement on or about August 1, 2013 to the holders of record on July 26, 2013 (the “Record Date”) of the outstanding shares of our common stock.

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.

GENERAL INFORMATION

The board of directors of the Company unanimously adopted resolutions approving the Reverse Stock Split and the Option Plan on July 5, 2013 and June 3, 2013, respectively, and as of July 5, 2013, the holders of a majority of the Company’s outstanding common stock approved the Reverse Stock Split and the Option Plan by written consent in lieu of a special meeting. It is recommended that you read the Information Statement in its entirety for a full description of the actions approved by the holders of a majority of the Company’s outstanding common stock.

Expenses in connection with the distribution of this Information Statement will be paid by the Company. The Company will request brokerage houses, nominees, custodian, fiduciaries and other similar persons or entities to forward this Information Statement to beneficial owners of its voting securities held of record by them, and the Company will reimburse those persons or entities for reasonable out-of-pocket expenses incurred in forwarding the Information Statement.

EFFECTIVE DATES OF THE ACTIONS

The Reverse Stock Split will be effective upon the filing of the Certificate of Amendment with the Delaware Secretary of State, which will occur no fewer than 20 calendar days after the initial mailing of this Information Statement, or on or about August 21, 2013. The Option Plan will be effective twenty calendar days after the initial mailing of this Information Statement, or on or about August 21, 2013, prior to the effectiveness of the Reverse Stock Split.

OUTSTANDING SHARES AND VOTING RIGHTS

As of July 26, 2013, the Record Date, the Company's had 268,420,426 shares of its common stock issued and outstanding and no shares of preferred stock outstanding. Each share of the Company's common stock entitles its holder to one vote on any matter submitted to the stockholders. However, because the stockholders holding at least a majority of the Company's outstanding common stock as of the Record Date have voted in favor of approval of the Reverse Stock Split and the Option Plan by written consent, no other consents are solicited in connection with this Information Statement.

Under Delaware law, unless otherwise provided in the certificate of incorporation, any action that can be taken at a meeting of stockholders can be taken without a meeting if written consent to the action is signed by the holders of outstanding stock having the minimum number of votes necessary to authorize or take such action at a meeting of the stockholders. The Company's bylaws require the affirmative vote of the majority of shares entitled to vote on the matter.

The following stockholders, holding approximately 65.4% of our common stock as of July 5, 2013, approved the Reverse Stock Split and the Option Plan by written consent in lieu of a special meeting:

Name	Number of Shares of Common Stock
BCPI I, L.P.	64,242,658
Israel Seed IV, L.P.	52,382,475
HarbourVest International Private Equity Partners IV Direct Fund L.P.	51,641,214
Benhamou Global Ventures LLC	7,412,614
Total	175,678,961

ACTION 1: APPROVAL OF THE REVERSE STOCK SPLIT

Our authorized capital stock consists of 1,010,000,000 shares, of which 1,000,000,000 are common stock and 10,000,000 are preferred stock. On July 5, 2013, our board of directors approved an amendment to our certificate of incorporation to effect the Reverse Stock Split of our common stock (the "Certificate of Amendment"). We anticipate that the Reverse Stock Split will be effective upon the filing of the Certificate of Amendment with the Delaware Secretary of State, which will occur no fewer than 20 calendar days after the initial mailing of this Information Statement, or on or about August 21, 2013. The text of the Certificate of Amendment is attached as Appendix A to this Information Statement. The Certificate of Amendment has been approved by written consent by the holders of a majority of our outstanding common stock delivered to the Company as of July 5, 2013. Our board of directors, in its discretion, may abandon the Reverse Stock Split at any time prior to the filing of the Certificate of Amendment.

Reasons for the Amendments

The Company believes that the Reverse Stock Split will make our common stock more attractive to a broader range of investors, as the current market price of our common stock may affect its acceptability to certain institutional investors, professional investors and other members of the investing public. Many brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. In addition, some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Moreover, because brokers' commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of our common stock can result in individual shareholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher.

In addition, we believe that the Reverse Stock Split will enhance our ability to obtain a potential initial listing on a national securities exchange. The NASDAQ Capital Market requires, among other items, an initial bid price of least

\$4.00 per share and following initial listing, maintenance of a continued minimum bid price of at least \$1.00 per share. The NYSE MKT requires an initial listing bid price of \$3.00 (or \$2.00 depending on the applicable listing standard). We anticipate that reducing the number of outstanding shares of our common stock should, absent other factors, increase the per share market price of our common stock, although we cannot provide any assurance that the minimum bid price for our common stock following the Reverse Stock Split will be or remain above the minimum bid price required for initial or continued listing on any such stock exchange or that we will otherwise satisfy the eligibility requirements for listing on a national securities exchange.

