

**Payton Planar Magnetics Ltd. ("The Company")**  
**Reporting its annual and extraordinary general meeting of the Company's shareholders**

This notice is to announce that an annual and extraordinary general meeting of the Company's shareholders will be held on **October 15<sup>th</sup>, 2018 at 4:00 PM** (hereinafter: "**The Meeting**"). The meeting will be held in the Company's registered office at 3 Ha'avoda St. Ness-Ziona, Israel (hereinafter: "**The Company's registered office**").

**On the agenda**

1. Discussion and Acceptance of the Company's 2017 yearly financial statements.
2. Approval of dividend distribution at the amount of \$ 0.175 per share (an aggregate amount of USD 3,092 thousands) declared on March 26, 2018, which was distributed on May 24, 2018 as final dividend for the year 2017.
3. Re-nomination of KPMG Somekh-Chaikin, a member of the KPMG International, as the Company's independent auditors and authorizing the Board of Directors of the Company, to determine their fees.
4. Amendment of the Management Service Agreement of Mr. Doron Yativ , CEO of the Company, as of January 1<sup>st</sup> 2018 so that instead of a variable bonus limited to a maximum of 6 months fee, the bonus limit will increase to a maximum of 12 months fee (hereinafter: "**The Amended Management Agreement**"). This engagement is brought for the approval of the general meeting in accordance with the provisions of Section 275(C1) of the Israeli Companies Law, 5759-1999 (hereinafter: "**The Israeli Companies Law**").

The terms of the Amended Management Agreement are not in accordance with the Company's Remuneration Policy. Under these circumstances, the Board of Directors and the Audit Committee discussed the considerations specified in Section 267B(a) of The Israeli Companies Law, with reference to the matters detailed in Part A of the First Schedule to The Israeli Companies Law and to the provisions detailed in Part B of the said Schedule.

In light of the above, the members of the Company's audit committee and board of directors have approved the Amended Management Agreement and have resolved that its terms are reasonable and appropriate.

5. Replacement of the Company's Articles of Association (sections that do not relate to exemption, insurance and indemnification) - It is proposed to replace the Company's Articles of Association with a new version, the copy of which is **attached as Appendix A to this Immediate Report** (above and hereinafter: "**the Proposed Articles of Association**"). It is hereby clarified that there have been changes in the exemption, indemnification and insurance clauses in the Proposed Articles of Association (see sections 153-160 of the Proposed Articles of Association) and therefore their approval is listed as a separate item in section 6 below.  
In addition, if the replacement of the exemptions, insurance and indemnification clauses of the Proposed Articles of Association are not approved, but the replacement of the Proposed Articles of Association (which does not relate to exemption, insurance and indemnity) is approved, then the existing Company's Articles of Association, as defined below, will be replaced by the Proposed Articles of Association regarding exemption, insurance and indemnity.

6. Replacement of exemption, insurance and indemnification clauses in the Company's Articles of Association - It is proposed to replace the indemnification and insurance provisions in the Company's existing Articles of Association (see Sections 139-141 of the existing Company's Articles of Association) (above and hereinafter: "**the existing Company's Articles**"), with the wording proposed in Sections 153-160 of the proposed Articles of Association, as defined above. It should be noted that the replacement of the exemption, insurance and indemnification clauses in the Company's Articles of Association adapts these provisions to the current provisions of the Israeli Companies Law.

7. Granting indemnification to directors who are members of the Company's controlling shareholder and their relatives - Subject to the approval of the general meeting to replace the exemption, insurance and indemnification clauses in the Company's Articles of Association, as detailed in Section 6 above. It is proposed to approve granting indemnification to the Company's controlling shareholder, Mr. David Yativ, his son, Mr. Doron Yativ (who serves as a director of the Company and as CEO of the Company) and his daughter, Mrs. Sharon Ozan (who serves as a director of the Company and as QA Manager of the Company), as stated in the letter of indemnification (hereinafter: "**Letter of Indemnification**").

In accordance with the Letter of Indemnification and subject to the provisions of the law, the Company will be obliged to indemnify Mr. David Yativ, his son, Mr. Doron Yativ and his daughter, Mrs. Sharon Ozan, in advance and in retrospect, for any liability or expense specified in the Letter of Indemnification imposed on them due to one or more of the following: (A) Operations and/or a derivative thereof by virtue of being officers and/or employees of the Company and/or of subsidiaries and/or related companies of the Company, as may be determined from time to time;

(B) Actions and/or a derivative thereof by virtue of their being officers, employees or agents of the Company in any other corporation in which the Company holds securities directly and/or indirectly.

The Letter of Indemnification includes an undertaking to indemnify the said directors for expenses incurred by them in connection with a legal proceeding, as defined in the Letter of Indemnification, which was conducted in their matter, including reasonable litigation expenses.

The amount of indemnification that the Company will pay to all directors and officers of the Company, cumulatively, shall not exceed 20% of the Company's shareholders' equity, according to the Company's latest consolidated financial reports, audited or reviewed, as the case may be, at the actual payment day of the indemnification.

8. Granting indemnification to directors and officers serving in the Company (who are not members of the Company's controlling shareholder) - Subject to the approval of the general meeting to replace the exemption, insurance and indemnification clauses in the Company's Articles of Association, as detailed in Section 6 above. The indemnification letter to directors and office holders serving in the Company (who are not members of the controlling shareholder of the Company) is identical to the letter of indemnification detailed in section 6 above.

Copies of the Amended Management Agreement (clause 4) and Letter of Indemnification (clause 7 and 8) are available at the Company's registered office and shall be delivered by e-mail to any shareholder at its request, accompanied by authenticated certificate of ownership, to be sent by registered mail to the Company's registered office.

The agenda, instructions for attendance and voting procedures in the meeting as well as

other information, will be available on the Company's website [www.paytongroup.com](http://www.paytongroup.com) from **September 6<sup>th</sup>, 2018**.

### **Adding a subject on the agenda**

A shareholder or more who holds at least one percent (1%) of the Company's voting rights in the Meeting, may request, within 7 days after this notice, from the Company's Board of Directors to include any additional issue on the agenda, as long as the additional issue is suitable to be discussed at the Meeting.

In any case in which the Board of Directors finds that the additional issue is suitable to be discussed at The Meeting, The Company will prepare an updated agenda and an amended voting letter, if necessary, and will publish an updated notice no later than 7 days after the deadline for submitting the request to include another issue on the agenda as mentioned in this section above.

It is hereby clarified that, if The Company publishes an updated notice, it will have no effect on the determine date of shares ownership as determined in this notice below.

### **The Majority needed for passing the matters on the agenda**

1. The resolutions in matters 4, 6 and 7 on the agenda, according to Rule number 275(a)(3) of the Israeli Companies Law shall be deemed to have been passed, by majority votes of the shareholders voting in the meeting (whether directly or indirectly by a proxy or a voting letter), subject to the existence of one of the following terms:
  - a. The total majority votes shall include at least a majority of the votes of shareholders who do not have personal interest in the approval of the subjects of the agenda, 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 said shareholders mentioned in section (a) above, will not exceed two percent (2%) of the total voting rights in the company.
2. The resolution in matter 5 on the agenda, shall be deemed to have passed according to Section 24(3) of the Israeli Companies Law, whereby a majority of seventy-five percent (75%) of the participants in the vote is required.
3. The resolutions in matters 2, 3 and 8 on the agenda, shall be deemed to have been passed, by majority votes of the shareholders present in the Meeting.

It is noted that, to best of The Company's knowledge, Payton Industries Ltd, the controlling shareholder of The Company, will hold on the determine date of shares ownership as determined in this notice below, a percentage of shares required to decide on matters 2, 3 and 8 on the agenda.

### **Voting letter**

The shareholders may vote with regard to the resolutions in matters 4 , 7 and 8 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](mailto:michal@paytongroup.com)). The latest date to deliver the Voting Letter is **October 15<sup>th</sup> 2018** at **12:00 AM**.

## **Legal Quorum**

If within half an hour of the above mentioned time no quorum is present (at least two members present personally or by proxy or a voting letter who together hold at least thirty three percent (33%) of the voting rights of the Company), the meeting shall stand adjourned to **October 16<sup>th</sup>, 2018** at the same place and hour (hereinafter: "**The Adjourned Meeting**").

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 Determine Date of Shares Ownership**

The persons and/or entities that are entitled to participate and to vote in the meeting are the shareholders of The Company on **September 13<sup>th</sup>, 2018**. In order to validate their participation, the shareholders are kindly requested to deposit with The Company a certificate of ownership issued by a financial institution according to the Israeli Companies Regulations (Proof of Ownership of a Share for Voting at the General Meeting), 5760-2000. Such certificate shall be sent to Mrs. Michal Lichtenstein, at The Company's registered office (fax: +972-3-9517571 or e-mail: [michal@paytongroup.com](mailto:michal@paytongroup.com)) or to Tobias Van Assche, Senior Manager at Citigate Dewe Rogerson (Belgium + 32 (0) 475 53 94 05 [Tobias.VanAssche@citigatedewerogerson.com](mailto:Tobias.VanAssche@citigatedewerogerson.com)).

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 Company's registered office, 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.

A detailed description of the employment terms of the 5 Company's office holders, that have received the highest remuneration in the financial year 2017, as required according to regulation 4(d)(1) of the Companies' Regulations (an announcement and a note of a general meeting and a type meeting in a public company and including a matter on the agenda), 2000, is attached to this notice.

## **The Company's Representative**

The Company's Representative in regard to this Shareholders Meeting is Mrs. Michal Lichtenstein, at Payton Planar Magnetics 3 Ha'avoda St. Ness-Ziona, Israel (tel: +972-3-9611164, fax: +972-3-9612394 or: [michal@paytongroup.com](mailto:michal@paytongroup.com)).

