

# **Azrieli Group Ltd.**

**(the “Company”)**

Date: July 5, 2016

Israel Securities Authority  
Via Magna

Tel Aviv Stock Exchange Ltd.  
Via Magna

**Re: Immediate report regarding the convening of a general and special meeting of the Company pursuant to the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “Reports Regulations”) and the Companies Law, 5759-1999 (the “Companies Law”)**

Pursuant to the Reports Regulations and the Companies Law, the Company hereby announces the convening of a general and special meeting of the shareholders of the Company (the “**General Meeting**”), which shall be held on Tuesday, August 9, 2016, at 16:00 (Israel time), at the Company’s offices at the Azrieli Center, Tel Aviv (Floor 33, Round Tower) (the “**Company’s Offices**”). Telephone for inquiries: 03-6081383.

## **The issues on the agenda**

### **1. Appointment of Mr. Menachem Einan as a director of the Company**

On March 22, 2016, the Company’s Board appointed Mr. Menachem Einan (“**Mr. Einan**”) as a director of the Company. According to the provisions of the Company’s articles of association (the “**Articles**”), any director who is appointed by the Board shall serve until the first meeting that is held after his appointment. At this meeting, Mr. Einan’s appointment is presented for approval until the next annual meeting of the Company.

Details regarding Mr. Einan are included in this report by way of reference to the details presented, pursuant to Section 26 of the Reports Regulations, in Part D of the 2015 Periodic Report which was published on March 23, 2016 (Ref. no. 2016-01-012174) (the “**2015 Periodic Report**”).

Mr. Einan signed a statement as required by Section 224B of the Companies Law, which is attached hereto as **Annex A**.

Since March 2015, Mr. Einan has provided the Company with consulting services by virtue of a consulting agreement with a company owned by him. For details, see the Company’s immediate report of March 18, 2015 (ref. no.: 2015-01-053536), included herein by way of reference. It is noted that until the end of Mr. Einan’s consulting agreement, Mr. Einan will not receive compensation for his office as a director of the Company. It is further noted that Mr. Einan is included in the Company’s D&O liability insurance policy. In accordance with the resolution of the Company’s Board of May 6, 2010, and in accordance with the approval of the Company’s general meeting of August 15, 2011, the Company shall grant Mr. Einan a letter of exemption and

indemnification in the language existing at the Company in relation to all of the officers and directors<sup>1</sup>.

**Proposed language of the resolution:** To approve the appointment of Mr. Menachem Einan as a director of the Company for a term of office until the end of the next annual meeting of the Company's shareholders.

2. **Extension of the term of office of outside directors**

It is proposed to approve the extension of the term of office of the outside directors currently serving at the Company for an additional three-year term of office from August 24, 2016:

2.1. **Approval of the reappointment of Prof. Niv Ahituv ("Prof. Ahituv") as an outside director of the Company**

Prof. Ahituv's term of office as an outside director of the Company will end on August 23, 2016 (inclusive). It is proposed to reappoint Prof. Ahituv as an outside director of the Company for a third term of office of three years, from August 24, 2016. On July 4, 2016, the Company's Board reapproved Prof. Ahituv's classification as an outside director with accounting and financial expertise in accordance with the provisions of the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005 (the "**AFE Regulations**").

Prof. Ahituv's candidacy is proposed by the Company's Board pursuant to the provisions of Section 245(a1)(2) of the Companies Law.

Details in relation to Prof. Ahituv are included herein by way of reference to the details presented, pursuant to Section 26 of the Reports Regulations, in Part D of the 2015 Periodic Report.

Prof. Ahituv signed the statement attached hereto as **Annex B** that he fulfills the conditions required for his appointment pursuant to the provisions of Sections 224B and 241 of the Companies Law.

Prof. Ahituv will be entitled to payment of compensation for his office as a director of the Company and for his participation in the meetings of the Company's Board and its committees in the maximum possible amounts fixed for an expert director pursuant to the Compensation Regulations, as being from time to time, and according to the ranking at which the Company is classified, in accordance with its equity as being from time to time. In addition, Prof. Ahituv will be entitled to reimbursement of expenses in accordance with the provisions of Section 6 of the Compensation Regulations and the policy that was

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<sup>1</sup> The Company's decision as aforesaid to grant a letter of exemption and indemnification to directors and officers of the Company, as being from time to time, is specified in Note 37D to the Company's financial statements as of December 31, 2015, which were attached to the Periodic Report for 2015.

approved by the Company's Audit Committee. In addition, Prof. Ahituv is included in the Company's D&O insurance policy and he holds a letter of exemption and indemnification that was granted to him by the Company in accordance with the provisions of the Company's compensation policy. It is clarified that the terms and conditions of Prof. Ahituv's office do not require the approval of the meeting summoned according to this report, and on the meeting's agenda is the appointment only of Prof. Ahituv for an additional three-year term of office.

**Proposed language of the resolution:** To appoint Prof. Niv Ahituv as an outside director of the Company for an additional three-year term of office from August 24, 2016.

2.2. Approval of the reappointment of Mr. Efraim Halevy ("Mr. Halevy") as an outside director of the Company

Mr. Halevy's term of office as an outside director of the Company will end on August 23, 2016 (inclusive). It is proposed to reappoint Mr. Halevy as an outside director of the Company for a third term of office of three years, from August 24, 2016.

On July 4, 2016, the Company's Board reapproved Mr. Efraim Halevy's classification as an outside director with professional qualifications in accordance with the provisions of the AFE Regulations. Mr. Halevy's candidacy is proposed by the Company's Board pursuant to the provisions of Section 245(a1)(2) of the Companies Law.

Details in relation to Mr. Halevy are included here by way of reference to the details presented, pursuant to Section 26 of the Reports Regulations, in Part D of the 2015 Periodic Report.

Mr. Halevy signed the statement attached hereto as **Annex C** that he fulfills the conditions required for his appointment pursuant to the provisions of Sections 224B and 241 of the Companies Law.

Mr. Halevy will be entitled to payment of compensation for his office as a director of the Company and for his participation in the meetings of the Company's Board and its committees in the maximum possible amounts fixed for an outside director pursuant to the Compensation Regulations, as being from time to time, and according to the ranking at which the Company is classified, in accordance with its equity as being from time to time. In addition, Mr. Halevy will be entitled to reimbursement of expenses in accordance with the provisions of Section 6 of the Compensation Regulations and the policy that was approved by the Company's Audit Committee. In addition, Mr. Halevy is included in the Company's D&O insurance policy and he holds a letter of exemption and indemnification that was granted to him by the Company in accordance with the provisions of the Company's compensation policy. It is clarified that the terms and conditions of Mr.

Halevy's office do not require the approval of the meeting summoned according to this report, and on the meeting's agenda is the appointment only of Mr. Halevy for an additional three-year term of office.

**Proposed language of the resolution:** To appoint Mr. Efraim Halevy as an outside director of the Company for an additional three-year term of office from August 24, 2016.

3. **Amendment of the Company's articles**

Approval of amendments to the Company's Articles, which mainly concern updates according to legislative amendments, expansion of the liabilities and/or expenses in respect of which the Company will be entitled to grant indemnification and/or insurance to directors and officers, *inter alia* pursuant to the Antitrust Law, 5748-1988, and expansion of the definition of the term "Party Injured by a Breach" such that this definition shall apply to any legislation in respect of which an administrative proceeding may be held.

