



P A Y T O N P L A N A R
M A G N E T I C S L T D

Payton Planar Magnetics Ltd.
Annual General Meeting

This notice is to announce that an annual general meeting of the Company's shareholders will be held on August 1, 2007 at 10:00 AM.

The meeting will be held in the Company's registered office at 14 Ha'homa St. Rishon Le-Zion Israel.

On the agenda:

1. Approval of the 2005 and 2006 yearly financial statements.
Proposed resolution: Approval of the 2005 and 2006 yearly financial statements.
2. Re-nomination of the company's independent auditors.
Proposed resolutions: to re-nominate Somekh-Chaikin a member of the KPMG International, as the Company's independent auditors, and to authorize Mr. David Yativ, Chairman of the Board of Directors to define their fees.
3. Nomination of an external Director.
Proposed resolution: to nominate Mr. Israel Leonov, as an external director of the Company. Mr. Israel Leonov's declaration given according to rule 241 of the Company's Law, 1999, is available for review at the company's registered office, in the customary working hours.

The resolution in clause 3 above, shall be deemed to have been passed, by majority votes of the shareholders, present and voting in the meeting, conditional upon the existence of one of the terms as follows:

- a. The majority votes shall include at least one third (1/3) of the votes of shareholders who are not controlling shareholders in the Company or anyone on their behalf, who participate in the voting. The votes of the abstainers will not be taken into account.
- b. The total of the objecting votes, from the entire shareholders mentioned in section (a), will not exceed 1% of the total voting rights in the company.

Resolutions in all other matters as above mentioned require ordinary majority of the voters in the meeting.

If within half an hour of the above mentioned time no quorum is present (at least two members present personally or by proxy who together hold at least thirty three percent (33%) of the issued shares of the Company), the meeting shall stand adjourned to August 8, 2007 at the same place and hour.

If no quorum is present at the adjourned meeting within half an hour of the above mentioned time, the present member(s) shall be deemed a quorum.

The persons and/or entities that are entitled to participate and to vote in the meeting are the shareholders of the Company on July 3, 2007.

In order to validate their participation, the shareholders are kindly requested to deposit with the Company, 48 hours prior to the meeting, certificate of ownership issued by a financial institution. Such certificate to be sent to Mrs Michal Lichtenstein, at Payton Planar Magnetics or to Mrs. Nathalie Verbeeck at Citigate, Woluwedal 28 box 6, B- 1932 Sint-Stevens-Woluwe (Brussels), Belgium (with the reference PAY1108).

The shareholders may vote with regard to the resolution in clause 3 on the agenda above, also by a Voting Letter. The form of the Voting Letter is available at the company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com). The latest date to deliver the Voting Letter is July 29, 2007 at 10:00.

An instrument appointing a representative, a proxy, a power of attorney, other certificate or a copy of the above mentioned documents attested by a notary, should be delivered to the office of the company, at least forty-eight (48) hours prior to the time of the meeting, or the adjourned meeting, where the person mentioned in the instrument is to vote. If the above conditions were not fulfilled, the appointing document shall be void.

The Board of Directors.