For the reasons described above, the Company believes that the Reverse Stock Split will make our common stock a more attractive and cost effective investment for many investors, which the Company in turn believes may enhance the liquidity of our common stock.

It should be noted, however, that while reducing the number of outstanding shares of our common stock through the Reverse Stock Split is intended to increase the per share market price of our common stock, other factors, such as the Company's financial results, market conditions and the market perception of the Company's business, may adversely affect the market price of our common stock. As a result, there can be no assurance that the Reverse Stock Split will increase the per share market price of our common stock or that the per share market price of our common stock will not decrease in the future. Additionally, there can be no assurance that the market price per share of our common stock after the Reverse Stock Split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the Reverse Stock Split. Accordingly, the total market capitalization of our common stock after the Reverse Stock Split may be lower than the total market capitalization before the Reverse Stock Split.

Principal Effects on Outstanding Common Stock

As a result of the Reverse Stock Split of our common stock, each share of our common stock outstanding immediately prior the filing of the amendment to our certificate of incorporation effecting the Reverse Stock Split will represent one-twelfth (1/12) of one share of our common stock, or each twelve (12) shares held prior to the Reverse Stock Split will result in one post-split share. This will result in each holder of our common stock immediately prior to the Reverse Stock Split owning one-twelfth (1/12) of the number of shares of common stock owned by such holder prior to the Reverse Stock Split. No fractional shares or scrip of our common stock will be issued in connection with the Reverse Stock Split. Any fractional share will be rounded up to the nearest whole number post-split share.

After the Reverse Stock Split is effective, the Common Stock will have new Committee on Uniform Securities Identification Procedures ("CUSIP") numbers, which is a number used to identify the Company's equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below.

After the Reverse Stock Split is effective, the Company will continue to be subject to the periodic reporting and other requirements of the Exchange Act. The Common Stock will continue to be quoted on the OTCQB tier of the OTC Market and on the OTC Bulletin Board under the symbol "FNJN", although the letter "D" will be added to the end of the trading symbol for a period of 20 trading days after the effective time of the Reverse Stock Split to indicate that a reverse stock split has occurred.

Beneficial Holders of Common Stock (i.e. shareholders who hold in street name)

Upon the effectiveness of the Reverse Stock Split, the Company intends to treat shares held by shareholders through a bank, broker, custodian or other nominee in the same manner as registered shareholders whose shares are registered in their names. Banks, brokers, custodians or other nominees will be instructed to effect the Reverse Stock Split for their beneficial holders holding our common stock in street name. However, these banks, brokers, custodians or other nominees may have different procedures than registered shareholders for processing the Reverse Stock Split. Shareholders who hold shares of our common stock with a bank, broker, custodian or other nominee and who have any questions in this regard are encouraged to contact their banks, brokers, custodians or other nominees.

Registered "Book-Entry" Holders of Common Stock (i.e. shareholders that are registered on the exchange agent's books and records but do not hold stock certificates)

Certain of the registered holders of our common stock may hold some or all of their shares electronically in book-entry form with the Company's exchange agent. These shareholders do not have stock certificates evidencing their ownership of our common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

Shareholders who hold shares electronically in book-entry form with the Company's exchange agent will not need to take action (the exchange will be automatic) to receive whole shares of our post-Reverse Stock Split common stock.

Holders of Certificated Shares of Common Stock

Shareholders holding shares of our common stock in certificated form will be sent a transmittal letter by the Company's transfer agent after the effective date of the Reverse Stock Split. The letter of transmittal will contain instructions on how a shareholder should surrender his, her or its certificate(s) representing shares of our common stock (the "Old Certificates") to the Company's exchange agent in exchange for certificates representing the appropriate number of whole shares of our post-Reverse Stock Split common stock (the "New Certificates"). No New Certificates will be issued to a shareholder until such shareholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the Company's exchange agent. No shareholder will be required to pay a transfer or other fee to exchange his, her or its Old Certificates. Shareholders will then receive a New Certificate(s) representing the number of whole shares of our common stock to which they are entitled as a result of the Reverse Stock Split. Until surrendered, we will deem outstanding Old Certificates held by shareholders to be cancelled and only to represent the number of whole shares of our post-Reverse Stock Split common stock to which these shareholders are entitled. Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates. If an Old Certificate has a restrictive legend on the back of the Old Certificate(s), the New Certificate will be issued with similar restrictive legends that are on the back of the Old Certificate(s).

SHAREHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY STOCK CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Effect on Authorized but Unissued Shares of Common Stock

The number of shares of common stock that we are authorized to issue will not change as a result of the Reverse Stock Split. Therefore, because the number of authorized shares will not be reduced by the same equivalent proportion as the number of outstanding shares of our common stock, the Reverse Stock Split will have the effect of an increase in the number of authorized but unissued shares of our common stock. Authorized but unissued shares of our common stock and preferred stock are available for future issuance as may be determined by our board of directors without further action by our stockholders, unless stockholder approval is required by applicable law or the rules of any securities exchange on which our securities may be listed in the future. These additional shares may be issued in the future for a variety of corporate purposes including, but not limited to, raising additional capital, corporate acquisitions and equity incentive plans. Except for a stock split or stock dividend, future issuances of common shares will dilute the voting power and ownership of our existing stockholders and, depending on the amount of consideration received in connection with the issuance, could also reduce stockholders' equity on a per share basis.

The availability of a substantial number of authorized but unissued shares may also be used by our board of directors, consistent with and subject to its fiduciary duties, to deter future attempts to gain control of the Company or make such actions more expensive and less desirable. The Company did not, however, propose the Reverse Stock Split in response to any effort known to us to accumulate our common stock or to obtain control of the Company by means of a merger, tender offer or solicitation in opposition to management.

Effect of the Reverse Stock Split on Employee Plans, Options, Restricted Stock Awards and Units, Warrants, and Convertible or Exchangeable Securities

Upon the effectiveness of the Reverse Stock Split, proportionate adjustments are generally required to be made to the per share exercise price and the number of shares issuable upon the exercise or conversion of all outstanding options, warrants, convertible or exchangeable securities. This would result in approximately the same aggregate price being required to be paid under such options, warrants, convertible or exchangeable securities upon exercise, and approximately the same value of shares of our common stock being delivered upon such exercise, exchange or conversion, immediately following the Reverse Stock Split as was the case immediately preceding the Reverse Stock Split. The number of shares reserved for issuance pursuant to these securities will also be reduced proportionately based upon the reverse stock split ratio of 1-for-12.

Accounting Matters

The Reverse Stock Split will not affect the par value of our common stock, which will remain \$0.0001 per share upon the effectiveness of the Reverse Stock Split. As a result, as of the Reverse Stock Split Effective Time, the stated capital attributable to common stock on the Company's balance sheet will not change due to the Reverse Stock Split. Reported per share net income or loss will probably be higher because there will be fewer shares of our common stock outstanding.

No Dissenter's Rights or Appraisal Rights

Under Delaware law and our certificate of incorporation, holders of our common stock will not be entitled to dissenter's rights or appraisal rights with respect to the Reverse Stock Split.

Certain Federal Income Tax Consequences of the Reverse Stock Split

The following summary describes certain material U.S. federal income tax consequences of the Reverse Stock Split to “U.S. holders” (as defined below) of our common stock.

Unless otherwise specifically indicated herein, this summary addresses the tax consequences only to a beneficial owner of our common stock that is a citizen or individual resident of the United States, or a corporation organized in or under the laws of the United States or any state thereof or the District of Columbia or otherwise subject to U.S. federal income taxation on a net income basis in respect of our common stock (a “U.S. holder”). This summary does not address all of the tax consequences that may be relevant to any particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, U.S. expatriates, persons subject to the alternative minimum tax, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that hold our common stock as part of a position in a “straddle” or as part of a “hedging,” “conversion” or other integrated investment transaction for federal income tax purposes, or (iii) persons that do not hold our common stock as “capital assets” (generally, property held for investment).

This summary is based on the provisions of the Internal Revenue Code (“IRC”), U.S. Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this Information Statement. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of the Reverse Stock Split.

If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reverse Stock Split.

EACH STOCKHOLDER SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT.

The Reverse Stock Split should be treated as a recapitalization for U.S. federal income tax purposes. Therefore, U.S. Holders will not recognize gain or loss upon the Reverse Stock Split. The aggregate tax basis of our common stock received by a U.S. Holder pursuant to the Reverse Stock Split should equal the aggregate tax basis of our common stock surrendered (excluding the portion of the tax basis that is allocable to any fractional share), and the holding period of our common stock received should include the holding period of our common stock surrendered.