- 3.1. In Section 1.1 of the Articles, the definition of "Administrative Proceeding" will be expanded and will include also a proceeding pursuant to Chapter G1 of the Antitrust Law, 5748-1988, as amended from time to time; and any additional administrative proceeding, in respect of which indemnification and/or insurance may lawfully be granted in respect of payments relating thereto or expenses incurred in connection therewith.
- 3.2. In Section 1.1 of the Articles, the definition of a "Party Injured by a Breach" will be added as follows: "Within the meaning thereof in Section 52BBB(a)(1)(a) of the Securities Law regarding an Administrative Proceeding pursuant to the Securities Law or pursuant to any other legislation in respect of which an Administrative Proceeding may be held". Accordingly, the following words will be omitted from the end of Sections 31.1.d and 32.1.d. "in an Administrative Proceeding, as stated in Section 52BBB(a)(1)(a) of the Securities Law".
- 3.3. Section 11 of the Articles, concerning the issuance of bearer share deeds, shall be omitted.
- 3.4. In Sections 17.2 and 17.5 of the Articles, reference shall be added to the possibility of voting via the electronic voting system and transfer of a confirmation of ownership through it. Accordingly, a definition shall be added in Section 1.1 of the Articles of an "Electronic Voting System", as follows: "The system operating according to Title B of Chapter G2 of the Securities Law".

The amended language of the Articles that is presented for the General Meeting's approval is attached hereto as **Annex D**.

**Proposed language of the resolution:** Amendment of the Company's Articles as stated in Section 3 above.

4. **The majority required at the General Meeting for approval of the issues on the agenda**

4.1. The majority required at the meeting for approval of the resolutions stated in Section 1 above is a simple majority of all of the votes of the shareholders entitled to vote at and who voted at the meeting.

4.2. The majority required for the adoption of the resolution on issues 2.1-2.2 above is a simple majority of the shareholder entitled to vote at and who participate in the vote, provided that one of the following is fulfilled:

4.2.1. The count of the majority vote at the General Meeting shall include a majority of all of the votes of the shareholders who are not controlling shareholders of the Company or do not have a personal interest in approval of the appointment, with the exception of a personal interest which is not as a result of his nexus with the controlling shareholder, who participate in the vote (the count of all of the votes of the said shareholders shall not take into account the abstaining votes);

4.2.2. The total dissenting votes from among the shareholders stated in Subsection 4.2.1 above shall not exceed two percent of all of the voting rights in the Company.

4.3. The majority required for the adoption of the resolution on issue 3 above is a simple majority of all of the votes of the shareholders present at the meeting, provided that one of the following is also fulfilled:

4.3.1. The count of the majority vote at the General Meeting shall include a majority of all of the votes of the shareholders who do not have a personal interest in approval of the transaction, who participate in the vote (the count of all of the votes of the said shareholders shall not take into account the abstaining votes);

4.3.2. The total dissenting votes from among the shareholders stated in Subsection 4.3.1 above shall not exceed two percent of all of the voting rights in the Company.

4.4. Pursuant to the provisions of Section 276 of the Companies Law, before the vote, each shareholder who wishes to participate in the vote on the resolution will be required to notify the Company as to whether or not he has a personal interest in approval of the resolution. If the shareholder fails to give notice as aforesaid, he shall not vote at the meeting and his vote shall not be counted. It is noted that the duty to give notice of the presence or absence of a personal interest as aforesaid applies also to a shareholder who wishes to participate in the

vote via a proxy. This provision shall apply also to a proxy or attorney of a shareholder of the Company.

5. **The proceedings at the meeting and the vote**

**Manner of voting**

A shareholder who is registered as a shareholder in the Company's shareholder register (a "**Registered Shareholder**") is entitled to vote at the meeting in person (participation in the meeting), via a proxy, via a voting card within the meaning thereof in Section 87 of the Companies Law, whose language is attached hereto ("**Voting Card**"). A shareholder pursuant to Section 177(1) of the Companies Law (i.e. a person in whose credit a share is registered with a TASE member, which share is included among the shares registered in the shareholder register in the name of the transfer agent) ("**Unregistered Shareholder**") may vote using the methods specified above, as well as via an electronic voting card that shall be delivered to the Company via the electronic voting system which operates in accordance with Title B of Chapter G2 of the Securities Law, 5728-1968 ("**Electronic Vote**", "**Electronic Voting System**" and "**Electronic Voting Card**", respectively).

**Convening of a meeting; adjourned meeting; record date**

The General Meeting shall convene on Tuesday, August 9, 2016, at 16:00, at the Company's Offices.

The discussion at the General Meeting may be opened only if a legal quorum is present at the opening of the meeting.

The legal quorum for opening the discussion at the meeting shall consist of one or more shareholders, who is/are present in person or by proxy or via voting card (including an Electronic Voting Card), and holding or representing at least fifty-one percent (51%) of the voting rights in the Company. If two hours shall have lapsed from the time scheduled for the meeting and no legal quorum is present, the meeting shall be postponed to the third business day after the date of the meeting, to the same time and place, or to a later date and time or a different place, as shall be determined by the Board in a notice to the shareholders. The Company shall give notice of postponement of the meeting and the date of the adjourned meeting through an immediate report. If no legal quorum is present at the adjourned meeting as aforesaid, legal quorum shall consist of one or more shareholders, who is/are present, in person at the adjourned meeting or by proxy or via voting card (including Electronic Voting Card), and holding or representing at least forty percent (40%) of the voting rights in the Company, unless the meeting shall have been convened at the demand of shareholders pursuant to the provisions of the Companies Law. If no legal quorum is present at the adjourned meeting that was convened at the demand of the shareholders as aforesaid, legal quorum shall consist of at least one shareholder, who is present at the adjourned meeting in person or by proxy or via voting card (including an Electronic Voting Card).

The record date determining entitlement of a shareholder of the Company to vote at the General Meeting as stated in Section 182(b) of the Companies Law, and in Section 3 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (“**Written Vote Regulations**”), is the end of the trading day at TASE on Tuesday, July 12, 2016 (the “**Record Date**”).

### **Proxy**

A shareholder may appoint a proxy to vote in his stead, who is not required to be a shareholder of the Company.

The appointment of a representative or proxy to participate in and vote at the meeting on behalf of the shareholder shall be made in writing, signed by the shareholder or his lawful attorney who was appointed in writing, or, if the principle is a corporation, the power of attorney shall be signed in the same manner in which such corporation signs documents which bind it. If the principle is a corporation, a lawyer’s certification shall be attached to the power of attorney, whereby the power of attorney was signed in accordance with the articles of such corporation. Voting according to the terms of the power of attorney shall be lawful notwithstanding the prior death or declaration of bankruptcy or incapacitation of the principle or cancelation of the letter of appointment or transfer of the share in respect of which it was issued or, in the case of a corporation, appointment therefor of a liquidator or receiver, unless a written notice (certified to the satisfaction of the Company’s directors) regarding the said change is received at the Company’s Offices at least one hour before the time of the meeting. However, the chairman of the General Meeting will be entitled to accept written notice as aforesaid also during the General Meeting, provided that, at his discretion, there is an adequate reason for the delay in delivering such notice. A letter of appointment of a proxy and a power of attorney or another certificate (if any) or a copy certified by a notary, shall be deposited at the Company’s Offices with the office of the Company’s secretary up to forty-eight (48) hours before the time of the General Meeting. Such deposit, which relates to the time scheduled for the meeting, shall be valid also with respect to the adjourned meeting.

### **Voting in writing; position statements**

A shareholder may vote at the General Meeting on approval of the resolutions on the agenda also via a voting card. A written vote will be made via the second part of the voting card, attached hereto.

The voting card and the position statements, within the meaning thereof in Section 88 of the Companies Law, if provided, may be inspected on the distribution site of the ISA, at: <http://www.magna.isa.gov.il> (the “**Distribution Site**”) and on the website of the Tel Aviv Stock Exchange Ltd., at: <http://maya.tase.co.il> (the “**TASE Site**”). Each shareholder is entitled to approach the Company directly and to receive therefrom the language of the voting card and the position statements (if provided).

A TASE member shall send, free of charge, via e-mail, a link to the language of the voting card and the position statements (if provided) on the Distribution Site to any shareholder of the Company who is not registered in the shareholder register of the Company and whose shares are registered with such TASE member, unless the shareholder has given notice that he is not interested therein or that he is interested in receiving voting cards by mail in consideration for payment of a delivery fee, provided that the notice is given in respect of a specific securities account and on a date prior to the Record Date. The voting card and the documents to be attached thereto, as specified in the voting card, must be delivered to the Company's Offices (including via registered mail) together with confirmation of ownership (and with respect to a Registered Shareholder – together with a photocopy of an I.D. card, passport or certificate of incorporation, as the case may be) up to four hours before the time of convening of the General Meeting. For this purpose, the “delivery date” is the date on which the voting card and the documents attached thereto arrive at the Company's Offices. In addition, a shareholder who is not registered will be entitled to deliver confirmation of ownership via the Electronic Voting System, as stated in this section below.

