

Payton Planar Magnetics Ltd. ("The Company")

General Special Shareholders Meeting

This notice is to announce that a general special meeting of The Company's shareholders will be held on **January 9th, 2014** at 10:00 AM (hereinafter: "**the Meeting**" or "**the Shareholders Meeting**").

The Meeting will be held in The Company's registered office at 3 Haavoda St. Ness-Ziona, Israel.

1. On the Agenda - Approval of the Company's Remuneration Policy:

According to Amendment number 20 of the Israeli Companies Law, 1999 (hereinafter: "**amendment 20**" and "**the Companies Law**") it is hereby suggested to approve the company's Remuneration Policy, all according to Rule number 267A to the Companies Law.

According to amendment 20, the Company has operated in the last few months, assisted by external legal experts, to set a Remuneration Policy for its officers (the chairmen, chief executive officer (ceo), vice presidents, accountant, directors and external directors).

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 Director has examined the Remuneration Policy and decided to approve it and to bring it to the approval to 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 this Company's Shareholders Meeting.

The form of the Company's 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).

2. The Majority needed for passing the matter on the Agenda:

According to Rule number 267A(B) of the Companies Law, the resolution on the agenda 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 majority votes shall include the majority votes of the participating shareholders who are not controlling shareholders in the company, or anyone on their behalf, or any shareholders who has a personal interest in the matter of 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.
- 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 the Company's Board of Directors shall be entitle to determine the Company's 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 base of detailed reasons, that the approval of the Company's Remuneration Policy is for the Company's best, in spite of the Shareholders Meeting objection.

3. Voting Letter:

The shareholders may vote regarding the matter on the agenda 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 seventy two (72) hours before the beginning of the Meeting.

4. 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 **January 10th, 2014** 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.

5. 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 in **December 10th,2013**.

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 Payton Planar Magnetics 3 Haavoda St. Nes-Ziona, Israel (fax: +972-3-9517571 or: michal@paytongroup.com) or to Mrs. Evi Robignon, at Grayling - Avenue des Arts 46, B-1000, Brussels (Fax: + (32) 02 732 71 76 or: Evi.Robignon@grayling.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 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.

6. The Company's Representative:

The Company's Representative in regard to this Shareholders Meeting is Mrs. Michal Lichtenstein, at Payton Planar Magnetics 3 Haavoda St. Ness-Ziona, Israel (tel: +972-3-9611164, fax: +972-3-9517571 or: michal@paytongroup.com).

The Board of Directors.