



Payton Planar Magnetics Ltd.
Special and Annual General Meeting

This notice is to announce that a special and an annual general meeting of the Company's shareholders will be held on **November 1st, 2011** at 10:00 AM.

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

On the agenda:

1. Approval of the 2010 yearly financial statements.
2. Nomination of Mrs. Rachel Komemi as an external Director for a period of 3 years.
3. Approval of the purchase agreement of the business activity of Payton Technologies (1991) Ltd, a sister-company fully owned by the parent company (Payton Industries), for the amount of €1.1 million, according to rule 275 of the Israeli Company's Law .
4. Approval of the nomination of Mr. David Yativ¹ as an Active Chairman of the Board of Directors and the nomination of Mr. Doron Yativ² as the Company's C.E.O , for a period of 3 years, according to rule 121C of the Israeli Company's Law.
5. Approval of the Management Services Agreement, between the Company and "David Yativ, Technologies and management Ltd"³, for a period of 3 years, according to rule 275 of the Israeli Company's Law.
6. Approval of the Employment Agreements of Mr. Doron Yativ, Mrs. Sharon Ozan⁴ and Mr.Dror Ozan⁵ for a period of 3 years, according to rule 275 of the Israeli Company's Law.

Copies of the external director's declaration (clause 2), the purchase agreement (clause 3) the management services agreement (clause 5) and the employments agreements (clause 6) 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 resolutions in clauses 2, 3, 5 and 6 above shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting, conditional upon the existence of one of the terms as follows:

- 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; and with respect to the resolution in clause 2 above, the total majority of the votes shall include at least a majority of the votes of shareholders who are not controlling shareholders in the Company and who do not have personal interest in the nomination, other than personal interest which is not as a result of relations with the controlling shareholder. The votes of the abstainers will not be taken into account. Rule 276 of the Company's Israeli Law shall apply with regard to shareholders who have personal interest.
- 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.

¹ Mr. David Yativ, current chairman and C,E,O., the founder and controlling shareholder of the parent company, Payton Industries Ltd.

² Mr. Doron Yativ, the son of David Yativ, serves as a director and during the past 10 years as Payton's V.P. Marketing and Business development.

³ A private company fully owned by Mr. David Yativ.

⁴ Mrs. Sharon Ozan –, serves during the past 10 years as Payton's Quality Assurance Manager, a Director and Mr. David Yativ's daughter.

⁵ Mr. Dror Ozan – serves during the past 10 years as Purchasing Manager and Mr. David Yativ son-in-law.

The resolution in clause 4 above, shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting, conditional upon the existence of one of the terms as follows:

- c. The total majority votes shall include at least two thirds (2/3) of the votes of shareholders who are not controlling shareholders in the Company and who do not have any personal interest in the approval of the resolution, participating in the voting. The votes of the abstainers will not be taken into account. Rule 276 of the Company's Israeli Law shall apply with regard to shareholders who have personal interest.
- d. 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.

The shareholders may vote with regard to the resolutions in clauses 2, 3, 4, 5 and 6 on the agenda above, also by a Voting Letter. The form of the Voting Letter is available at the company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com). The latest date to deliver the Voting Letter is **October 29, 2011** at 10:00.

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

If within half an hour of the above mentioned time no quorum is present (at least two members present personally or by proxy who together hold at least thirty three percent (33%) of the issued shares of the Company), the meeting shall stand adjourned to **November 8, 2011** at the same place and hour. If no quorum is present at the adjourned meeting within half an hour of the above mentioned time, the present member(s) shall be deemed a quorum.

The persons and/or entities that are entitled to participate and to vote in the meeting are the shareholders of the Company on **October 2, 2011**.

In order to validate their participation, the shareholders are kindly requested to deposit with the Company, 48 hours prior to the meeting, certificate of ownership issued by a financial institution. Such certificate to be sent to Mrs Michal Lichtenstein, at Payton Planar Magnetics 14 Ha'homa St. Rishon Le-Zion (fax: +972-3-9517571 or michal@paytongroup.com) or to Mr. Philip Swinnen at Citigate, Avenue des Arts 46, B-1000 Brussels, Belgium (fax: +(32) 02 732 71 76 or pswinnen@citigate.be).

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

The Board of Directors.