The last date for the delivery of position statements to the Company by the Company's shareholders is up to ten days before the date of the meeting. A voting card to which no confirmation of ownership is attached (or alternatively confirmation of ownership was not delivered via the Electronic Voting System), or in relation to a Registered Shareholder, to which a photocopy of an I.D. card, passport or certificate of incorporation, as the case may be, was not attached, will be invalid.

One or more shareholders holding shares at a rate constituting five percent or more of the sum total of the voting rights in the Company (i.e. 6,063,638 shares) and any person holding such rate out of the sum total of the voting rights which are not held by the Company's controlling shareholder (i.e. 2,345,902 shares) is entitled, after the convening of the General Meeting, to inspect the voting cards and the voting records via the Electronic Voting System that reached the Company, as specified in Section 10 of the Written Vote Regulations.

### **Electronic Voting Card**

As aforesaid, an Unregistered Shareholder is entitled to vote also via the Electronic Voting System. Voting via an Electronic Voting Card will be possible up to six hours before the time of the convening of the General Meeting.

### **Confirmation of Ownership**

An Unregistered Shareholder will be entitled to participate in the General Meeting only if he delivers to the Company, before the General Meeting, an original certificate from the TASE member with which his right to the share is registered, regarding his ownership of the Company's shares on the Record Date, in accordance with the form in the Schedule to the Companies Regulations (Proof of Ownership of a Share for Purposes of Voting at a

General Meeting), 5760-2000 (“**Confirmation of Ownership**”), or alternatively, if he sends to the Company Confirmation of Ownership via the Electronic Voting System. An Unregistered Shareholder may obtain Confirmation of Ownership from the TASE member through which he holds his shares at a branch of the TASE member or by mail to his address in consideration for a delivery fee only, if he so requests, provided that a request in this regard is given in advance for a specific securities account. An Unregistered Shareholder may also instruct that his Confirmation of Ownership be delivered to the Company via the Electronic Voting System.

**Changes to the agenda; the last date for delivery of a request to include an issue on the agenda by a shareholder**

After the publication of this Invitation Report, there may be changes to the agenda, including the addition of an issue to the agenda, position statements may be published, and the current agenda and the position statements may be perused in the Company’s reports that shall be released on the Distribution Site. A request of a shareholder pursuant to Section 66(b) of the Companies Law to include an issue on the agenda of the General Meeting will be delivered to the Company up to seven days after the summoning of the meeting. If such a request is submitted, the issue may be added to the agenda and the details thereof shall appear on the Distribution Site. In such a case, the Company shall publish an amended voting card together with an amended invitation report, no later than seven days after the last date for delivery of a request of a shareholder for the inclusion of an issue on the agenda as aforesaid.

6. **Inspection of documents**

A copy of this report is available for inspection at the Company’s Offices, after prior coordination by telephone: 03-6081300, Sundays through Thursdays between 09:00 and 17:00, until the date of convening of the General Meeting for approval of the resolution on the agenda, and also on the ISA’s website at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il).

Sincerely,

**Azrieli Group Ltd.**

**Signed on the date of the report by:**  
**Michal Kamir, Adv.**  
**General Counsel and Company Secretary**

**Annex A – Statement of Director Mr. Menachem Einan**

Date: March 21, 2016

**Azrieli Group Ltd. (the “Company”)**

**Re: Declaration of a Candidate for the Office of Director in a Public Company Traded in Israel pursuant to the Companies Law, 5759-1999 (the “Law”)**

I, the undersigned, Menachem Einan, bearer of I.D. no. 008995383, an Israeli resident, after having been cautioned to state the truth, failing which I shall be liable for the penalties prescribed by law, do hereby declare and undertake as follows:

1. I hereby give my consent to serve as a director of your Company, which is a public company, incorporated in Israel,.
2. I am qualified to be appointed as a director of your Company pursuant to the provisions of Sections 225-227 of the Law regarding restriction of the appointment of a minor or a legally incompetent person, restriction of appointment due to a conviction or a decision of an administrative enforcement committee, or bankruptcy. The language of the sections on the date of the signing of this declaration is specified in **Annex A** which is attached hereto and constitutes an integral part hereof.
3. I am aware of the duty of notice applicable to me by virtue of Section 227A of the Law, and I undertake to comply therewith as required. The language of the said section on the date of the signing of this declaration is specified in **Annex A**.
4. I have the necessary skills and have available to me the time required for performance of the duties of a director of the Company, considering the specific needs and size of the Company.
5. I have professional qualifications, pursuant to the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005 (the “**Companies Regulations**”); the language of the Companies Regulations on the date of the signing hereof is attached hereto as **Annex B** and constitutes an integral part hereof.
6. My education and work experience are specified in the resumé attached hereto as **Annex C**.
7. My other positions and occupations neither create nor have the potential to create a conflict of interest with my office as a director of the Company, nor will they prejudice my ability to serve as a director.
8. I undertake to comply with any and all legal requirements expected of a director. I shall discharge my duties in the best manner and in the best interests of the Company. If a concern arises, of which I am aware and/or that shall be brought to my attention, whereby I shall cease to meet any of the above conditions and/or declarations, or there is a concern that I have breached the fiduciary duty to the Company (as defined in Section 254 of the Law), I will immediately notify the Chairman of the Company’s Board thereof.
9. I am aware that this declaration will be used by the Company to examine whether I am qualified to serve as a director of the Company, and specifically whether I meet the conditions and tests according to the Law.
10. This is my name, this is my signature and the facts specified in this declaration above are the truth.

Menachem Einan  
**Name**

008995383  
**I.D.**

(-)  
**Signature**

## Appendix A

### Sections 225-227A of the Companies Law, 5759-1999

- Duty of disclosure**    225.    (a)    A person who is a candidate for the office of director shall disclose to the person appointing him:
- (1)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a), and the period in which he is prohibited from serving as a director pursuant to Section 226 has not yet lapsed;
  - (2)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a1), and the period determined by the court pursuant to such subsection has not yet lapsed;
  - (3)    If the Administrative Enforcement Committee has imposed on him an enforcement measure prohibiting him from serving as a director of any public company, or any private company which is a bond company, and the period determined by the Administrative Enforcement Committee in its decision as aforesaid has not yet lapsed.
- (b)    In this title –
- “Enforcement Measure” – an enforcement measure as stated in Section 52DDD of the Securities Law, which was imposed pursuant to Chapter H4 of the Securities Law, pursuant to Chapter G2 of the Regulation of the Practice of Investment Advice and Investment Portfolio Management Law, 5755-1995 or pursuant to Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;
- “Administrative Enforcement Committee” – the committee appointed pursuant to Section 52FF(a) of the Securities Law;
- “Judgment” – a judgment in the first instance.
- Restriction on appointment due to conviction**    226.    (a)    A person convicted in a judgment of any of the offenses specified below shall not be appointed to serve as a director of a public company, or a private company which is a bond company, unless five years shall have lapsed since the date of issuance of the judgment in which he was convicted:
- (1)    Offenses pursuant to Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law;
  - (2)    A conviction by a court outside of Israel of offenses of bribery, fraud, offenses by managers of a corporation or offenses of abuse of inside information;
  - (3)    (Omitted).
- (a1)    No person convicted in a judgment of an offense not listed in Subsection (a) shall be appointed to serve as a director of a public company or a private company which is a bond company, if the court determines that due to the nature, severity or circumstances thereof he is not fit to serve as a director of a public company or

a private company which is a bond company, for the period determined by the court, which shall not exceed five years from the date of issuance of the judgment.