## **The Board of Directors.**

**Details of remuneration regarding each of the five highest earners among senior corporate officers in thousands of dollars, for the year ended on 31/12/2017**  
**According to Israeli's Companies' Regulations**

Information about Beneficiary		Remunerations (in term of costs to the corporation) for services <sup>(1)</sup>					
Name	Position	Scope of Position	Holding in Equity %	Salary in US\$ thousands	Bonus in US\$ thousands <sup>(2)</sup>	Total US\$ thousands	
1	Mr. David Yativ through "Wichita Ltd"	Executive Chairman of the Board	100%	34% <sup>(3)</sup>	513	245	758
2	Mr. Doron Yativ	CEO	100%	- <sup>(4)</sup>	318	83	401
3	Mr. Haim Elgamil	Vice President of Operations	100%	-	174	-	174
4	Mrs. Michal Lichtenstein	V.P. Finance & C.F.O	100%	-	162	-	162
5	Mrs. Ravit Shreim	Comptroller	100%	-	76	-	76
Total					1,243	328	1,571

- (1) It is hereby clarified, that the remunerations which detailed in above, includes bonuses which were not yet to be paid as of the day of signing The Company's 2017 financial reports and does not include the bonuses for the year of 2016 (which were actually paid during the year of 2017).
- (2) An executive bonus derived from Company profit (pre-tax) to the year of 2017.
- (3) 34% indirectly, due to his 51% holding in the Parent company Payton Industries Ltd.
- (4) Holds less than 0.01%.

**Appendix A**  
**The Company's Articles of Association - new version**

# ARTICLES OF ASSOCIATION OF Payton Planar Magnetics Ltd.

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## **Interpretation**

1. In these articles, the meaning of the following words and expressions is as follows, unless the wording of the text requires a different interpretation:

"Person" - all entities, including a corporation (unless otherwise stated in these Articles);

"Shareholder" - a person who is a registered shareholder and / or an unregistered shareholder. If there is a determining date, as defined in Section 182 of the Companies Law, with respect to this matter shareholder shall be deemed to be a person who was a shareholder on the determining date.

"Registered Shareholder" - A shareholder registered as a shareholder in the Company's shareholders register.

"Unregistered Shareholder" - a shareholder in whose credit a share is registered with a stock exchange member, and that share is registered among the shares registered in the Company's shareholders register in the name of a Nominee Company.

"The Stock Exchange" - Euronext Brussels.

"The Board of Directors" - the duly elected Board of Directors and in accordance with the provisions of these Articles.

"The Nominee Company" - the Bank Nagelmackers nv Nominee Company, or any other recognized company.

"Director" - a member of the Board of Directors of the Company and whoever actually serves as a Director, whatever his title may be.

"The Companies Law" - the Companies Law, 5759-1999, as amended from time to time, as well as the regulations enacted or to be enacted by virtue thereof.

"Securities Law" - the Securities Law, 5728-1968, as amended from time to time, as well as the regulations enacted or to be enacted by virtue thereof.

"The Law" - the Companies Law, the Securities Law, as amended from time to time, as well as the regulations enacted or to be enacted by virtue of them, and any valid law relating to companies, which applies to the Company at the time. [

"The Company" - the aforementioned company.

"Administrative Enforcement Procedure" - a proceeding pursuant to Chapters 8-C (Imposition of Financial Sanctions by the Israel Securities Authority), 8-D (Imposition of administrative enforcement measures by the Administrative Enforcement Committee), or 9-A (An agreement to prevent the initiation of proceedings or to conclude proceedings, subject to conditions) of the Securities Law, as well as a proceeding under Article Four of the Fourth Chapter of Part Nine of the Companies Law, a proceeding under the Law to Increase Enforcement in the Capital Market (Legislative Amendments), 5771-2011, and subject to any law or any similar procedure, whatever its name.

"Registry" - the register of shareholders to be managed pursuant to Section 127 of the Companies Law, and if the Company holds an additional register of shareholders outside of Israel - any additional register of shareholders, as the case may be.

"The Office" - the registered office of the Company at the time, and which may change from time to time as determined by the Company's Board of Directors.

"Administrative Enforcement Committee" - a committee appointed under section 52FF art. 32 (a) of the Securities Law.

"Notice" - a printing, lithography, photography, telegram, telex, facsimile, e-mail, and any other form of creation or expression of words in the visible form.

"Securities" - including shares, bonds, capital notes, certificates and other documents granting the right to sell, convert or transfer such financial instruments.

"Companies Ordinance" - Companies Ordinance [New Version], 5743-1983.

"The Articles (Bylaws)" or "these Articles" - the Company's Articles of Association as formulated herein or as amended from time to time.

2. The provisions of sections 2, 3, 4, 5, 6, 7, 8 and 10 of the Interpretation Law, 5741-1981 shall also apply mutatis mutandis to the interpretation of the articles of association, if there is no other legal provision for the matter at hand, and if nothing in the substance or context of the matter in question is inconsistent with the above said.
3. Except as provided in this section, all words and phrases in the Articles of Association shall have the meaning ascribed to them in the Companies Law, unless the Articles contradict the meaning of the Law or its content.
4. Provisions that may be stipulated or conditioned shall apply to the Company, unless otherwise provided in these Articles, and any case of contradiction between the provisions of the said Companies Law and these Articles, the provisions of these Articles shall prevail.
5. If these Articles refer to the provisions of the Companies Law and one of this provisions has been amended or canceled, the said provision shall continue to be deemed valid and part of the regulations, unless prohibited by law.
6. Wherever the majority required for passing a resolution in the General Meeting or the Board of Directors is not specified, the majority required for the adoption of that resolution shall be considered an ordinary majority.

#### **Company Name**

7. The company name is as follows:

In Hebrew: פייטון פלאנר מגנטיקס בע"מ

In foreign language: Payton Planar Magnetics Ltd.

#### **Object of the company**

8. The Company may engage in any legal activity.

#### **Purpose of the Company**

9. The purpose of the Company is to act according to business considerations to maximize its profits. However, the Company is entitled to contribute a reasonable amount to a worthy cause, even if the contribution is not within the scope of its business considerations, as stated above, at the discretion of the Company's Board of Directors.

#### **Registered share capital**

10. (a) The registered share capital of the Company is NIS (hereinafter: "New Israeli Shekel") 20,000,000 divided into ordinary shares of nominal value NIS 1 each (hereinafter: "**the Shares**");
- (b) All ordinary shares shall have equal rights among themselves for all intents and purposes, and any ordinary share for which all payment requirements have been made in full shall confer on its holder:
  - (1) The right to be invited and to participate in all the general meetings of the Company and the right to one vote in respect of each Ordinary Share held by a holder, at any voting, at any General Meeting of the Company at which he participates;
  - (2) The right to receive dividends, if and when distributed, and the right to receive bonus shares, if distributed;
  - (3) The right to participate in the distribution of surplus assets of the Company upon liquidation.

### **Liability of shareholders**

11. The liability of the shareholders is limited, as specified in the Companies Law. For this purpose, each shareholder is liable for payment of the nominal value of his shares only.  
If the Company allocated shares for a consideration that is lower than their nominal value, the liability of each limited shareholder shall be to pay the reduced amount of the consideration for each share allotted to him as aforesaid.

### **Public company**

12. The Company will be a public company as long as the Company's securities are listed for trade on the stock exchange or as long as the Company's securities offered to the public are held by it, and subject to the provisions of the Companies Law.

### **Shares**

13. Without derogating from the special rights previously granted to existing shareholders of the Company, the Company may issue or allocate shares and other securities with preferred rights or deferred rights, or issue redeemable securities from the not yet issued capital, or issue shares with other special restricted rights or restrictions in connection with the distribution of dividends, voting rights, or in connection with other matters, as the Company shall determine from time to time in a resolution adopted at a general meeting by a majority of the shareholders.
14. If, at any time, the share capital is divided into different classes of shares, the Company may, in a resolution passed by an ordinary majority at the general meeting, and unless the terms of the issue of that class of shares condition otherwise, to convert, expand, add or otherwise alter the rights, benefits, restrictions and provisions relating to or not related at the time of any of the classes, or as shall be determined in a resolution to be adopted at a general meeting by an ordinary majority of such shareholders.
15. The special rights granted to the holders of shares or classes of shares issued, including shares with preferred rights or other special rights, shall not be deemed to have been modified by the creation or issue of additional shares at an equal rank with them, unless otherwise provided in the terms of allotment of such shares.  
The provisions of these articles regarding general meetings shall apply, mutatis mutandis, as applicable, to any such class meeting.
16. The not yet issued shares of the Company shall be held under the supervision of the Board of Directors, which may allocate them, up to the limit of the Company's registered share capital, to such persons as it sees appropriate, in return for cash or other non-cash consideration, with the same qualifications and conditions, whether in return higher than their nominal value, or at nominal value, or (in accordance with the provisions of the Companies Law) for a consideration that is lower than their nominal value, and on such dates as the Board of Directors shall find suitable, and the Board of Directors shall have the authority to submit to any person a demand for payment on all or any part of such shares, at their nominal value or above their nominal value or for a consideration lower than their nominal value, at the period and at the same consideration and terms as the Board of Directors Will find suitable.
17. When allocating shares, the Board of Directors may introduce differentiations between shareholders in relation to the amounts of the payment requirements and / or their payment dates.
18. If according to the terms of allotment of any share, the payment of the consideration in respect of the share, in whole or in part, shall be in installments, then each such installment shall be payable to the Company at the time of payment by the person who is the registered holder of the shares at that time or by his guardians.
19. The Company may pay a commission to any person for his role as underwriter or his consent to serve as an underwriter at any time, whether conditionally or unconditionally, on any security, including the Company's stock of bonds, or for his consent to co-sign with other underwriters, whether conditionally or unconditionally, on any security, debenture or stock of bonds of the Company.

In each case, the commission may be paid or settled in cash or securities or in debentures or bonds of the Company.

