

Payton Planar Magnetics Ltd. ("The Company")
Annual General Shareholders Meeting

This notice is to announce that an annual general meeting of The Company's shareholders will be held on September 27, 2016 at 16:00 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 Approval of the Company's 2015 yearly financial statements.
2. Approval of the \$0.175 per share interim dividend declared on November 23, 2015 as final dividend.
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 define their fees.
4. Nomination of Mr. Nissim Suez as an external Director for a period of 3 years and to confirm his remuneration given by The Company at the same rate given to the other external Director of The Company, according to the Israeli Companies Regulations (Rules in regard to remuneration and expenses to an external director) 2000, according to The Company's rank, as defined in the regulations mentioned above, and according to the remunerations paid to the other directors of The Company and The Remuneration Policy.
A Copy of Mr. Nissim Suez declaration according to rule number 224B and 241 of the Companies Law is 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.
5. Approval of The Company's Remuneration Policy (hereinafter: "**The Remuneration Policy**"), according to Amendment number 20 of The Companies Law. It is hereby suggested to approve The Remuneration Policy, all according to Rule number 267A to the Companies Law. It is hereby clarified, that if approved, The Remuneration Policy, on the agenda, will replace the current remuneration policy approved on January 10, 2014 by The Company's shareholders.

The Company's Remuneration Committee has examined The Remuneration Policy and recommended the Board of Directors of The Company to approve The Remuneration Policy. The Board of Directors has examined The Remuneration Policy and decided to approve it and to bring it to the approval of The Company's Shareholders Meeting, which is summoned by this notice. The Company's Remuneration Committee and the Board of Directors have come to the conclusion that The Remuneration Policy is a fair, logic and appropriate policy and thus have decided to bring it to the approval of The Company's Shareholders Meeting.

The form of The Remuneration Policy is available at The Company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com).

This notice, as well as other information, are also available on the Company's website - www.paytongroup.com.

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 find 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 will publish 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 1, 2 and 3 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 1, 2 and 3 on the agenda.

2. According to Rule number 239(b) of the Companies Law, the resolution in matter 4 on the agenda, 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 majority votes shall include the majority votes of the participating shareholders who are not controlling shareholders in the company, or any shareholders who has a personal interest in the confirmation of the Nomination, except personal interest that is not as a result of his relations with the controlling shareholders in The Company, participating in the vote. The votes of the abstainers will not be taken into account. Rule number 276 of The Companies Law shall apply with regard to shareholders who have a personal interest in the matter of the vote, *mutatis mutandis*.

- b. The total of the objecting votes, from the entire shareholders mentioned in section (a) above, will not exceed 2% (two percent) of the total voting rights in The Company.

3. According to Rule number 267A(b) of the Companies Law, the resolution in matter 5 on the agenda, 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 majority votes shall include the majority votes of the participating shareholders who are not controlling shareholders in the company or who has a personal interest in the confirmation of The Remuneration Policy, participating in the vote. The votes of the abstainers will not be taken into account. Rule number 276 of The Companies Law shall apply with regard to shareholders who have a personal interest in the matter of the vote, *mutatis mutandis*.

- b. The total of the objecting votes, from the entire shareholders mentioned in section (a) above, will not exceed 2% (two percent) of the total voting rights in The Company.

It shall be noted that, according to Rule number 267A(c) of The Companies Law, the Company's Board of Directors shall be entitled to determine The Remuneration Policy, even if the Company's Shareholders Meeting has objected to its approval, provided that the Remuneration Committee and afterwards the Board of Directors, shall decide, on the basis of detailed reasons and after redebating The Remuneration Policy, that the approval of The Remuneration Policy is in favor of The Company.

Voting Letter:

The shareholders may vote with regard to the resolutions in matters 4 and 5 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 voting letter must be sent to The Company no later than four (4) hours before the beginning of The Meeting.

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 who together hold at least thirty three percent (33%) of the issued shares of The Company), the meeting shall stand adjourned to September 28, 2016 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 August 22, 2016. In order to validate their participation, the shareholders are kindly requested to deposit with The Company, forty-eight (48) hours prior to the meeting, a certificate of ownership issued by a financial institution. Such certificate to be sent to Mrs. Michal Lichtenstein, at The Company's Registered Office (fax: +972-3-9517571) or michal@paytongroup.com) or to Tess Desmecht, at Citigate – Avenue des Arts 46, B-1000, Brussels (tess.desmecht@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.

A detailed description of the employment terms of the 5 Company's office holders, that have received the highest remuneration in the financial year 2015, 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 The Company's Registered Office (Tel: +972-3-9611164, Fax: +972-3-9517571 or: 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 31/12/2015
According to Israeli's Companies' Regulations

Information about Beneficiary		Benefits (in terms of cost to the corporation) for services ⁽¹⁾						
	Name	Position	Scope of Position	Holding in Equity %	Salary in US\$ thousands ⁽³⁾	Car Exp. in US\$ thousands	Bonus in US\$ thousands ⁽²⁾	Total US\$ thousands
1	Mr. David Yativ through Wichita Ltd. (formerly "David Yativ, Technologies and Management Ltd.")	Executive Chairman of the Board	100%	51%	433	24	152	609
2	Mr. Doron Yativ	CEO	100%	-	214	12	71	297
3	Mr. Haim Elgamil	Vice President of Operations	100%	-	141	14	-	155
4	Mrs. Michal Lichtenstein	V.P. Finance & C.F.O	100%	-	113	12	-	125 ⁽⁴⁾
5	Mrs. Ravit Shreim	Comptroller	100%	-	68	-	-	68
	Total				969	62	223	1,254

(1) Including grants for the year 2015.

(2) An executive bonus derived from Company profit (pre-tax).

(3) Inclusive social benefits.

(4) Represents compensation for 9 working months during year 2015.