- (b) A court may determine, at the time of or after the conviction, at the request of a person who wishes to be appointed as a director, that despite his conviction of offenses as stated in Subsection (a), and considering, *inter alia*, the circumstances in which the offense was committed, he is not barred from serving as a director of a public company, or a private company which is a bond company, or that the period in which he is barred from serving as a director of a public company or a private company which is a bond company, will be shorter than five years.
- (c) The Minister may determine additional offenses to those set forth in Subsection (a)(1).
- (d) A court, and if an appeal is filed – an appellate court may order a stay of execution of the appointment restrictions or termination of office according to this section until such time as it shall determine and under such conditions as it shall deem fit.

**Restriction on appointment due to a decision of the Administrative Enforcement Committee**

226A. If the Administrative Enforcement Committee imposes an enforcement measure on a person prohibiting him from serving as a director of a public company or a private company which is a bond company, such person shall not be appointed as a director of a company in which he is prohibited from serving as a director pursuant to such decision.

**Restriction on appointment**

- 227.
- (a) No person shall be appointed as a director who is a minor, legally incompetent, a person who was declared bankrupt, so long as he shall not have been discharged, nor any corporation having adopted a voluntary dissolution resolution or in respect of which a dissolution order has been issued.
  - (b) A candidate for the office of director who fulfills the provisions of Subsection (a) shall disclose the same to the person appointing him.

**Duty of notice**

227A. A director who ceases to meet a condition required pursuant to this Law for his office as a director, or in respect of whom there are grounds to terminate his office as a director, shall immediately notify the company thereof, and his term of office shall terminate on the date of provision of the notice.

## Appendix B

### **Sections 1-3 of the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005**

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| Director with accounting and financial expertise | <p>1. A director with accounting and financial expertise is a person who, due to his education, experience and skills, has high proficiency and understanding of business-accounting issues and financial statements, in a manner which allows him to thoroughly understand the company's financial statements and to raise a discussion in connection with the manner of presentation of the financial figures; a director's accounting and financial proficiency shall be assessed by the board of directors and the considerations shall include, <i>inter alia</i>, his education, experience and knowledge on the following matters:</p> <ol style="list-style-type: none"><li>(1) Accounting issues and accounting control issues typical to the sector in which the company operates and to companies of the company's size and complexity;</li><li>(2) The auditor's roles and duties;</li><li>(3) Preparation of financial statements and approval thereof pursuant to the Law and pursuant to the Securities Law.</li></ol>  |
| Director with professional qualifications        | <p>2. (a) A directors with professional qualifications is a person who fulfills one of the following conditions:</p> <ol style="list-style-type: none"><li>(1) He holds an academic degree in one of the following professions: economics, business administration, accounting, law, public administration;</li><li>(2) He holds another academic degree or has completed other higher education studies, all in the company's main field of business or in a field relevant to the position;</li><li>(3) He has experience of at least five years in one of the following, or has cumulative experience of at least five years in two or more of the following:<ol style="list-style-type: none"><li>(a) In a senior position in business management of a corporation with a significant scope of business;</li><li>(b) In a senior public office or a senior position in the civil service;</li><li>(c) In a senior position in the Company's main fields of business.</li></ol></li></ol> <p>(b) The professional qualifications of a candidate for the office of director as stated in Subsection (a) shall be assessed by the board of directors.</p> |
| Declaration                                      | <p>3. (a) In a declaration pursuant to Section 241 of the Law, the candidate shall declare also with respect to his education and experience, insofar as relevant, for the purpose of examining whether he meets the conditions and tests according to these regulations, and shall attach documents and certificates supporting his declaration.</p> <p>(b) A director whose accounting and financial expertise the board of directors is required to assess for the purpose of compliance with the minimum number determined according to Section 92(a)(12) of the Law, shall declare as specified in Subsection (a).</p>  |

**Annex B – Statement of Outside Director Prof. Niv Ahituv**

Date: \_\_\_\_\_, 2016

**Azrieli Group Ltd. (the "Company")**

**Re: Outside Director's Declaration**  
**pursuant to the Companies Law, 5759-1999 (the "Law")**

I, the undersigned, Prof. Niv Ahituv, bearer of I.D. 8115693, an Israeli resident, after having been cautioned to state the truth, failing which I shall be liable for the penalties prescribed by law, do hereby declare and undertake as follows:

1. I am eligible to serve as a director of your Company pursuant to the provisions of Sections 225 – 227 of the Law. The sections, in the language thereof on the date of execution of this declaration, are specified in **Annex A** which is attached hereto and constitutes an integral part hereof.
2. I hold the required qualifications and have the time required to perform the duties of an outside director of the Company, considering the special needs and size of the Company.
3. My other positions and occupations neither create nor could create a conflict of interest with my position as an outside director of the Company, nor will they prejudice my ability to serve as an outside director of the Company.
4. I am aware of the notice obligations which apply to me by virtue of Sections 227A and 245A of the Law and undertake to fulfill the same as required. The provisions of the said sections, in the language thereof on the date of execution of this declaration, are specified in **Annex A**.
5. I am aware of all of the provisions of the Law which apply with respect to the appointment and office of an outside director, including the duration of the term of office, termination thereof, participation in the Company's board committees etc. and I am aware that this declaration will be kept at the Company's registered office and will be available for inspection by any person.
6. I undertake to comply with any and all legal requirements expected of a director and an outside director. I will carry out my duties in the best possible manner and in the best interests of the Company. In the event that a concern shall arise, of which I shall have knowledge and/or which shall be brought to my knowledge, whereby I shall cease to fulfill any of the conditions and/or declarations above, or there shall be a concern that I breached the fiduciary duty to the Company (as defined in Section 254 of the Law), I shall immediately give notice thereof to the chairman of the Company's Board of Directors pursuant to the provisions of Section 227A and 245A of the Law, as specified in **Annex A** hereto.
7. I have "accounting and financial expertise" pursuant to the provisions of the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005.
8. Neither I, nor my relative, partner or employer, nor anyone to whom I report, either directly or indirectly, nor a corporation of which I am the controlling shareholder, as of this date and from the date of the appointment or in the two years preceding the same, have a Link to the Company, to the Company's controlling shareholder or to an affiliate of the controlling shareholder, on the date of the appointment, or to Another Corporation. Moreover, neither I, nor my relative, partner or employer, nor anyone to whom I report, either directly or indirectly, nor a corporation of which I am the controlling shareholder, have business or professional ties with anyone with whom a Link is prohibited as aforesaid, even if such ties are not on a regular basis, with the exception of negligible ties.

For purposes of this declaration –

"Link" – The existence of a work relationship, the existence of business or professional ties, on a regular basis or control, and office as an officer, with the exception of the office of a director who was appointed in order to serve as an outside director of a company which is about to launch an IPO.

"Another Corporation" – A corporation whose controlling shareholder, on the date of the appointment or in the two years preceding the date of the appointment, is the Company or its controlling shareholder.

"Date of the Appointment" – The date on which I was appointed as an outside director.

"Relative" – Spouse, brother or sister, parent, parent's parents, offspring, as well as the offspring, brother, sister or parent of the spouse or the spouse of any one of the aforesaid.

9. I am not a relative of the Company's controlling shareholder.
10. At no other company at which I currently serve as a director does any person who serves as a director of your Company serve as an independent director.
11. I am not an employee of the ISA or of the Israeli stock exchange.
12. I have received no consideration, either directly or indirectly, due to my office as a director of the Company, in addition to the compensation and the reimbursement of expenses to which I am entitled due to my office as an outside director of the Company.
13. I have not served on the Company's Board of Directors for more than 9 consecutive years<sup>1</sup>.
14. I am aware that this declaration will be used by the Company in order to examine whether I am eligible to serve as an outside director of the Company, and in particular whether I fulfill the conditions and criteria pursuant to the Law. I am also aware that this declaration will be kept at the Company's registered office and will be available for inspection by any person and will be published in the context of the Company's public reports.
15. This is my name, this is my signature and the facts specified in this declaration above are the truth.

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**Name**

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**I.D.**

---

**Signature**

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<sup>1</sup> Interruption in the holding of office which does not exceed two years does not sever the continuity of the office.