**Share Certificate; Bearer share warrants**

20. Subject to and in accordance with the provisions of the Companies Law, a share certificate attesting the right to own the shares shall have to bear the Company's stamp or printed name, with the signature of the persons authorized thereto on behalf of the Company, as determined by the Company's Board of Directors from time to time.
21. Any registered shareholder (including a Nominee Company) is entitled to receive from the Company, at his request, one share certificate in respect of the shares registered in his name, or if the Board of Directors approves this (after paying the amount determined by the Board from time to time) on one or more such shares; Each share certificate shall specify the number of shares for which it was issued and the serial numbers of the shares, the nominal value of the shares, and all this under the provisions of the Companies law and the relevant Stock Exchange Regulations, as amended from time to time.
22. A share certificate registered in the names of two or more persons shall be delivered to the person whose name appears first among the names of the joint owners in the register of shareholders in respect of that share, unless all registered owners of the share shall instruct the Company, in writing, to deliver it to another registered owner.
23. (a) The Company may deliver a Share Warrant only in respect of shares for which the full consideration was paid to the Company, which will confer on its holder the rights to the shares therein and the right to transfer the certificate upon transfer of the share; and the provisions of these Articles regarding transfer of shares shall not apply to shares specified in such Share Warrant;  
(b) A shareholder who lawfully holds a share warrant is entitled to return it to the Company for the purpose of its cancellation and its conversion into a Registered Share; he is entitled, in exchange for a fee to be determined by the Board of Directors, that his name be recorded in the register of shareholders in respect of the shares specified in the share certificate and that he shall be issued a share certificate in his name;  
(c) The holder of a share warrant may deposit the share warrant at the office, and as long as it is deposited there, the depositor will have the right to demand the convening of a meeting of the company, in accordance with and subject to the provisions of the Companies Law and these Articles, to vote and to exercise the rights of a shareholder at any meeting convened upon such demand 48 hours after the deposit, as if his name were registered in the register of shareholders as the owner of the shares included in the share warrant.  
Only one person shall be recognized as the depositor of the share warrant, and the company shall return the share warrant to the depositor if he has so requested in writing at least two days in advance.  
  
If the share warrant is not deposited as aforesaid, the holder of the share shall not have the rights specified in this sub-article (c) but shall maintain, subject to the provisions of these Articles, all other rights conferred upon a shareholder in the Company.
24. If a share certificate or a share warrant is lost or destroyed or damaged, the board of directors may issue a new share certificate or share warrant in their stead, provided that the share certificate or the share warrant has not been canceled by the company and it was proved to the satisfaction of the board of directors that the share certificate or the share warrant has been lost or destroyed, and the Company received collateral to the satisfaction of the Board of Directors, in respect of any possible damage, and all for a fee, should the Board of Directors decide to impose it. The provisions of sections 20 to 23 above shall also apply mutatis mutandis to the issue of a new share certificate.

**Calls on Shares**

25. The Board of Directors may, from time to time, at its discretion, call upon the shareholders to perform payment of all outstanding monies in respect of the shares held by each of the shareholders, and that under the terms of allotment, there is no obligation to repay them at a fixed time, and each shareholder shall pay the demand submitted to them, and at the time and place as determined by the Board of Directors. A notice of call can be made by dividing the payment into installments. The demand date of the payment shall be the date of the Board of Directors' resolution regarding the demand for payment.

26. A notice of at least fourteen (14) days shall be given for any call, in which the rate of payment and the place of payment shall be stated. Notwithstanding the above, prior to the repayment date of such call, the Board of Directors may, by written notice to the shareholders, revoke such call or extend the time of its payment, provided that such decision was received before the maturity date of the demand for payment.
27. Joint owners of a share shall be jointly liable for payment of all payment rates and payment requirements due for same share.
28. If, in accordance with the terms of the allotment of any share or in any other manner, any amount is to be paid on a fixed date or in installments at fixed times, then any such amount or installment shall be settled as if it was a call duly submitted by the Board of Directors, and all the provisions of these articles relating to payment requirements shall be applied to each one of such amount or installment.
29. If the amount of such call is not settled on the day of payment or earlier, the person who is at the time the shareholder in respect of whom the call was made or the installment of payment is due must pay interest on the aforementioned amount at a rate determined by the Board of Directors from time to time, or at a rate permitted at the time by law, from the date set for its payment until the day it is actually paid, but the Board of Directors may waive the payment of the interest, in whole or in part.
30. If the Board of Directors deems fit, it may accept to receive from a shareholder who wishes to make an advance payment unclaimed monies or payment whose due date has not yet arrived, and which have not yet been paid on account of his shares or part of them.  
The Board of Directors may pay the shareholder in respect of the monies that were promoted to the company in the manner above mentioned, or in part thereof, interest until the date on which the funds would have been paid had they not been advanced, at a rate to be agreed between the board of directors and the shareholder.

**Forfeiture and pledge of shares**

31. If a shareholder fails to pay all or part of the consideration he is committed to, on the date and under the conditions prescribed, whether or not a demand for payment has been made, the Board of Directors may at any time give notice to such shareholder and demand that he pays the amount that has not yet been paid, together with the accrued interest and all expenses incurred by the Company in respect of such non-settlement.
32. The notice shall determine a day, which shall be at least fourteen (14) days after the date of the notice, and the place or places where the payment request or rate referred to above must be paid, together with the interest and expenses mentioned above. The notice shall state that in case of non-payment on the fixed date and at the place specified in that notice, the Company may foreclose the shares for which the demand for payment was made and for which the date of payment passed.
33. If the requirements contained in the notice are not fulfilled as aforesaid, then at any time thereafter, before payment of the demand for payment or the rate of payment of the interest and the expenses incurred in connection with these shares, the Board of Directors may foreclose the shares for which such notice was given. Such forfeiture shall include all dividends declared in respect of the foreclosed shares which have not actually been paid prior to forfeiture.
34. Any share so disposed of shall be deemed to be the property of the Company, and the Board of Directors shall be entitled, subject to the provisions of these Articles, to sell it, reassign it or otherwise transfer it as it sees fit, all subject to the provisions of the Companies Law.
35. As long as they are owned by the Company, shares that have been forfeited and have not yet been sold shall be dormant shares and shall not grant any rights.
36. The Board of Directors may reallocate or transfer any share so foreclosed at any time prior to its sale, or cancel the forfeiture on such terms as the Board of Directors may deem fit.

- (a) Any shareholder whose shares have been forfeited shall cease to be the owner of the shares that were forfeited as aforesaid, but he shall continue to debit the Company all the payment requirements, the rates of payment, interest and expenses due on or for these shares at the time of forfeiture, together with the interest on such amounts from the date of forfeiture until the date of payment, at the maximum rate that may be permitted at that time by law, unless the shares that were forfeited were sold and the Company received the full consideration that the shareholder undertook, plus the expenses that were incurred for the sale;
  - (b) If the consideration received as a result of the sale of the shares that have been foreclosed exceeds the consideration to which the shareholder who was foreclosed as aforesaid was liable, the shareholder is entitled to receive the partial consideration obtained for them, if any, subject to the provisions of the agreement according to which the shares were allocated to him, provided that the consideration retained by the Company shall not be less than the total consideration that the foreclosed shareholder undertook, plus the expenses incurred for sale.
37. The provisions of these articles regarding the forfeiture of shares shall also apply to cases of non-payment of any other known sum relating to the terms of the allotment of the share and due to be paid on a fixed date, as if this amount was to be repaid by virtue of a demand for payment given and notified thereof.
38. The Company shall have a first-ranking right of lien on all the shares registered in the name of each shareholder other than the fully paid-up shares, as well as the income from their sale which is referred to the settlement of debts and obligations of such shareholder to the Company, either by himself or jointly with any other person, whether the date of settlement of these debts or the date of fulfillment of these obligations has arrived or has not yet arrived, whatever the source of the debts, and no equitable rights shall be created for any such share.  
As set forth in Section 134 below, the Company shall have the right of lien and pledge on all dividends to be declared from time to time on such shares. Unless otherwise decided, the registration by the Company of the transfer of shares shall be deemed a waiver by the Company of the lien or the withholding (if any) of the Shares.
39. In order to realize the abovementioned lien, the Board of Directors may sell the pledged shares in a manner that it deems appropriate, at its discretion;  
However, no share may be sold unless the period specified in paragraph 32 above has passed, and the shareholder (or the person entitled to notice due to death or bankruptcy or liquidation or receivership) has been given a written notice stating that the Company intends to sell the share, and the shareholder or the person entitled to such share has not paid the aforementioned debts or has not fulfilled or failed to fulfill the above-mentioned obligations for fourteen (14) days from the date of sending such notice.
40. The income from any such sale, after the disposal of the selling expenses, shall be used to settle the obligations and fulfillment of the obligations of such shareholder (including the debts, liabilities and undertakings that have expired or those whose date of redemption has not yet arrived) and the provisions of paragraph 36 (b) above shall apply mutatis mutandis.
41. In the case of a sale after forfeiture or for the purpose of execution of a charge by exercising the powers granted above, the board of directors may appoint a person to sign a deed of transfer of the sold share and to register the purchaser in the register of shareholders as the share owner, and after the name is registered in the register of shareholders in relation to these shares, the validity of the sale shall not be undermined, and the remedy of any person harmed by the sale shall be only in the claim of damage fees from the Company and from it alone.

#### **Transfer and delivery of shares**

42. Any transfer of shares registered in the register of shareholders in the name of a registered shareholder, including a transfer by the nominee company or to it, shall be made in writing, provided that a share transfer deed shall be signed handwritten signatures only by the transferor and by the transferee, themselves or by proxy, and by witnesses for their signature, and the transferor shall be deemed to have remained the shareholder until the name of the transferee is registered in the register of shareholders in respect of the transferred share.  
Subject to the provisions of the Companies Law, the transfer of shares shall not be recorded unless a transfer deed has been delivered to the Company's office, as detailed below.