ACTION 2: APPROVAL OF THE OPTION PLAN

Our board of directors adopted the Option Plan on June 3, 2013, subject to stockholder approval, and a majority of our stockholders approved the Option Plan by written consent delivered to the Company as of July 5, 2013.

General Description of the 2013 Global Share Option Plan

A general description of the basic features of the Option Plan is set forth below. Such description is qualified in its entirety by reference to the full text of the Option Plan, which is attached hereto as Appendix B.

Purpose

The Option Plan is intended to provide an incentive to retain, in the employ of the company and its affiliates, persons of training, experience, and ability, to attract new employees, directors, consultants and service providers, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the company by providing them with opportunities to purchase our common stock in accordance with the plan. The Option Plan is intended to meet the performance-based compensation exemption under Section 162(m) of the Internal Revenue Code of 1986 and was contingent on stockholder approval. In addition, the Option Plan is intended to enable the company to grant options and issue shares under various tax regimes, including, the United States, Israel and other jurisdictions.

Administration

The administration, interpretation and operation of the Option Plan will be vested in our board of directors, or a compensation or other committee thereof as determined by the board of directors. The board of directors, or committee thereof tasked with administering the Option Plan is sometimes referred to as the “Administrator.”

The Administrator will have the full power and discretionary authority, subject to applicable law and subject to our certificate of incorporation, to: (i) designate optionees; (ii) determine the terms and provisions of the respective option agreements awarded under the Option Plan (which may, but need not, be identical), including, but not limited to, the number of options to be granted to each optionee, the number of shares to be covered by each option, provisions concerning the time or times when and the extent to which the options may be exercised and the nature and duration of restrictions as to the transferability or restrictions constituting substantial risk of forfeiture; (iii) accelerate the right of an optionee to exercise, in whole or in part, any previously granted option; (iv) interpret the provisions and supervise the administration of the Option Plan; (v) replace, cancel or suspend awards, as necessary; (vi) determine the fair market value of the shares covered by each option in accordance with the Option Plan; (v) designate the type of options to be granted to an optionee; (vi) alter any restrictions and conditions of any options or shares subject to any options; (ix) determine the purchase price of the option; (x) prescribe, amend and rescind rules and regulations relating to the Option Plan (vii) determine any other matter which is necessary or desirable for, or incidental to the administration of the Option Plan. The Option Plan also authorizes the Administrator to grant replacement options in exchange for outstanding options, subject to limitations specified in the Option Plan.

Eligible Participants

Any person who is employed by us or any of our affiliates, as well as any director, consultant, adviser, service provider or controlling stockholder (within the meaning of Israeli Income Tax Ordinance [New Version] 1961, as amended, or the “Ordinance”) of the company or its affiliates is eligible to participate in the Option Plan. Options granted pursuant to Section 102 of the Ordinance may only be granted to persons otherwise eligible under the Option Plan who are considered Israeli residents for Israeli income tax purposes, except “controlling stockholders” within the

meaning of the Ordinance.

Except as described below, no determination has been made as to future awards which may be granted under the Option Plan, although it is anticipated that recipients of awards will include the current executive officers of the Company. However, in connection with the consummation of a reverse merger pursuant to the Agreement and Plan of Merger, dated June 3, 2013, among the Company, Finjan, Inc. and COIN Merger Sub, Inc., options to purchase up to an aggregate of 77 shares of Finjan common stock at an exercise price of \$34,096.87 per share, including options held by Finjan's chief executive officer (Daniel Chinn, a member of our board of directors since June 3, 2013), its president (Philip Hartstein, our president since June 3, 2013) and its chief financial officer (Shimon Steinmetz, our chief financial officer since June 3, 2013), were converted into options to purchase an aggregate of 19,025,710 shares of our common stock, in each case at an adjusted converted exercise price of \$0.137995, subject to further adjustment in accordance with the terms of each option award and the Option Plan. The exercise of such options was subject to stockholder approval of the Option Plan and are subject to applicable vesting provisions.

Trustee

Our board of directors may appoint (and may, from time to time, replace) a trustee for the purposes of the Option Plan, in accordance with the requirements of applicable law. The Israeli sub-plan contains provisions relating to the appointment of such trustee in connection with options granted pursuant to Section 102 or Section 3(i) of the Ordinance.

