



Payton Planar Magnetics Ltd.
Annual General Meeting

This notice is to announce that an annual general meeting of the Company's shareholders will be held on **June 7th, 2012** 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 company's 2011 yearly financial statements.
2. Re-nomination of KPMG Somekh-Chaikin, a member of the KPMG International, as the Company's independent auditors, and authorizing Mr. David Yativ, Active Chairman of the Board of Directors to define their fees.
3. Approval of the Employment Agreement of Mr. Amir Yativ¹ for a period of 3 years, according to rule 275 of the Israeli Company's Law.

Copy of the Employment Agreement 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.

The resolution in clause 3 above shall be deemed to have been passed, by the general meeting, conditional upon the existence of one of the following terms:

- a. The counting of the total majority votes in the general meeting shall include the majority of the votes of shareholders who do not have personal interest in the approval of the transaction, who participate in the voting; In the counting of the votes of said shareholders - 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.

The shareholders may vote with regard to the resolution in clause 3 on the agenda above, also by a Voting Letter. The form of the Voting Letter is available at the company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com). The latest date to deliver the Voting Letter is **June 5th, 2012** at 10:00.

The resolutions in subjects 1 & 2 on the agenda, 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 **June 14th, 2012** 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 **May 8, 2012**.

In order to validate their participation, the shareholders are kindly requested to deposit with the Company, 48 hours prior to the meeting, a certificate of ownership issued by a financial institution. Such certificate to be sent

¹ Mr. Amir Yativ, the son of David Yativ (active chairman and controlling shareholder of the parent company – Payton Industries Ltd.), holds a M.Sc. in applied physics and a B.Sc. in Physics

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.