The deed of transfer of a share shall be prepared and filled in the following manner or in a similar manner to the extent possible or in a normal or acceptable manner approved by the Chairman of the Board of Directors or by a person empowered by the Company:

"I, \_\_\_\_\_, from \_\_\_\_\_ (the " Transferor " ), hereby transfer to the Transferee \_\_\_\_\_ shares of \_\_\_\_\_ nominal value, NIS, marked with the numbers \_\_\_\_\_ to \_\_\_\_\_ inclusive, in return for the sum of \_\_\_\_\_ paid to me by \_\_\_\_\_ (the " Transferee " ) , of \_\_\_\_\_ Ltd., to become the property of the Transferee, the directors of his estate, his guardians and / or his representatives, in accordance with all the conditions under which I held the shares before the execution of this letter, and I, the Transferee, hereby agree to accept the above shares in accordance with the above conditions."

IN WITNESS WHEREOF, WE HAVE SIGNED on the \_\_ day of month \_\_\_\_ Year \_\_\_\_\_.

\_\_\_\_\_  
The transferor

\_\_\_\_\_  
The transferee

\_\_\_\_\_  
Witness to the transferor signature

\_\_\_\_\_  
Witness to the transferee signature

43. The Company may close the register of shareholders for such time as the Board of Directors shall deem fit, provided that this shall not exceed thirty (30) days each year.  
The Company shall inform the shareholders of the closing of the Register of Shareholders in accordance with the provisions of these Articles regarding the delivery of notices to shareholders.
44. (a) Any deed of transfer shall be delivered to the Company's office for registration, together with the certificate of shares to be transferred, if such certificate has been issued, and all other proofs required by the Company's Board of Directors.  
Transfer deeds to be registered shall remain in the possession of the Company, but any transfer deeds which the Board of Directors shall refuse to register shall be returned on demand to whoever delivered them together with the share certificate (if delivered).  
If the Board of Directors refuses to approve the transfer of shares, he shall notify the transferor no later than thirty (30) days from the date of receipt of the deed of transfer;
- (b) The Company may require payment of a fee for registration of the transfer, which shall be determined by the Board of Directors of the Company.
45. The Guardian and the executors of the estate of a deceased individual shareholder or, where there are no executors or guardians, the persons who have the right to be the heirs of the deceased sole shareholder shall be the only ones to be recognized by the Company as holders of a share right registered in the name of the deceased.
46. If a share is registered in the name of two or more owners, the company shall recognize only the surviving partner or surviving partners as persons with the right to share or benefit therein, but this shall not exempt the estate of a joint shareholder in the share from any liability with respect to the share held by the partnership. If a share is registered in the name of a number of joint owners, as aforesaid, each of them will be entitled to transfer his rights.
47. Any person who becomes a holder of a right to shares following the death of a shareholder, shall be entitled, by showing proof of the existence of a will or the appointment of a guardian or an order of succession, indicating that he has the right to the shares of the deceased shareholder, to register as a shareholder in respect of such shares or, subject to the provisions of these Articles, may transfer such shares.
48. The Company may recognize a receiver or a liquidator of a shareholder who is a liquidation or a receiver corporation or a bankruptcy trustee or any receiver of a bankrupt shareholder as having the right to shares registered in the name of such shareholder.

49. The receiver or liquidator of a shareholder who is a corporation in bankruptcy or liquidation, or the bankruptcy trustee or any receiver of a bankrupt shareholder may, after having presented the evidence required by the Board of Directors, attesting that he has the right to the shares of the shareholder in bankruptcy, liquidation or dissolution, with the consent of the Board of Directors (and the Board of Directors may refuse to give its consent without giving any reason for refusal) to be registered as a shareholder in respect of such shares, or may, subject to the provisions of these Articles, transfer such shares.
50. All of the foregoing regarding the transfer of shares shall apply to the transfer of other securities of the Company, *mutatis mutandis*.

#### **Redeemable securities**

51. The Company may issue or allocate redeemable securities, subject to the provisions of these Articles regarding the issue of securities.
52. If the Company issues redeemable securities, it may redeem them and no restrictions shall apply to the redemption under Chapter Two to Part Seven of the Companies Law.
53. If the Company has issued redeemable securities, it may attach to them the characteristics of shares, including voting rights and the right to participate in profits.

#### **Alternation of Capital**

54. From time to time the Company may, by resolution of the General Meeting, and by an ordinary majority, increase its registered share capital in types of shares as it shall determine.
55. Unless otherwise stated in the resolution authorizing the increase in share capital, the provisions of these Articles shall apply to the new shares.
56. According to a resolution of the general meeting to be passed by an ordinary majority, the company may:
- A. Consolidate and redistribute its share capital to shares of nominal value greater than the nominal value of the existing shares, and if they were shares without nominal value, to capitalize them into equity consisting of a smaller number of shares, provided that this does not change the rate of the shareholders' holdings in the issued share capital.

In order to carry out any such decision, the Board of Directors may, at its discretion, resolve any difficulty that arises, *inter alia*, by issuing certificates of fractions of shares or certificates in the name of several shareholders that will include the fractions of the shares due to them.

Without derogating from the authority of the Board of Directors as aforesaid, in the event that as a result of the consolidation there are shareholders whose consolidation of shares leaves fractions, the Board of Directors may, with the approval of the General Meeting, which will be accepted by an ordinary majority:

- (1) sell the total amount of the fractions and for this purpose to appoint a trustee in whose name the certificates of shares containing the fractions shall be issued, which shall be sold and the consideration received less commissions and expenses shall be distributed to the eligible persons; or -
- (2) allot to any shareholder to which the consolidation leaves a fraction, shares of the type of shares prior to consolidation, paid in full, in such a number as shall be sufficient for one full consolidated share, and such allotment shall be deemed effective before the consolidation ; or -
- (3) to determine that a shareholder shall not be entitled to receive a consolidated share in respect of a fracture of a consolidated share resulting from the consolidation of half or less of the number of shares whose consolidation creates one consolidated share, and shall be entitled to receive one consolidated share in respect of a fracture of a consolidated share resulting from the consolidation of more than half the number of shares whose consolidation creates one unified share;

In the event that action pursuant to paragraphs (2) or (3) above requires the issue of additional shares, their payment shall be made in the manner in which bonus shares may be paid. Such

consolidation and distribution shall not be considered as a change in the rights of the shares being the subject of the consolidation and the distribution;

- B. To distribute by way of a redistribution of its existing shares, in whole or in part, all or part of its share capital, to shares of nominal value smaller than the nominal value of the existing shares, and if they were shares without nominal value, to issued capital consisting of a larger number of shares, provided that this does not change the rate of holdings of the shareholders in the issued capital;
- C. To cancel a registered share capital which on the date of the decision has not yet been allotted, provided that there is no undertaking of the Company, including a conditional undertaking, to allocate the shares;
- D. To reduce shares in the Company's issued share capital so that these shares will be canceled and all the consideration paid for their nominal value will be recorded in the Company's books as a capital reserve which will be, for all intents and purposes, as a premium paid on the shares remaining in the issued share capital of the Company;
- E. To consolidate its share capital, in whole or in part, into one class of shares, and the Company may decide to compensate all or some of the Company's shareholders in respect of the consolidation of the capital by way of allotment of bonus shares to those shareholders;
- F. To reduce the nominal value of the Company's shares and in such case that stated in sub-paragraph D above will apply, mutatis mutandis, also with respect to the reduction of the nominal value of the Company's shares as aforesaid.

#### **General meetings**

- 57. The Company shall hold an Annual Meeting each year and no later than on the expiry of fifteen (15) months from the previous Annual Meeting. A general meeting that is not an annual general meeting shall be called an extraordinary meeting.
- 58. The agenda at the Annual Meeting shall include the following topics:
  - (A) A discussion on the Company's periodic report, which shall include, inter alia, the audited financial reports of the Company and the report of the Board of Directors on the state of the Company's affairs, submitted to the General Meeting;
  - (B) Appointment and reappointment the directors serving in the Company;
  - (C) Appointment of an auditor and receipt of a report regarding his conditions of employment;
  - (D) Matters which the Board of Directors decided to bring to the decision of the general meeting.
- 59. Whenever the Board of Directors deems fit, it may convene, according to its express decision, an extraordinary meeting, which shall be summarily scheduled according to the provisions of these Articles and subject to the provisions of the Law.

In addition, extraordinary meetings shall be convened on the basis of such demand of two directors or a quarter of the directors serving on that date or upon the demand of one or more shareholders holding at least five percent (5%) of the issued share capital and at least 1% of the voting rights in the Company, or one or more shareholders holding at least five percent (5%) of the voting rights in the Company.

If the Board of Directors is required to convene an extraordinary meeting, it shall do so within twenty-one (21) days from the date on which the request was made to such date as shall be determined in the notice of the extraordinary meeting, as provided in section 62 below, provided that the date of the meeting shall not be later than thirty-five (35) days from the date of publication of the notice, unless it is subject to Article 7 of the Companies Law, all subject to the provisions of the Law.

- 60. If the Board of Directors does not convene an extraordinary meeting, as stated in section 59 above, the applicants may, and in the case of shareholders, also part of them holding more than half of the applicants' voting rights, to convene the meeting themselves, provided that it does not take place after three months from the date on which such demand was submitted, and it shall be convened, as far as possible, in the same manner as meetings convened by the Board of Directors.