Number of Shares Subject to the Option Plan

The maximum number of shares with respect to which awards may be granted under the Option Plan is 26,842,036 (on a pre-Reverse Stock Split basis), subject to adjustment in the event of certain transactions, including certain mergers, sales of substantially all of the company's assets, reverse mergers, and certain changes in control of the company, as well as to reflect stock splits, recapitalizations, share exchanges and similar transactions. Shares subject to awards that are forfeited, canceled or expire will again be available for issuance under the Option Plan. The Option Plan provides that in no event may the Company grant a number of options representing shares that have a fair market value (as defined in the Option Plan), as of the date of grant, in excess of ten percent (10%) of the Company's market capitalization, as of the date of grant, to any single optionee in a calendar year.

Exercise Prices

The purchase price of each share subject to an option awarded under the Option Plan shall be determined by the Administrator in its sole and absolute discretion in accordance with applicable law, subject to any guidelines as may be determined by the board of directors (in the event the board of directors is not then the Administrator) from time to time. However, in the case of a grant to any eligible person subject to U.S. taxation, the Option Plan provides that the purchase price shall not be less than 100% of the fair market value (as determined in accordance with the Option Plan) of the underlying shares as determined on the date of grant.

Stock Option Exercise; Payment of Exercise Prices

Options granted under the Option Plan may be exercised by the optionee in whole or in part from time to time, to the extent that the options become vested and exercisable, prior to the applicable expiration date, and provided that, subject to certain exceptions, the optionee is employed by, serves as a director, or provides services to us or any of our affiliates, at all times during the period beginning with the date of grant and ending upon the date of exercise.

The Option Plan provides that the purchase price for shares underlying options may be paid (i) in cash, (ii) at the discretion of the board of directors, in shares of our common stock (including other shares subject to the option being exercised) having a fair market value equal as of the date of exercise to the purchase price of the shares purchased and acquired upon exercise of the option, or through a different form of cashless exercise through a third party broker as approved by the board of directors or (iii) by a combination of the methods described above. Our board of directors has the authority, under the Option Plan, to approve other means of payment.

Adjustments

The Option Plan provides that, in the event of certain transactions, including certain mergers, sales of substantially all of the company's assets, reverse mergers, and certain changes in control of the company, the unexercised options then outstanding under the plan will be assumed or substituted for an appropriate number of shares of the securities distributed to the shareholders of the Company, including securities of the successor company, unless the successor company does not agree to do so. If unexercised options are assumed or substituted in connection with such transactions, appropriate adjustments may be made to the exercise price so as to reflect such action and all other terms

and conditions of the applicable option agreements will remain unchanged, including but not limited to the vesting schedule, all subject to the determination of the board of directors. However, any options that are exercisable into shares that have a fair market value that is equal to or less than such option's purchase price may be cancelled by the Administrator rather than assumed or substituted by the successor company. The number of shares issuable upon exercise of options may also be adjusted to reflect stock splits, recapitalizations, stock dividends, share exchanges and similar transactions.

Term of Options

Options granted under the Option Plan, to the extent not previously exercised, will terminate upon the earlier of: (i) the date set forth in the option agreement; (ii) the lapse of ten years from the date of grant; (ii) in the event of certain transaction and other events specified in the plan, and (iii) the expiration of any extended period applicable under the Option Plan following the termination of the optionee's service to the company or its affiliates.

In the event of termination of optionee's employment, directorship or service-provider relationship, with us and all of our affiliates, all options granted to such optionee under the Option Plan will immediately expire, subject to limited exceptions. However, the Option Plan provides that an option may be exercised after the date of termination of an optionee's employment or service with us or any of our affiliates during an additional period of time beyond the date of such termination, but only with respect to the number of vested options at the time of such termination, if (i) the termination is without cause, in which event any vested option still in force may be exercised within a period of ninety days after the date of such termination or the expiration date of the option, if earlier; or (ii) termination is the result of death or disability of the optionee, in which event any vested option still in force may be exercised within a period of twelve months after the date of such termination or the expiration date of the option, if earlier; or (iii) prior to the date of such termination, the Administrator shall authorize an extension of the terms of all or part of the vested options beyond the date of such termination for a period not to exceed the period during which the options by their terms would otherwise have been exercisable.

Amendment or Termination

Without derogating from any other rights granted to the Administrator, the board of directors may at any time, but when applicable, after consultation with any trustee appointed in accordance with the Israeli sub-plan under the Option Plan, amend, alter, suspend or terminate the Option Plan and/or any sub-plan thereunder. No amendment, alteration, suspension or termination of the Option Plan will impair the rights of any optionee, unless mutually agreed otherwise between the us and the optionee. Termination of the Option Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to options granted under the Option Plan prior to the date of such termination.