## Appendix A

### Sections 225-227A of the Companies Law, 5759-1999

- Duty of disclosure**    225.    (a)    A person who is a candidate for the office of director shall disclose to the person appointing him:
- (1)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a), and the period in which he is prohibited from serving as a director pursuant to Section 226 has not yet lapsed;
  - (2)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a1), and the period determined by the court pursuant to such subsection has not yet lapsed;
  - (3)    If the Administrative Enforcement Committee has imposed on him an enforcement measure prohibiting him from serving as a director of any public company, or any private company which is a bond company, and the period determined by the Administrative Enforcement Committee in its decision as aforesaid has not yet lapsed.
- (b)    In this title –
- “Enforcement Measure” – an enforcement measure as stated in Section 52DDD of the Securities Law, which was imposed pursuant to Chapter H4 of the Securities Law, pursuant to Chapter G2 of the Regulation of the Practice of Investment Advice and Investment Portfolio Management Law, 5755-1995 or pursuant to Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;
- “Administrative Enforcement Committee” – the committee appointed pursuant to Section 52FF(a) of the Securities Law;
- “Judgment” – a judgment in the first instance.
- Restriction on appointment due to conviction**    226.    (a)    A person convicted in a judgment of any of the offenses specified below shall not be appointed to serve as a director of a public company, or a private company which is a bond company, unless five years shall have lapsed since the date of issuance of the judgment in which he was convicted:
- (1)    Offenses pursuant to Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law;
  - (2)    conviction by a court outside of Israel of offenses of bribery, fraud, offenses by managers of a corporation or offenses of abuse of inside information;
  - (3)    (Omitted).
- (a1)    No person convicted in a judgment of an offense not listed in

Subsection (a) shall be appointed to serve as a director of a public company or a private company which is a bond company, if the court determines that due to the nature, severity or circumstances thereof he is not fit to serve as a director of a public company or a private company which is a bond company, for the period determined by the court, which shall not exceed five years from the date of issuance of the judgment.

- (b) A court may determine, at the time of or after the conviction, at the request of a person who wishes to be appointed as a director, that despite his conviction of offenses as stated in Subsection (a), and considering, *inter alia*, the circumstances in which the offense was committed, he is not barred from serving as a director of a public company, or a private company which is a bond company, or that the period in which he is barred from serving as a director of a public company or a private company which is a bond company, will be shorter than five years.
- (c) The Minister may determine additional offenses to those set forth in Subsection (a)(1).
- (d) A court, and if an appeal is filed – an appellate court may order a stay of execution of the appointment restrictions or termination of office according to this section until such time as it shall determine and under such conditions as it shall deem fit.

**Restriction on appointment due to a decision of the Administrative Enforcement Committee**

226A. If the Administrative Enforcement Committee imposes an enforcement measure on a person prohibiting him from serving as a director of a public company or a private company which is a bond company, such person shall not be appointed as a director of a company in which he is prohibited from serving as a director pursuant to such decision.

**Restriction on appointment**

- 227.
- (a) No person shall be appointed as a director who is a minor, legally incompetent, a person who was declared bankrupt, so long as he shall not have been discharged, nor any corporation having adopted a voluntary dissolution resolution or in respect of which a dissolution order has been issued.
  - (b) A candidate for the office of director who fulfills the provisions of Subsection (a) shall disclose the same to the person appointing him.

**Duty of notice**

227A. A director who ceases to meet a condition required pursuant to this Law for his office as a director, or in respect of whom there are grounds to terminate his office as a director, shall immediately notify the company thereof, and his term of office shall terminate on the date of provision of the notice.

**Duty of notice**

245A. An outside director who shall have ceased to fulfill a condition which is required pursuant to this Law for his office as an outside director, will immediately give notice thereof to the Company, and his office shall expire on the date of provision of the notice.

**Annex C – Statement of Outside Director Mr. Efraim Halevy**

Date: \_\_\_\_\_, 2016

**Azrieli Group Ltd. (the "Company")**

**Re: Outside Director's Declaration**  
**pursuant to the Companies Law, 5759-1999 (the "Law")**

I, the undersigned, Efraim Halevy, bearer of I.D. 49871718, an Israeli resident, after having been cautioned to state the truth, failing which I shall be liable for the penalties prescribed by law, do hereby declare and undertake as follows:

1. I am eligible to serve as a director of your Company pursuant to the provisions of Sections 225 – 227 of the Law. The sections, in the language thereof on the date of execution of this declaration, are specified in **Annex A** which is attached hereto and constitutes an integral part hereof.
2. I hold the required qualifications and have the time required to perform the duties of an outside director of the Company, considering the special needs and size of the Company.
3. My other positions and occupations neither create nor could create a conflict of interest with my position as an outside director of the Company, nor will they prejudice my ability to serve as an outside director of the Company.
4. I am aware of the notice obligations which apply to me by virtue of Sections 227A and 245A of the Law and undertake to fulfill the same as required. The provisions of the said sections, in the language thereof on the date of execution of this declaration, are specified in **Annex A**.
5. I am aware of all of the provisions of the Law which apply with respect to the appointment and office of an outside director, including the duration of the term of office, termination thereof, participation in the Company's board committees etc. and I am aware that this declaration will be kept at the Company's registered office and will be available for inspection by any person.
6. I undertake to comply with any and all legal requirements expected of a director and an outside director. I will carry out my duties in the best possible manner and in the best interests of the Company. In the event that a concern shall arise, of which I shall have knowledge and/or which shall be brought to my knowledge, whereby I shall cease to fulfill any of the conditions and/or declarations above, or there shall be a concern that I breached the fiduciary duty to the Company (as defined in Section 254 of the Law), I shall immediately give notice thereof to the chairman of the Company's Board of Directors pursuant to the provisions of Section 227A and 245A of the Law, as specified in **Annex A** hereto.
7. I have "professional qualifications" pursuant to the provisions of the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications), 5766-2005.
8. Neither I, nor my relative, partner or employer, nor anyone to whom I report, either directly or indirectly, nor a corporation of which I am the controlling shareholder, as of this date and from the date of the appointment or in the two years preceding the same, have a Link to the Company, to the Company's controlling shareholder or to an affiliate of the controlling shareholder, on the date of the appointment, or to Another Corporation. Moreover, neither I, nor my relative, partner or employer, nor anyone to whom I report, either directly or indirectly, nor a corporation of which I am the controlling shareholder, have business or professional ties with anyone with whom a Link is prohibited as aforesaid, even if such ties are not on a regular basis, with the exception of negligible ties.

For purposes of this declaration –

"Link" – The existence of a work relationship, the existence of business or professional ties, on a regular basis or control, and office as an officer, with the exception of the office of a director who was appointed in order to serve as an outside director of a company which is about to launch an IPO.

"Another Corporation" – A corporation whose controlling shareholder, on the date of the appointment or in the two years preceding the date of the appointment, is the Company or its controlling shareholder.

"Date of the Appointment" – The date on which I was appointed as an outside director.

"Relative" – Spouse, brother or sister, parent, parent's parents, offspring, as well as the offspring, brother, sister or parent of the spouse or the spouse of any one of the aforesaid.

9. I am not a relative of the Company's controlling shareholder.
10. At no other company at which I currently serve as a director does any person who serves as a director of your Company serve as an independent director.
11. I am not an employee of the ISA or of the Israeli stock exchange.
12. I have received no consideration, either directly or indirectly, due to my office as a director of the Company, in addition to the compensation and the reimbursement of expenses to which I am entitled due to my office as an outside director of the Company.
13. I have not served on the Company's Board of Directors for more than 9 consecutive years<sup>1</sup>.
14. I am aware that this declaration will be used by the Company in order to examine whether I am eligible to serve as an outside director of the Company, and in particular whether I fulfill the conditions and criteria pursuant to the Law. I am also aware that this declaration will be kept at the Company's registered office and will be available for inspection by any person and will be published in the context of the Company's public reports.
15. This is my name, this is my signature and the facts specified in this declaration above are the truth.