61. (a) The agenda at a general meeting shall be determined by the board of directors and shall also include matters for which an extraordinary meeting is convened under section 59 above, as well as matters as stated in subsection (b) below;
- (b) One or more shareholders with at least one percent (1%) of the voting rights at the general meeting may request the board of directors to include a matter in the agenda of a general meeting subsequently convened, provided that the subject is suitable for discussion at a general meeting and subject to the provisions of the Companies Law;
- (c) An application as stated in subsection (b) above shall be submitted to the Company in writing up to seven (7) days after the convening of the last general meeting which is subject to Regulation 2 (a2) of the Companies Regulations (Written Vote and Position Notices), 5766-2005 and up to three (3) days after the convening of the other Meeting, and the wording of the resolution proposed by the shareholder shall be attached thereto, unless otherwise provided by law.
62. (a) Notice on the convening of a general meeting shall be published in at least two daily newspapers of wide circulation and published in the Hebrew language, or on the Company's website, on the date prescribed by law, all subject to the provisions of the Law, and the Company shall not give any further notice to shareholders registered in the shareholders register of the Company, unless required by law;
- (b) The notice of the convening of the general meeting shall specify the type of meeting and particulars required by law, including arrangements for a voting in writing under the provisions of Article G of the Companies Law.
63. The General meeting may assume powers conferred on another organ for a particular matter or for a certain period of time, that however shall not exceed the period of time required under the circumstances.
- If the general meeting assumed powers vested by law to the board of directors, the rights, duties and responsibilities applicable to directors shall apply to the shareholders, with respect to the exercise of such powers, *mutatis mutandis*, including their holdings in the company, their participation in the meeting and the manner in which they vote, according to the provisions of the third, fourth and fifth chapters of the sixth part of the Companies Law.
64. A defect that occurred in good faith in the convening or management of a general meeting or any other defect resulting from non-compliance with any provision or condition prescribed in these Articles or the Law, including with regard to the manner in which the General Meeting is convened or managed, shall not invalidate any resolution adopted by the General Meeting, subject to the provisions of any law.

#### **Voting rights**

65. A shareholder wishing to vote at the General Meeting shall prove to the Company his ownership of the share, as required by law.
66. The Company shall set a determining date for the purpose of entitlement to participate and vote at the general meeting, in accordance with the provisions of the law.
67. A minor shareholder and a shareholder who has been declared incompetent by a competent court may vote only through their guardians, and any such guardian may vote by proxy.
68. Subject to the provisions of any law, in the case of co-owners of the share, any one of them may vote at any meeting, whether by himself or by proxy, with respect to this share, as if he were the sole entitled holder.
- If more than one of the co-owners of a share, whether by himself or by proxy, participated in the meeting, the one whose name appears first in the register of shareholders in relation to the share shall vote, or shall vote one of them, who holds a certificate regarding his ownership of the share or another document to be determined by the Board of Directors in this matter, as the case may be.

A number of guardians or executor of the estate of a registered shareholder who has passed away, shall be deemed for the purposes of this section to be co-owners of these shares.

69. The shareholders shall be entitled to vote personally or by proxy, under the conditions set out below, or by a voting paper under the provisions of Article G of the Companies Law and in accordance with the provisions of these Articles in Section 84 below.

70. In addition, a shareholder as stated in section 177 (1) of the Companies Law may vote by means of a voting paper to be delivered to the Company, all subject to the provisions of the Law.

71. A corporation which is a shareholder of the Company may, by decision of its directors or other administrative body, empower a person found suitable to be its representative at any general meeting.

A person authorized as aforesaid shall be entitled to use on behalf of the corporation he represents the same voting rights which the corporation itself could have used if it were a sole shareholder. The chairman of the meeting may demand from any such authorized person reasonable proof of his being an authorized representative of the corporation, as a condition for the participation of such person in the meeting.

It is hereby clarified that the provisions of articles 73 to 76 below with regard to the letter of appointment shall not apply to the authorized representative of the corporation, but only to a proxy for the vote on behalf of the corporation.

72. Any document appointing a proxy for a vote (hereinafter: "**Letter of Appointment**") shall be drawn up in writing and signed by the appointor or by his representatives who have written authority to do so, and if the appointee is a corporation, the appointment shall be made in writing signed by the authorized signatories of the corporation with the stamp of the corporation, or by the signature of its authorized representative.

73. The letter of appointment, or a copy thereof, which is satisfactory to the Company's Board of Directors or to a person authorized by it, shall be deposited in the office or at the convening place not less than 48 hours before the date set for the commencement of the meeting. However, the chairman of the meeting may waive this requirement for all the participants in respect of any meeting and receive their letter of appointment or a copy thereof, to the satisfaction of the chairman of the meeting, upon the commencement of the meeting.

74. A shareholder who holds more than one share shall be entitled to appoint more than one representative, subject to the following provisions:

(a) The letter of appointment shall state the type and number of shares for which it was given and also, in cases required by law, a reference to the shareholder's personal interest in the proposals on the agenda of the general meeting;

(b) If the number of shares of any type specified in the letters of appointment given by one shareholder exceeds the total number of shares of the same class held by him, the letter of appointment given by the same shareholder in respect of the excess shares shall be void, without prejudice to the voting power in respect of the shares held by him;

(c) If only one representative is appointed by a shareholder and the letter of appointment does not specify the number and type of shares for which it was given, that letter of appointment shall be deemed to have been issued in respect of all the shares held by the shareholder on the date of deposit of the letter of appointment to the company or on the day of its delivery to the chairman of the meeting, as the case may be.

If the letter of appointment is given for a number of shares less than the number of shares held by the shareholder, the shareholder shall be deemed to have abstained from voting in respect of the balance of the shares held by him, and the letter of appointment shall be valid only in respect of the number of shares therein.

75. The letter of appointment for a general meeting shall be prepared and filled in the following manner or in a similar manner to the extent possible or in a normal or acceptable manner approved by the Chairman of the Board of Directors or by another person authorized by the Company in his place:

"I, \_\_\_\_\_, ID number \_\_\_\_\_, from \_\_\_\_\_, shareholder in \_\_\_\_\_ Ltd., ("The Company"), hereby appoint \_\_\_\_\_, ID number \_\_\_\_\_, or in his absence \_\_\_\_\_, ID number \_\_\_\_\_, from \_\_\_\_\_, to vote for me and on my behalf in respect of \_\_\_\_\_ shares class \_\_\_\_\_ held by me, at the annual / special general meeting of the company / at the meeting of the shareholders of the class \_\_\_\_\_, which will take place on the \_\_\_ day of month \_\_\_\_\_ Year \_\_\_\_\_.\_\_\_\_\_ and at any adjourned meeting from this meeting.

IN WITNESS WHEREOF, I HAVE SIGNED on the \_\_\_ day of month \_\_\_\_\_ Year \_\_\_\_\_.\_\_\_\_\_.

\_\_\_\_\_  
**The appointer**

76. Voting in accordance with a letter of appointment letter shall be valid notwithstanding the death of the appointee or the cancellation of the appointment or the transfer of the share for which such votes were voted, unless written notice of death, revocation or transfer was received at the company's office or by the chairman of the meeting prior to the vote.

**Discussions and decision-making at general meetings**

77. No discussion shall be held at a general meeting unless a quorum is present within half an hour from the time set for its opening. Except where otherwise provided in the Companies Law or these Articles, a legal quorum will be present when at least two (2) shareholders holding at least twenty-five percent (25%) of the voting rights in the Company are present, by themselves or by proxy.

78. If a quorum is not present within half an hour of the time set for the meeting, the meeting shall be adjourned to the same day next week, at the same time and place, or at any other time, if stated in the notice of the meeting.

The adjourned meeting shall discuss the matters for which the original meeting was called.

If a quorum is not present at the adjourned meeting within half an hour of the time set for the meeting, then the adjourned meeting shall be held with any number of participants.

If the general meeting is convened at the request of the shareholders, the adjourned meeting will take place only if at least one or more shareholders holding at least five percent (5%) of the issued share capital and at least one percent (1%) of the voting rights in the company, or one or more shareholders, holding at least five percent (5%) of the voting rights in the Company is present.

79. At each general meeting, a chairman shall be elected for that meeting. Notwithstanding the aforesaid, the Chairman of the meeting shall normally be the Chairman of the Board and in his absence the Chairman of the meeting shall be elected from among the other members of the Board of Directors of the Company who will be present at the meeting or an officer of the Company who will be present at the meeting.

Should none of the said parties representatives attend the meeting, the chairman of the meeting shall be elected by the shareholders present and voting at the meeting by an ordinary majority.

The chairman of the meeting shall be elected at the beginning of the meeting, which shall be opened, subject to the existence of a quorum, by the person appointed for this purpose by the board of directors (hereinafter: "**the company representative**") or by a shareholder authorized by the Company representative for this purpose.

80. The chairman of a general meeting may, with the consent of the participants of the meeting having a quorum, postpone the meeting, the discussion or the decision on a matter specified in the agenda, to other time or to other place, and he must postpone the said discussion if the meeting instructed him to do so.

At the adjourned meeting, only matters that have been on the agenda and whose deliberations have not yet ended or have not commenced or have not been decided upon at the meeting at which the decision was made on the rejection may be heard.