The Option Plan will be effective as of June 3, 2013, the date it was adopted by our board of directors, and will terminate on June 3, 2023. However, although we will not grant any new awards under the Option Plan following its termination, the Option Plan will remain in effect until the latest expiration date of any outstanding option with respect to such options.

Indemnification

The Option Plan provides that, subject to the Company's certificate of incorporation and bylaws and applicable law, each member of the board of directors (or committee thereof serving as the Administrator) and other officers of the Company are entitled to be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Option Plan unless arising out of such person's own fraud or bad faith, to the extent permitted by applicable law.

Federal Income Tax Consequences of Awards

The federal income tax consequences related to the issuance of stock options that may be granted under the Option Plan are summarized below. Participants who are granted awards under the Option Plan should consult their own tax advisors to determine the tax consequences based on their particular circumstances.

A participant who is granted a stock option normally will not realize any income, nor will our company normally receive any deduction for federal income tax purposes, in the year the option is granted.

When a nonqualified stock option granted through the Option Plan is exercised, the participant will realize ordinary income measured by the difference between the aggregate purchase price of the shares acquired and the aggregate fair market value of the shares acquired on the exercise date and, subject to the limitations of Section 162(m) of the Internal Revenue Code, we will be entitled to a deduction in the year the option is exercised equal to the amount the participant is required to treat as ordinary income.

If the exercise price of a nonqualified option is paid by the surrender of previously owned shares, the basis and the holding period of the previously owned shares carry over to the same number of shares received in exchange for the previously owned shares. The compensation income recognized on exercise of these options is added to the basis of the shares received. If the exercised option is an incentive stock option and the shares surrendered were acquired through the exercise of an incentive stock option and have not been held for the holding periods, the optionee will recognize income on such exchange, and the basis of the shares received will be equal to the fair market value of the shares surrendered. If the applicable holding period has been met on the date of exercise, there will be no income recognition and the basis and the holding period of the previously owned shares will carry over to the same number of shares received in exchange, and the remaining shares will begin a new holding period and have a zero basis.

Section 409A

If any award constitutes nonqualified deferred compensation under Section 409A of the Internal Revenue Code, it will be necessary that the award be structured to comply with Section 409A to avoid the imposition of additional tax, penalties and interest on the participant.

Payment of Withholding Taxes

We may withhold from any payments or stock issuances under the Option Plan, or collect as a condition of payment, any taxes required by law to be withheld.

The foregoing discussion summarizes the federal income tax consequences of awards that may be granted under the Option Plan based on current provisions of the Internal Revenue Code, which are subject to change. This summary does not cover any foreign, state or local tax consequences.

Plan Benefits under 2013 Global Share Option Plan

The grant of awards under the Option Plan is entirely in the discretion of the board of directors. As of the date of this Information Statement, we have granted the following stock options under the Option Plan:

Recipient	No. of Options Granted	Exercise Price of Options	Expiration Date
Philip Hartstein (President) (1)	5,188,830	\$0.137995	May 6, 2023
Shimon Steinmetz (Chief Financial Officer) (2)	2,223,784	\$0.137995	May 6, 2023
Executive Group	7,412,614	\$0.137995	May 6, 2023
Non-Executive Director Group (3)	6,424,266	\$0.137995	May 6, 2023
Non-Executive Officer Employee Group (4)	5,188,830	\$0.137995	May 6, 2023

(1) 25% of the options granted to Mr. Hartstein shall vest and become exercisable on April 1, 2014 and thereafter 6.25% of the options shall vest every three months, provided that Mr. Hartstein is employed by the Company as of each applicable vesting date.

(2) 25% of the options granted to Mr. Steinmetz shall vest and become exercisable on April 1, 2014 and thereafter 6.25% of the options shall vest every three months, provided that Mr. Steinmetz is employed by the Company as of each applicable vesting date.

(3) Daniel Chinn, a member of our board of directors and the chief executive officer of Finjan, Inc., our wholly-owned subsidiary, is the only member of our board of directors that holds stock options. 3,459,220 of the options held by Mr. Chinn are currently vested and the balance of such options shall vest and become exercisable over

a two-year period from the date of grant in eight equal quarterly installments.

(4) Includes options awarded to consultants to Finjan, Inc. as well as employees of the Company.

Equity Compensation Plan Information

The following table presents information about shares of Common Stock that may be issued upon the exercise of stock options under all of our existing equity compensation plans as of July 9, 2013.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of
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