---

**Name**

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**I.D.**

---

**Signature**

---

<sup>1</sup> Interruption in the holding of office which does not exceed two years does not sever the continuity of the office.

## Appendix A

### Sections 225-227A of the Companies Law, 5759-1999

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- (1)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a), and the period in which he is prohibited from serving as a director pursuant to Section 226 has not yet lapsed;
- (2)    If he has been convicted, in a judgment, of an offense as stated in Section 226(a1), and the period determined by the court pursuant to such subsection has not yet lapsed;
- (3)    If the Administrative Enforcement Committee has imposed on him an enforcement measure prohibiting him from serving as a director of any public company, or any private company which is a bond company, and the period determined by the Administrative Enforcement Committee in its decision as aforesaid has not yet lapsed.

(b)    In this title –

“Enforcement Measure” – an enforcement measure as stated in Section 52DDD of the Securities Law, which was imposed pursuant to Chapter H4 of the Securities Law, pursuant to Chapter G2 of the Regulation of the Practice of Investment Advice and Investment Portfolio Management Law, 5755-1995 or pursuant to Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;

“Administrative Enforcement Committee” – the committee appointed pursuant to Section 52FF(a) of the Securities Law;

“Judgment” – a judgment in the first instance.

**Restriction on appointment due to conviction**

226.    (a)    A person convicted in a judgment of any of the offenses specified below shall not be appointed to serve as a director of a public company, or a private company which is a bond company, unless five years shall have lapsed since the date of issuance of the judgment in which he was convicted:

- (1)    Offenses pursuant to Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law;
- (2)    conviction by a court outside of Israel of offenses of bribery, fraud, offenses by managers of a corporation or offenses of abuse of inside information;
- (3)    (Omitted).

(a1)    No person convicted in a judgment of an offense not listed in

Subsection (a) shall be appointed to serve as a director of a public company or a private company which is a bond company, if the court determines that due to the nature, severity or circumstances thereof he is not fit to serve as a director of a public company or a private company which is a bond company, for the period determined by the court, which shall not exceed five years from the date of issuance of the judgment.

- (b) A court may determine, at the time of or after the conviction, at the request of a person who wishes to be appointed as a director, that despite his conviction of offenses as stated in Subsection (a), and considering, *inter alia*, the circumstances in which the offense was committed, he is not barred from serving as a director of a public company, or a private company which is a bond company, or that the period in which he is barred from serving as a director of a public company or a private company which is a bond company, will be shorter than five years.
- (c) The Minister may determine additional offenses to those set forth in Subsection (a)(1).
- (d) A court, and if an appeal is filed – an appellate court may order a stay of execution of the appointment restrictions or termination of office according to this section until such time as it shall determine and under such conditions as it shall deem fit.

**Restriction on appointment due to a decision of the Administrative Enforcement Committee**

226A. If the Administrative Enforcement Committee imposes an enforcement measure on a person prohibiting him from serving as a director of a public company or a private company which is a bond company, such person shall not be appointed as a director of a company in which he is prohibited from serving as a director pursuant to such decision.

**Restriction on appointment**

- 227.
- (a) No person shall be appointed as a director who is a minor, legally incompetent, a person who was declared bankrupt, so long as he shall not have been discharged, nor any corporation having adopted a voluntary dissolution resolution or in respect of which a dissolution order has been issued.
  - (b) A candidate for the office of director who fulfills the provisions of Subsection (a) shall disclose the same to the person appointing him.

**Duty of notice**

227A. A director who ceases to meet a condition required pursuant to this Law for his office as a director, or in respect of whom there are grounds to terminate his office as a director, shall immediately notify the company thereof, and his term of office shall terminate on the date of provision of the notice.

**Duty of notice**

245A. An outside director who shall have ceased to fulfill a condition which is required pursuant to this Law for his office as an outside director, will immediately give notice thereof to the Company, and his office shall expire on the date of provision of the notice.

**Annex D – Amended Language of the Articles**

**Articles of Association**  
**of**  
**Azrieli Group Ltd.**  
**(the “Company”)**

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## **Chapter One – General**

### **1. Preamble**

1.1. Each one of the words specified below shall, in these Articles, bear the meaning appearing alongside it:

- |   |   |  |
|---|---|--|
| <b>TASE</b>                             | - | Tel Aviv Stock Exchange Ltd.   |
| <b>Law</b>                              | - | The provisions of any law which applies in the State of Israel.  |
| <b>Administrative Proceeding</b>        | - | A proceeding pursuant to Chapter H3 (Imposing a Monetary Sanction by the ISA), H4 (Imposing Administrative Enforcement Measures by the Administrative Enforcement Committee) or II (Conditioned Arrangement for Avoidance of Taking Action or for Stopping Action) of the Securities Law, 5728-1968, as amended from time to time;<br><u>and</u><br><u>A proceeding pursuant to Chapter G1 of the Antitrust Law, 5748-1988, as amended from time to time; and</u><br><u>Any other or additional administrative enforcement proceeding, in respect of which, indemnification or insurance may lawfully be granted in respect of expenses incurred in connection therewith or payments relating thereto.</u> |
| <b><u>Party Injured by a Breach</u></b> | - | <u>Within the meaning thereof in Section 52BBB(a)(1)(a) of the Securities Law regarding an Administrative Proceeding pursuant to the Securities Law or pursuant to any other legislation in respect of which an Administrative Proceeding may be held.</u>   |
| <b>Companies Law</b>                    | - | The Companies Law, 5759-1999 and the regulations promulgated thereunder from time to time; or any legal provision which shall substitute the same.   |
| <b>Securities Law</b>                   | - | The Securities Law, 5728-1968 and the regulations promulgated thereunder from time to time, or any legal provision which shall substitute the same.  |
| <b>Business Day</b>                     | - | A day on which the majority of banks in Israel are open for the transaction of business.   |

<b>Writing</b>	- Print and any other form of printing words, including documents forwarded in writing via facsimile, telegram, telex, e-mail, computer or any other means of electronic communication, which creates or allows the creation of a copy and/or printout of the document.
<b>Securities</b>	- As defined in Section 1 of the Securities Law.
<b>Incapacitated</b>	- A person declared incapacitated pursuant to the Capacity and Guardianship Law, 5722-1962.
<b>Companies Ordinance</b>	- The Companies Ordinance [New Version], 5743-1983, or any legal provision which shall substitute the same.
<b>Simple majority</b>	- A majority of more than one half of the votes of the shareholders who are entitled to vote and voting, in person or by proxy or written proxy, with the exception of abstainers.
<b>Articles</b>	- The Company's articles of association, as currently drafted or as shall be duly modified, from time to time, whether explicitly or pursuant to any law.
<b>Companies Regulations</b>	- Regulations promulgated under the Companies Law and/or the Companies Ordinance.
<b>Securities Regulations</b>	- Regulations promulgated under the Securities Law.
<b>Associate</b>	- A corporation which controls, either directly and/or indirectly, the Company and/or any corporation which is controlled, either directly and/or indirectly, by such a corporation and/or a corporation which is controlled by the Company, either directly and/or indirectly.
<b><u>Electronic Voting System</u></b>	- <u>The system operating according to Title B of Chapter G2 of the Securities Law.</u>

1.2. In these Articles, reference to any organ or officer is to those of the Company.

1.3. The provisions of Sections 3-10 of the Interpretation Law, 5741-1981 shall apply, *mutatis mutandis*, also to the interpretation of the Articles, if there is no other provision with respect thereto and if there is nothing

in such matter or the context thereof which is inconsistent with such application.

Apart from the provisions of this article, any word and expression in the Articles shall bear the meaning afforded thereto in the Companies Law, and if they have no meaning in the Companies Law, then the meaning afforded thereto in the Companies Regulations, and if there is none, then the meaning afforded thereto in the Securities Law, and if there is none, then the meaning afforded thereto in the Securities Regulations, and if there is none, then the meaning afforded thereto in any other law, all if the meaning given as aforesaid does not contradict the context in which such word or expression appear or the purpose of the relevant provision in the Articles.