81. Subject to the provisions of any law, a resolution at a general meeting shall be adopted by a vote and a count of votes, in such a manner that each share, which grants the right to vote, will provide one vote.  
If the votes were equal, the decision should be seen as rejected.
82. Resolutions of the general meeting shall be passed by an ordinary majority, unless a different majority is determined in the law or in the bylaws.
83. In addition to the decisions that are subject to the General Meeting, and which are detailed in these Articles and / or the Companies Law, the Company's resolutions on the following matters will be adopted by an ordinary majority:
- (a) An alternation of these Articles;
  - (b) The exercise of powers instead of the board of directors in the event that the meeting determines that the board of directors is unable to exercise its powers and that such exercise of authority from the board of directors is essential for the proper management of the company, as stated in section 52 (a) of the Companies Law;
  - (c) Appointment of the Company's auditor and termination of his employment;
  - (d) Appointment of directors and removal of directors;
  - (e) Approval of transactions and operations requiring the approval of the general meeting;
  - (f) Increase or cancellation of the registered share capital;
  - (g) Merger (unless it is a transaction requiring approval under section 275 (a) of the Companies Law);
84. A declaration by the Chairman that a decision has been taken unanimously or by a certain majority or rejected and the minute of the meeting signed by the chairman of the meeting shall serve as prima facie evidence as to its content.
85. The Board of Directors may determine from time to time which resolutions of the General Meeting may also be adopted by means of a voting paper.  
Until otherwise determined by the Board of Directors and subject to the provisions of the Companies Law and its regulations, the resolutions of the General Meeting on the matters enumerated below may also be obtained by means of a voting paper:
- (a) Appointment and removal of directors;
  - (b) Approval of actions or transactions requiring the approval of the general meeting, pursuant to the provisions of sections 255 and 268 to 275 of the Companies Law;
  - (c) Approval of a merger under section 320 of the Companies Law;
  - (d) Authorization of the Chairman of the Board of Directors or his relative to fulfill the function of the General Manager, or to exercise his powers and to authorize the General Manager or his relative to serve as Chairman of the Board of Directors or to exercise his powers under section 121 (c) of the Companies Law;
  - (e) Approval under sections 267A and 350 of the Companies Law;
  - (f) Matters prescribed by the Minister in regulations enacted or to be enacted by virtue of section 89 of the Companies Law.

#### **The Board of Directors**

86. The number of members of the Board of Directors shall be determined from time to time by the Ordinary General Meeting by an ordinary majority of the shareholders or by the Company's Board of Directors, by an ordinary majority of the members of the Board, provided that it shall not be less than three (3) members and not exceed twelve (12), including external directors.  
Only an individual and no corporation may be appointed as director of the Company.
87. (A) The directors shall be elected by a resolution of an ordinary majority of the shareholders to be adopted at the annual meeting.  
Each elected director shall serve until the next annual meeting;
- (B) The term of office of a director shall commence on the date of his appointment by the said meeting, but the meeting may set a date of appointment which is later than the date of the meeting;
- (C) The general meeting may dismiss a director at any time by an ordinary majority of the shareholders, and it may at that time decide to appoint a person (other than a corporation) in his stead as a director of the company.

A director whose dismissal is on the agenda will be given a reasonable opportunity to present his position before the general meeting.

88. (a) A director is entitled at any time to appoint a person (who is not a corporation) to serve as Acting Director of the Board of Directors in his stead (hereinafter: "**substitute director**"). A person who is not qualified to be appointed as a director may not be appointed as a substitute director, and no person may be appointed as a director who is already serving as a director or as a substitute director, unless it is permitted by law. A person who serves as a director may be appointed to be a substitute member of a committee of the board of directors, provided that the candidate to be appointed as a substitute member of the committee does not serve on that committee of the board of directors, and if he is to be a substitute director for an external director, the candidate to substitute an external director must possess accounting and financial expertise or similar professional qualifications, in accordance with the qualifications of the replaced director. However, a substitute director may not be appointed to be external director except under this subsection (a) only, unless otherwise provided by law;
- (b) As long as the appointment of the director is valid, he shall be entitled to receive invitations to any meeting of the board of directors (without revoking the right of the appointing director to receive invitations) and to participate and vote at any meeting of the board of directors.
- (c) The substitute director shall, subject to the provisions of the letter of appointment according to which he was appointed, hold all the powers of the regular director, and shall be treated as a regular director;
- (d) A director who appointed a substitute director shall be entitled at any time to cancel the appointment. The appointment of a substitute director shall cease if the director who appointed him (hereinafter: "the appointing director") notifies the Company in writing of the cancellation or resignation of the substitute, or if the office of the director appointing a substitute director was otherwise terminated;
- (e) Any appointment of a substitute director and cancellation of his appointment shall be made by written notice to the Company.
89. A director who ceases to serve in his position may be reappointed.
90. A director's position shall be automatically vacated in each of the following cases:
- (a) If the director resigns or is dismissed from his position as provided in sections 229 to 231 of the Companies Law;
- (b) If he was convicted of an offense as referred to in section 232 of the Companies Law;
- (c) On the date of notification on the imposition of means of enforcement as stated in Section 232A of the Companies Law;
- (d) If the court decided to order the expiration of his office as stated in section 233 of the Companies Law;
- (e) If he has been declared bankrupt, and if he is a corporation - has decided to liquidate voluntarily or a winding up order was issued against it;
- (f) At his death;
- (g) If he becomes incompetent;
- (h) On the date of giving his notice under section 227A or 245A of the Companies Law.
91. If a director's position is vacated, the remaining directors shall be entitled to act in any matter, as long as their number is not less than three directors. If the number of directors falls below the minimum number as aforesaid, the board of directors shall be entitled to act only for the purpose of convening a general meeting for the purpose of appointing additional directors.
92. The directors may appoint, immediately or for a future date, additional director or directors, who will serve until the next annual meeting, provided that the total number of members of the board of directors shall not exceed twelve (12) members.
93. The Directors shall be entitled to wages and remuneration in respect of their office in accordance with the provisions of the law and subject to receive the approvals required by law.

94. The Company shall have at least two external directors, at least one of whom is a director with accounting and financial expertise, and the remainder having professional qualifications as defined in the regulations enacted pursuant to Section 240 of the Companies Law and which shall apply with respect to their tenure, including with respect to the payments to which they are entitled. The total term of office of an external director shall not exceed 9 years.

#### **Powers and functions of the Board of Directors**

95. The board of directors shall outline the policy of the company and supervise the performance of the functions of the general manager and his activities, and shall have all the authority of the company conferred by law or regulations into another organ.
96. The Board of Directors may delegate its powers to the general manager, as well as to a committee of the Board of Directors, subject to legal restrictions.
97. (A) The board of directors may take powers vested in the general manager for a specific matter or period of time, which shall not exceed the period of time required under the circumstances, all at the discretion of the board of directors, by a resolution passed by a majority vote of the directors;
- (B) Without detracting from the aforesaid, the Board of Directors may instruct the general manager to act on a particular matter.  
If the general manager does not comply with the directive, the board of directors may exercise the authority required to execute the instruction in his stead;
- (C) If the general manager is unable to exercise his powers, the Board of Directors may exercise them in his place.

#### **Meetings of the Board of Directors**

98. The Board of Directors shall convene for meetings according to the needs of the Company and in accordance with the provisions of the law.
99. The Chairman of the Board of Directors may convene the Board of Directors at any time. In addition, one director may demand a meeting of the Board of Directors on a matter to be specified.
100. (a) Any notice on the convening of a meeting of the Board of Directors may be given orally, by telephone, in writing (including by facsimile or by e-mail) or by telegram, provided that the notice is given at least twenty-four (24) hours before the date set for the meeting, unless a majority of the members of the Board of Directors or of their deputies (if any) agree, in urgent cases, on a shorter notice period or on a meeting without notice;
- (b) A director departing from Israel (hereinafter: "**absent director**") and who wishes to receive notice during the period of his absence, will leave the Company Secretary (and in his absence with another senior officer of the Company) sufficient details so that he may be informed on the meeting of the Board of Directors during his absence (an absent director who left details with the Company Secretary as detailed above together with directors who are within Israel's borders, hereinafter referred to as: "**Directors entitled to receive notice**");
- (c) An absent director who did not leave his particulars as specified above in this section is not entitled to receive notice during his stay outside Israel, unless he has requested that the notice be sent to a substitute director who is his representative, appointed according to these articles;
- (d) A record of the Secretary of the Company (and in his absence, another senior officer of the Company) shall be considered as conclusive evidence of the giving the notice to an absent Director entitled to receive notice.
101. The notice on a meeting of the board of directors shall specify the date of the meeting, the place where it will convene and a reasonable details of all the matters on the agenda.  
The agenda of the meetings of the board of directors shall be determined by the chairman of the board of directors, and shall include the matters determined by the chairman of the board of directors and any matter that a director or the general manager requested from the chairman of the board of directors a reasonable time before the meeting of the board of directors.
102. The legal quorum for the commencing of a meeting of the Board of Directors shall be a majority of the members of the Board of Directors who are entitled to receive notice and who are not

prevented by law from participating and voting at the meeting of the Board of Directors. The quorum will be examined at the commencing of the meeting.

Notwithstanding the aforesaid, the quorum for the Board of Directors' resolution regarding the termination of the internal auditor's office shall in no case be less than the majority of the members of the Board of Directors.

103. The Board of Directors shall elect one of its members to act as its Chairman. The Chairman of the Board shall conduct the meeting of the Board of Directors. If the Chairman of the Board of Directors is absent from the meeting, or if he does not wish to chair it, the members of the Board of Directors present at the meeting shall elect one of them to serve as the chairperson of the meeting, to conduct the meeting and to sign the minutes of the meeting.

104. Decisions by the Board of Directors shall be passed by an ordinary majority. In the vote on the board of directors, each director shall have one vote.

If the votes are equal, the Chairman of the Board of Directors shall not have an additional vote or casting vote at a meeting of the board. 105. Any meeting of a board of directors in which a quorum is present shall have the authority to exercise all the powers, powers of attorney and discretionary considerations that are specifically held by the Board of Directors or which are generally held by it at that time, in accordance with the provisions of these Articles.

106. The Board of Directors may hold meetings using any means of communication, provided that all participating directors can hear each other at the same time.

107. The Board of Directors may adopt decisions even without actual convening, provided that all directors entitled to receive notice and entitled to participate in the discussion and to vote on the matter at hand agreed not to convene for discussion on that matter.

In such a case, the minutes of the resolutions, including the decision not to convene, will be signed by the chairman of the board of directors, or alternatively, the chairman of the board of directors will register the minutes and attach the signatures of the directors.

For this purpose, a "signature of a director" may be accompanied by his consent or objection or the indication of his abstention.

Instead of signing a director, the chairman of the board of directors or the secretary of the company (and in his absence another senior officer of the company) may attach a record with his signature detailing the manner of voting of the director.

108. A resolution without actual meeting signed by the Chairman of the Board of Directors, provided that all directors entitled to be notified and entitled to participate in the discussion and vote in the matter at hand agreed to this (provided that their number is not less than two) or a written decision signed by all members of the Board, shall have full legal validity as a resolution duly adopted at a meeting of the Board of Directors convened and held in accordance with the provisions of these articles, subject to the provisions of the Law.

109. Subject to the provisions of any law, all actions taken by or in accordance with the resolution of the Board of Directors or by a meeting of a Board of Directors or by a person (other than a corporation) serving as a member of the Board of Directors shall be valid even if it becomes apparent afterwards that there was some defect in the selection of members of the Board of Directors or the persons acting as aforesaid, all or one of them, were not competent, as if each of them had been duly elected and as if he had the qualifications required to be a member of the said Board of Directors or Committee.

#### **Committees of the Board of Directors**

110. The Board of Directors may set up committees of the Board of Directors.

On a board committee whose role is to advise or to recommend to the Board of Directors, may serve also those who are not members of the Board of Directors.

A person who is not a member of the board of directors may not serve on a Board of Directors' Committee to which the board of directors has delegated its powers.

Subject to the provisions of the Companies Law and the provisions of these Articles, the Board of Directors may delegate its powers or part thereof to such committees.

Each committee shall hold at least two directors.

111. Any committee to be set up as stated in section 110 above shall comply with all the provisions to be determined by the Board of Directors when exercising its powers.

The meetings and activities of each such committee shall be conducted in accordance with the provisions contained in these Articles regarding the meetings and activities of the Board of Directors, to the extent that they are appropriate and to the extent that they have not been replaced by instructions given by the Board of Directors.

112. A committee of the Board of Directors shall report to the Board of Directors on a regular basis on its resolutions or recommendations, as determined by the Board of Directors. Decisions or recommendations of a committee of the board of directors requiring the approval of the board of directors, will be brought to the attention of the directors within a reasonable time prior to the Board of Directors' discussion.

113. The Board of Directors may abrogate the resolution of a committee appointed by it, but the abrogation shall not affect the validity of the resolution of a committee that the Company acted upon towards another entity who was unaware of its abrogation.

All acts performed in good faith at the meeting of the board of directors or by a committee of the board of directors or by any person acting as a director shall be valid, even if it subsequently becomes apparent that there was a defect in the appointment of a director or of such person acting as aforesaid or that they or any of them were absolutely incompetent, as if such person was duly appointed and qualified to be a director.

#### **The general manager**

114. The General Manager shall be appointed and dismissed by the Board of Directors and the Board of Directors may appoint more than one General Manager.

115. The General Manager shall be liable for the current administration of the Company's affairs within the framework of the policy determined by the Board of Directors and subject to its instructions, and shall have all the management and implementation powers that were not expressly vested on any other organ of the Company in the Companies Law or in these Articles of Association.

The General Manager may, with the approval of the Board of Directors, delegate to another, subordinate to him, his powers. The approval may be general and in advance.

116. (a) The General Manager shall inform the Chairman of the Board of Directors without delay of any exceptional matter that is material to the Company, and shall submit to the Board of Directors reports on Company matters, on such dates and at such extent as the Board of Directors shall determine.

If the Company does not have a Chairman of the Board of Directors or he is unable to fulfill its function, the General Manager shall promptly inform the members of the Board of Directors;

(b) The chairman of the board of directors may, on his own initiative or at the decision of the board of directors, request from the general manager a report regarding the business of the company;

(c) If such notice or report may require an action of the Board of Directors, the chairman of the board of directors shall convene without delay a meeting of the board of directors for the purpose of discussing the notice or for deciding on the necessary action.

#### **Officers**

117. The General Manager may from time to time appoint officers (other than directors and general manager) to permanent, temporary or special positions, as the General Manager shall deem fit from time to time, and the General Manager may terminate the services of one or more of the persons referred to from time to time at any time, at his absolute discretion.

118. The General Manager may determine, subject to the provisions of the Companies Law, the powers and functions of the officers appointed by him as aforesaid.

The terms of office of the officers shall be determined in accordance with the provisions of the Companies Law.

### **Internal Auditor**

119. The Company's Board of Directors will appoint an internal auditor, as proposed by the Audit Committee.
120. The internal auditor shall examine, inter alia, the correctness of the company's operations in terms of compliance with the law and proper business procedure.
121. The organizational supervisor of the internal auditor shall be the chairman of the board of directors or if otherwise determined by the board of directors of the company.
122. After the examination by the Audit Committee, the internal auditor shall submit to the Board of Directors for approval a proposal for an annual or periodic work plan, and the Board of Directors shall approve it with such changes as it deems fit.

### **The auditor**

123. The auditor, one or more, shall be appointed at each annual meeting and shall serve in their office until the end of the subsequent annual general meeting.  
Notwithstanding the aforesaid, the General Meeting may, by a resolution passed by an ordinary majority, appoint an auditor to serve in this position for a longer period, which shall not extend beyond the end of the third annual meeting following the date on which it was appointed.
124. The General Meeting may terminate the term of office of the independent auditor, subject to and in accordance with the provisions of the Companies Law.
125. The auditor's remuneration for the audit operation shall be determined by the board of directors or by a person so authorized by the board of directors, who shall report at every annual meeting on the terms of employment of the auditor.  
The Audit Committee or the Committee appointed by the Company for the examination of its financial reports in accordance with the provisions of the Companies Law shall examine the scope of the auditor's work and his remuneration and shall submit its recommendations to the Board of Directors.
126. The fee of the auditor for additional services to the Company that is not in the scope of an audit operation shall be determined by the Board of Directors or by a person so authorized by the Board of Directors, who shall report at each annual meeting the terms of engagement of the auditor for the Additional Services, including payments and obligations of the Company; For the purposes of this section, "accountant" - including a partner, related employee of the accountant, and including a corporation under his control.

### **Validity of transactions and approval of transactions that are not extraordinary**

127. Subject to the provisions of any law, all actions taken by the Board of Directors or by a Board of Directors Committee or by any person acting as a Director or a member of the Committee of the Board of Directors or by the President, as the case may be, shall be valid even if it becomes apparent that there has been any defect in the appointment of the Board of Directors, the Committee of the Board of Directors, the Director, a member of the Committee or the General Manager, as the case may be, or that any of the aforesaid officers was, at the time of his appointment, disqualified from serving in his position.
128. An officer who has a personal interest in the activity of the Company shall disclose to the Company, within a reasonable time prior to the date for discussion of the approval of the activity, the nature of his personal interest in the activity, including any material fact or document.
129. A non-extraordinary transaction of a company with an office holder or a controlling shareholder thereof, or a non-extraordinary transaction of the Company with another person who has a personal interest with an officer of the Company or with the controlling shareholder of the Company, except for a transaction relating to the terms of office and employment of same officers or controlling shareholders of the Company and their relatives, shall be approved by the Audit Committee (subject to the provisions of the law).  
The audit committee's approval may be made by giving general approval to a particular type of transaction or by approving a particular transaction.

130. Extraordinary transactions with an officer or controlling shareholder of the Company or with another person who has a personal interest with an officer of the Company or with the controlling shareholder of the Company, as well as transactions relating to the terms of office of the officers and the terms of office of the controlling shareholders and their relatives, will be approved in the manner prescribed by law.

#### **Distribution**

131. The Company's resolution on distribution will be accepted by the Company's Board of Directors and subject to legal restrictions.

#### **Dividends and bonus shares**

132. Subject to any special or limited rights granted to any shares, dividends or bonus shares shall be distributed pro rata to the amount of the paid up capital on the nominal value of the shares, without taking into account any premiums paid on the shares.
133. The Company may set a determining date for the right to receive a dividend, provided that this date is later than the date on which it was decided to distribute the dividend.
134. The Board of Directors may withhold any dividend, benefit, rights or amounts payable in respect of shares on account of shares for which the Company has a debt and / or lien, and to use any such amount or exercise any benefit and any right and use the exercise proceeds to settle the debts of such shareholder in respect of which the Company has a debt and / or lien.
135. The transfer of a share shall not grant the transferee the right to a dividend or any other distribution declared after that transfer and before the transfer is recorded. Notwithstanding the foregoing, in the event that the transfer of the shares requires the approval of the Board of Directors, the date of the approval shall replace the date of registration of the transfer.
136. A dividend whose payment is not collected within a period of seven (7) years from the date of the resolution on its distribution shall be deemed to be waived by the person entitled thereto, and it will return to the ownership of the company.
137. If no other instructions are given, any dividend may be paid by bank transfer, check or payment order sent by mail to the registered address of the person entitled to it or in the case of registered co-owners to that member whose name is first registered in the register of shareholders in relation to the joint ownership.  
Any such check shall be made to the order of the person to whom it is sent and its cashing shall serve as a release in respect of all payments made in connection with that share.
138. The Board of Directors may deduct from any dividend or other distribution due to be paid in connection with shares in the possession of a shareholder, whether sole proprietor or in partnership with another shareholder, any sums due from him which he must settle to the Company by himself or in partnership with another, on account of payment requirements, taxation requirements and the like.
139. The Board of Directors may, at its discretion, allocate to any special funds any amount from the profits of the Company or from the revaluation of its assets or its relative share in the revaluation of the assets of its affiliated companies and to determine the designation of these special funds.

#### **Merger**

140. Approval of a merger requires a majority of the votes of the shareholders, subject to the provisions of the Companies Law.

#### **Minutes**

141. The Company shall maintain a register of minutes of general meetings, class meetings, board meetings and meetings of committees of the Board of Directors, and shall keep it at its registered office or at any other address in Israel on which the Company has notified the Registrar of Companies, for a period of seven (7) years from the date of the meeting or assembly, as the case may be.