In the event that these Articles refer to a legal provision which has been amended or repealed, the said provision shall be deemed as valid and as if it were part of the Articles, unless such amendment or repeal render the provision invalid.

The provisions of these Articles serve to add to or modify the non-mandatory provisions of the Companies Law. In the event that any of the provisions of these Articles contradict what is permitted by law, the provisions of these Articles shall be interpreted, insofar as possible, in accordance with the provisions of the law.

2. **Public Company**

The Company is a public company.

3. **Donations**

The Company may make donations even if the donation is not in the framework of business considerations.

4. **Objects of the Company**

The Company shall engage in any lawful occupation.

5. **Limitation of Liability**

The liability of the Company's shareholders is limited, each to payment of the full amount that he undertook to pay for the shares allotted to him at the time of the allotment.

6. **Modification of the Articles**

Unless determined otherwise in relation to a certain provision in these Articles, the Company shall be entitled to modify any of the provisions of these Articles, including modification of this article, or to replace it with another by a resolution that shall be adopted by the general meeting by a simple majority.

## **Chapter Two – The Company’s Share Capital**

### **7. Share Capital**

7.1. The Company’s authorized share capital is NIS 12,750,150, divided into 127,501,500 registered ordinary shares of par value NIS 0.1 each (“**Share**”, “**Ordinary Share**”, “**Shares**” or “**Ordinary Shares**”, as the case may be). Each Share confers equal rights to receive invitations for, to participate in and vote at the general meetings. A shareholder shall have one vote for each fully paid-up Share held by him. All of the Shares shall rank *pari passu* in relation to the capital amounts paid or credited as paid on their par value, with respect to dividends, the distribution of stock dividends and any other distribution, reimbursement of the capital and participation in the distribution of surplus assets of the Company upon dissolution.

7.2. The provisions of these Articles with respect to Shares shall apply also to other securities that the Company shall issue, *mutatis mutandis*.

## 8. **Issue of Shares and Other Securities**

- 8.1. **No preemptive right** – The Company’s existing shareholders shall have no preemptive right, preferred right or any other right to purchase securities of the Company. The Board of Directors may, at its sole discretion, first offer securities of the Company to existing shareholders or to part thereof.
- 8.2. **Fees** – The Company may pay any person a fee (including underwriting fees) in consideration for underwriting services, marketing or distribution of securities of the Company, whether conditionally or unconditionally, under such conditions as the Board of Directors shall determine. Payments as stated in this article may be made in cash or in securities of the Company or some in one way and some in another.
- 8.3. Subject to any law and the provisions of these Articles, the Board of Directors may introduce differences between the Company’s security holders in relation to the terms and conditions of the allotment of securities of the Company and the rights attached to such securities, as well as modify such terms and conditions, and waive part thereof. The Board of Directors may further issue calls to the security holders in respect of the money which shall not yet have been paid in respect of the securities that they hold.
- 8.4. Any payment on account of a Share shall first be credited on account of the par value and only subsequently on account of the premium in respect of each Share, unless determined otherwise in the terms and conditions of the allotment. Persons holding a Share jointly will all be required, jointly and severally, to pay any and all calls and installments in connection therewith.
- 8.5. A shareholder will not be entitled to his rights as a shareholder, including to dividends, unless he shall have paid all of the amounts in accordance with the terms and conditions of the allotment, plus interest, linkage and expenses, if any, all unless determined otherwise in the terms and conditions of the allotment.
- 8.6. The Board of Directors may forfeit and sell, re-allot or transfer in another manner any security for which full consideration shall not have been paid, as it shall decide, including without consideration.
- 8.7. Forfeiture of a security will entail, at the time of the forfeiture, cancelation of any right in the Company and any claim or demand against it in relation to the security, apart from those rights and duties which have been excluded from this rule by these Articles or which the law grants to or imposes upon a former security holder.

## 9. **The Company’s Shareholders’ Ledger and the Issue of Share Certificates**

- 9.1. A shareholder of the Company is each one of the following:

- 9.1.1. A person registered as a shareholder in the Shareholders' ledger; and/or
  - 9.1.2. A person to whose credit a Share is registered with a TASE member, which Share is included among the Shares registered in the Shareholders' ledger in the name of the relevant transfer agent.
- 9.2. The Company secretary or whoever shall have been appointed therefor by the Company's Board of Directors will be responsible for maintaining the Shareholders' ledger. A shareholder or transfer agent, as the case may be, is entitled to receive from the Company, free of charge, within two months after the allotment or registration of the transfer (unless the terms and conditions of the issue determine another time period) one certificate or several certificates, as the Company shall decide, with respect to all of the Shares of a certain class that are registered in their name which have been fully paid-up, specifying the number of shares, the class of shares (if any), and any other detail which is important in the opinion of the Board of Directors. In the case of a Share which is held jointly, the Company will not be obligated to issue more than one certificate for all of the joint holders, and delivery of such certificate to one of the joint holders shall be deemed as delivery to all of them.
- The Company shall not issue share certificates as aforesaid unless it shall be requested to do so by a registered shareholder or by the transfer agent, as the case may be.
- 9.3. The Board of Directors may close the Shareholders' ledger for up to a total period of 30 days each year. Whilst the ledger shall be closed, no share transfer shall be registered in the ledger. Without derogating from the aforesaid, the Board of Directors may determine an effective date with respect to entitlement to vote at a general meeting or to receive payment of dividends or an allotment of any rights or for any other lawful purpose.
- 9.4. Any certificate shall be imprinted with the seal or stamp of the Company or its printed name, and shall bear the signature of one director and of the Company secretary or of two directors or of any other person who shall have been appointed by the Board of Directors for such purpose or in any other manner that the Board of Directors shall determine.
- 9.5. The Company may issue a new certificate in lieu of a certificate which was issued and lost or impaired or destroyed, based on proof and guarantees as the Company shall demand, and after payment of such amount as the Board of Directors shall determine, and the Company is further entitled, in accordance with a resolution of the Board of Directors, to replace existing certificates with new certificates free of charge, subject to such conditions as the Board of Directors shall determine.

9.6. When two or more persons are registered as joint holders of Shares, each one of them may confirm receipt of a dividend or other payments in connection with such Share, which confirmation shall bind all of the holders of the Share.

9.7. The Company is entitled to recognize a holder of a Share as a trustee and to issue a share certificate in the trustee’s name, provided that the trustee shall have notified it of the identity of the trust beneficiary, and shall not recognize another person, including the beneficiary, as having any right in the Share. The Company shall not be obligated or required to recognize a right which is based on the rules of equity or a conditional right or a future right, or a partial right to a Share, or any other right in connection with the Share, other than the absolute right of the registered holder with respect to each Share, other than based on a judicial decision or pursuant to the requirements of any law.

10. **Transfer of the Company’s Shares**

10.1. The Company’s shares may be transferred.

No transfer of shares which are registered in the Shareholders’ ledger in the name of a registered shareholder, including a transfer by or to the transfer agent, shall be registered unless an original signed letter of transfer of the Shares shall have been submitted to the Company (“Letter of Transfer”), all unless determined otherwise by the Company’s Board of Directors. A Letter of Transfer shall be drawn up in the following manner or in as similar a manner as possible or in another manner to be approved by the Board of Directors.

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**Transfer Certificate**

I, \_\_\_\_\_ I.D. / Corporation No. \_\_\_\_\_ (the “**Transferor**”) of \_\_\_\_\_ do hereby transfer to \_\_\_\_\_ I.D. / Corporation No. \_\_\_\_\_ (the “**Transferee**”) of \_\_\_\_\_, in consideration for the sum of NIS \_\_\_\_\_ which he paid to me, \_\_\_\_\_ shares of par value NIS \_\_\_\_\_ each, numbered \_\_\_\_\_ to \_\_\_\_\_ inclusive, of \_\_\_\_\_ Ltd. (the “**Company**”) to be held by the Transferee, his administrators, guardians and representatives, according to the conditions under which I held the share at the time of execution of this instrument, and I, the Transferee, agree to receive the said shares according to the above-mentioned conditions and subject to the Company’s articles, as being from time to time.