142. Each Minute shall contain the following particulars:
- (a) The date and place in which the meeting or assembly took place;
  - (b) the names of those present, and whether they are proxies or replacements, the names of the empowered or the appointees and, at a meeting of shareholders, the number of shares by virtue of which a vote is held and to be determined;
  - (c) A summary of the discussions, the course of the discussions and the decisions that were made;
  - (d) Instructions given by the board of directors to the committees of the board of directors or to the general manager;
  - (e) Documents, reports, certificates, opinions and the like presented, discussed and / or attached.
143. A Minute of a general meeting, signed by the chairman of the meeting, shall serve as prima facie proof thereof.  
The minutes of a meeting of the board of directors or a committee of the board of directors, approved and signed by the director who presided over the meeting, shall serve as prima facie proof of its contents.

#### **Shareholders' Register**

144. The Company shall maintain a register of shareholders in accordance with the provisions of the Companies Law and a register of material shareholders, in accordance with the provisions of the Companies Law.
145. The Company may maintain an additional register of shareholders outside of Israel.
146. The register of shareholders shall be prima facie evidence of the correctness recorded therein. In the case of a discrepancy between the register of shareholders and a share certificate, the evidentiary value of the shareholders' register is preferable to the evidentiary value of the share certificate.

#### **Notices to Shareholders**

147. Notice regarding the convening of a general meeting shall be delivered as provided in section 62.
148. (a) Notices which the Company is required to provide to its registered shareholders in the register of shareholders, subject to section 62 above, shall be delivered to the shareholder or sent to him at the last address he gave to the Company.  
If a notice has been sent by mail, if it was sent to an address in Israel it shall be deemed delivered within seventy-two (72) hours from the date of its dispatch, and if it was sent to an address abroad - within ten (10) days.
- (b) The Company may give notice to the shareholders, whether they hold shares in their name or whether they hold bearer shares, by publishing a notice in two daily newspapers with wide circulation in Hebrew or on the Company's Website as stated in section 62 above, and the date of such publication shall be considered as the date on which the notice was received by the shareholders.  
The provisions of paragraph (a) shall not apply where the Company has chosen to give notice as stated in this sub-article (b), unless there is an express duty by law to publish a notice in a different manner;
- (c) The provisions of paragraphs (a) and (b) above shall not impose any duty on the Company to give notice to anyone who has not furnished the Company with an address in Israel.
149. In each of the following cases, a shareholder shall be deemed not to have furnished the Company with an address:
- (a) When the Company sent a letter to his last address by registered mail, where he was asked to confirm that the said address is still his address or to notify the Company of a new address, and the Company did not receive an answer within thirty (30) days after the notice is sent;
  - (b) When the Company sent a letter to his last address by registered mail, and the Postal Authority - by returning the letter or without doing so - informed the Company that he is not known at the said address, or for any other similar reason.
150. When there is more than one holder of a share, the company may give notice by sending the notice to the partner whose name is first mentioned in the register of shareholders for that share.

151. Any document or notice given by the Company in accordance with the provisions of these Articles shall be deemed duly delivered notwithstanding the death, bankruptcy or liquidation of that Shareholder (whether or not the Company knew of it), as long as no other person has been registered in its place as the Shareholder, and such sending of a letter including its delivery shall be deemed, for any purpose, sufficient for any person interested in such shares.

#### **Dissolution of the Company**

152. In the event of dissolution of the Company, whether voluntary or otherwise, and unless otherwise expressly provided in these Articles or the terms of any share, the following provisions shall apply:
- (a) The liquidator shall first use all the assets of the company for the repayment of debts (the assets of the company after payment of its debts will be called hereinafter: "**the surplus assets**");
  - (b) Subject to special rights attached to shares, the liquidator shall distribute the surplus assets among the shareholders pro rata to the nominal value of the shares;
  - (c) With the approval of the Company in a resolution passed by a majority vote of the shareholders, the liquidator may distribute the surplus assets of the company or any part thereof between the shareholders in kind and also transfer any of the surplus assets to a trustee in a deposit credited to the shareholders, as the liquidator shall deem fit.

#### **Exemption, insurance and indemnity**

153. (a) The Company may exempt an officer in advance from his liability, in whole or in part, for damage caused by a breach of the duty of care towards it.
- (b) Notwithstanding the provisions of subsection (a), the Company may not exempt a director in advance from his responsibility towards the Company due to a breach of the duty of care in the distribution of assets, as defined in the Companies Law.
154. Subject to the provisions of any law, the Company may enter into a contract to insure the liability of an officer thereof, in whole or in part, for any expense or payment obligation imposed upon him due to an act performed by him by virtue of his being an officer of the Company, in each of the following cases:
- (a) Breach of duty of care towards the Company or towards another person;
  - (b) Breach of fiduciary duty towards the company, provided that the officer acted in good faith and had reasonable foundations for presuming that the act would not harm the good of the Company;
  - (c) A financial liability imposed upon for the benefit of another person;
  - (d) Expenses, including reasonable litigation expenses and including attorney's fees, incurred by the officer in connection with an administrative enforcement proceeding conducted against him;
  - (e) Payment to an injured party imposed on the officer pursuant to section 52ND (a) (1) (a) of the Securities Law.
  - (f) Any other act for which it is permitted to insure under any law.
155. Subject to the provisions of any law, the Company may indemnify an office holder in respect thereof for a liability or expense as set out in paragraphs (a) to (f) below, imposed on him or for an action he performed as an officer of the Company:
- (a) A financial liability imposed upon him for the benefit of another person pursuant to a judgment, including a judgment given in a matter of compromise or an arbitration award approved by a court, all for an action he performed as an officer of the company;
  - (b) Reasonable litigation expenses, including attorney's fees, incurred by an officer in consequence of an investigation or proceeding conducted against him by an authority competent to conduct an investigation or proceeding and which ended without filing an indictment against him and without imposing a financial liability upon him as an alternative to a criminal proceeding, or which ended without filing an indictment against him but with the imposition of a monetary liability as an alternative to a criminal proceeding for an offense that does not require proof of criminal intent or in connection with a financial sanction, all due to an act he performed as an officer of the Company;
- In this section "**Conclusion of a proceeding without filing an indictment in a matter in which a criminal investigation was opened**" and "**Financial liability as an alternative to criminal proceedings**" - within the meaning of section 260 (a) (1a) of the Companies Law;

- (c) Expenses including reasonable litigation expenses, including attorney's fees, incurred and / or to be incurred by the officer or charged by a court in a proceeding filed against him by the Company or on behalf of the Company or by another person or by a criminal charge from which he was acquitted or for a criminal charge in which he was convicted of an offense that does not require proof of criminal intent, all due to an act he performed as an officer of the Company.
  - (d) Expenses, including reasonable litigation expenses, including attorneys' fees issued by the officer in connection with an administrative enforcement proceeding that was conducted in his case;
  - (e) Payment to a person harmed as a result of the breach, as stated in section 52 (a) (1) (a) of the Securities Law;
  - (f) Any other act or omission for which an office holder may be indemnified according to law.
156. The amount of the total indemnification to be paid by the Company to all officers and to any employee whom the Board of Directors of the Company decides to grant a letter of indemnification, according to all indemnification documents issued and / or to be issued by the Company, shall not exceed an amount equal to 25% of the total shareholders' equity of the Company according to the latest consolidated financial reports, audited or reviewed, as the case may be, at the actual payment date of the indemnity.
157. The Company shall be entitled to grant an officer an undertaking in advance to indemnify, subject to the Company's right to indemnify the office holder, in accordance with the provisions of any law (Hereinafter: "**The undertaking to indemnify**").  
The undertaking to indemnify shall be for each of the following cases:
- (a) as specified in section 155 (a) above, provided that the undertaking to indemnify shall be limited to events that in the opinion of the Board of Directors could be expected in view of the Company's actual activity at the time of granting the indemnification undertaking and to the amount or standard determined by the Board of Directors as reasonable under the circumstances, and the indemnification undertaking will specify the events that in the opinion of the Board of Directors are expected in light of the Company's actual activity when the undertaking was given, as well as the amount or criteria which the Board of Directors determined to be reasonable under the circumstances;
  - (b) Events as specified in sections 155 (b) to 155 (e) above.
158. The Company may, subject to the provisions of these Articles, decide on the indemnification of an officeholder therein retroactively, in whole or in part as it sees fit.
159. Subject to the provisions of any law, the Company may waive liability, insure and / or indemnify (either by means of post-indemnity or by way of giving a prior commitment to indemnify) for a person who served, serves or will serve as an officer and / or employee in another company in which the Company holds securities, directly or indirectly, or in which the Company has any interest (hereinafter: "**office holder in another company**") due to a liability, payment or expense imposed on him or for an action he performed as an officer or employee of the other company, and for this purpose sections 153 to 158 above shall apply mutatis mutandis.
160. The provisions of these Articles shall not restrict the Company, in any way whatsoever, with regard to its engagement in an insurance contract, or with respect to granting an exemption or indemnification:
- (a) In connection with a person who is not an officer of the Company or an officer of another company, including but without derogating from the generality of the aforesaid, employees, contractors or consultants of the Company;
  - (b) In connection with an officer of the Company or an officer of another company, to the extent that the insurance, exemption or indemnification is not prohibited by law.

**Signature rights**

161. (a) The signature of any person appointed from time to time by the Board of Directors in general or for a special event, either himself or together with other persons, together with the Company's stamp or its printed name, shall bind the Company;
- (b) The Board of Directors may determine separate signature rights with respect to various businesses of the Company and with respect to the amounts for which the persons are authorized to sign.

**Change of articles**

162. The Company may amend these Articles by a resolution passed by an ordinary majority at the general meeting.