**In witness whereof, we have hereto set our hands on \_\_\_\_\_**

Transferor -  
Name: \_\_\_\_\_  
Signature: \_\_\_\_\_

Transferee -  
Name: \_\_\_\_\_  
Signature: \_\_\_\_\_

|

Witness to Transferor's  
Signature -  
Name: \_\_\_\_\_, Adv.  
Signature: \_\_\_\_\_

Witness to Transferee's  
Signature -  
Name: \_\_\_\_\_, Adv.  
Signature: \_\_\_\_\_

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No transfer of shares which are not fully paid-up or of shares on which the Company has a lien or a pledge shall be valid unless approved by the Board of Directors, which may, at its absolute discretion, and without giving any reasons therefor, refuse to register such a transfer.

Subject to the provisions of these Articles or to the terms and conditions of issue of Shares of any class, the Shares in the Company's capital, the consideration for which shall have been paid in full to the Company, may be transferred without the need for the approval of the Board of Directors, with the exception of Shares, the consideration for which shall not have been paid to the Company in full, in respect of which the Board of Directors may refuse the transfer of such Shares, and the Board of Directors may also condition the transfer of such Shares upon the transferee's undertaking, at such scope and in such manner as the Board of Directors shall determine, to pay the transferor's liabilities in respect of the Shares or the liabilities for which the Company has a lien or pledge on the Shares.

- 10.2. The transferor shall continue to be deemed as the holder of the transferred shares until the name of the transfer recipient shall be registered in the Company's Shareholders' ledger.
- 10.3. A Letter of Transfer shall be submitted to the Company's registered office for the purpose of registration together with the certificates in which the Shares which are about to be transferred are registered (if issued), and any other proof which the Company shall require regarding the transferor's property right in the Shares or his right to transfer the same.
- 10.4. A co-holder of a Share who seeks to transfer his right in the Share but does not hold the share certificate will not be obligated to attach the share certificate to the Letter of Transfer, provided that the Letter of Transfer shall state that the transferor does not hold the share certificate in respect of the share, his right in which is being transferred, and that the transferred share is co-held with others, stating their details.
- 10.5. The Company may demand payment of a fee for registration of the transfer in such amount or at such rate as shall be determined by the Board of Directors from time to time.
- 10.6. Upon the death of a shareholder of the Company, the Company shall recognize the guardians or administrators, executors, and in their absence, the shareholder's lawful heirs as the only holders of the right

to the shareholder's shares, after the entitlement thereto shall be proven, as the Board of Directors shall determine.

- 10.7. In the event that a deceased shareholder held shares jointly with others, the Company shall recognize the survivor as shareholder in respect of the said shares unless all of the co-holders of the share shall have given written notice to the Company prior to the death of one of them of their wish that the provisions of this article not apply, although the estate of a co-holder of a share shall not thereby be exempted from any duty which would have been owed by the co-holder of the Share, had he not passed away.
- 10.8. A person who acquires a right in shares due to his being a guardian, administrator, heir of a shareholder, receiver, liquidator or trustee in bankruptcy of a shareholder or pursuant to another legal provision, may, upon producing proof of his right as the Board of Directors shall demand, be registered as the holder of the shares or transfer the same to another person, subject to the provisions of the Articles with respect to transfer.
- 10.9. A person who acquires a right to a Share as a result of the transfer thereof by law will be entitled to dividends and the other rights in respect of the Share and will be entitled to receive and give receipts for dividends or other payments payable in connection with the Share, although will not be entitled to receive notices in connection with the general meetings of the Company (insofar as such a right exists) and to participate and vote therein in connection with such Share or to exercise any right which the Share confers, apart from the aforesaid, other than after his registration in the Shareholders' ledger.
- 10.10. So long as the Company's shares shall be listed on TASE, the Company's shares shall be registered in the name of the transfer agent and Shares shall be transferred through the transfer agent and not as stated in Articles 10.2 and 10.3 above.

~~11. Bearer Share Deed~~

~~11. The Company will not issue bearer share deeds. Omitted.~~

12. **Pledge of Shares**

- 12.1. The Company shall have a senior pledge and a lien on all of the Shares which shall not have been fully paid-up which are registered in the name of any shareholder, and on the proceeds of the sale thereof, with respect to the money (whether already due and payable or otherwise), payment of which has already been called or which is payable at a fixed time for such Shares. The Company shall further have a senior pledge on all of the Shares (apart from fully paid-up Shares) which are registered in the name of any shareholder, to secure the money which is due from him or from his property, whether debts of his own or jointly with others. The

said pledge shall also apply to the dividends that shall have been declared from time to time in relation to such Shares.

- 12.2. In order to realize the pledge and the lien, the Board of Directors may sell the Shares to which the pledge applies, or any part thereof, in such manner as it shall deem fit. No such sale shall be made other than after written notice shall have been given to such shareholder regarding the Company's intention to sell the same, and the amounts shall not have been paid within fourteen days after the notice. The net proceeds from any such sale, after payment of the sale expenses, shall be used to pay the debts or liabilities of such shareholder, and the balance (if any) shall be paid to him.
- 12.3. In the event that a sale of Shares shall be made for the purpose of realizing a pledge or lien, whilst *prima facie* exercising the authorities granted above, the Board of Directors may register such Shares in the Shareholders' ledger in the buyer's name, and the buyer will not be required to inquire into the validity of the actions or the manner of application of the purchase price. After the said Shares shall have been registered in the Shareholders' ledger in the buyer's name, no person shall be entitled to challenge the validity of the sale.

### 13. **Changes in the Share Capital**

Subject to any law and the provisions of these Articles, the general meeting may resolve, at any time, to take any one of the following actions, provided that such resolution of the general meeting shall have been adopted by a simple majority, all subject to the provisions of Section 46B of the Securities Law, whereby so long as the Company's Shares are listed on TASE, the Company's share capital shall include one class of shares.

#### 13.1. Increasing the authorized share capital

To increase the authorized share capital of the Company, regardless of whether or not all of the shares authorized at such time shall have been issued. The increased capital shall be divided into shares with ordinary rights, preferred rights, deferred rights or other special rights (subject to special rights of any existing class of shares) or subject to conditions and restrictions with respect to dividends, reimbursement of capital, voting or to other conditions, as instructed by the general meeting in its resolution regarding the increase in the authorized capital, all subject to the provisions of Section 46B of the Securities Law, which determines that there shall be one class of shares in the capital of a company whose shares are listed on TASE for the first time, so long as the Company's shares are listed on TASE.

#### 13.2. Change in Rights

- a. At any time at which the share capital shall be divided into different classes, the Company shall be entitled, in a resolution adopted at the shareholders' meeting by a simple majority, unless the terms and

conditions of the issue of the shares of the same class determine otherwise, to change the rights of a class of the Company's shares, provided that the written consent of all of the holders of the shares of such class shall have been received therefor or the resolution shall have been approved at a general meeting of the holders of the shares of such class, by a simple majority, or – in the event that it shall have been otherwise determined in the terms and conditions of the issue of a certain class of shares of the Company – as determined in the terms and conditions of the issue of such class of shares, all subject to the provisions of Section 46B of the Securities Law, which determines that there shall be one class of shares in the capital of a company whose shares are listed on TASE for the first time, so long as the Company's shares are listed on TASE.

- b. The provisions set forth in these Articles regarding general meetings shall apply, *mutatis mutandis*, to any class meeting.
- c. The rights conferred upon the shareholders or the holders of a class of shares, which shall have been issued with ordinary rights or preferred rights or other special rights, shall not be deemed to have been modified by the creation or issue of other shares with identical rights, or a modification of the rights of existing shares, unless otherwise stated in the terms of issue of such shares.

### 13.3. Consolidation of the Share Capital

To consolidate and re-divide the share capital thereof, in whole or in part, into shares of a greater par value than that stated in the Articles. In the event that, as a result of the consolidation, there shall be shareholders, the consolidation of whose shares leaves fractions, the Board of Directors may, if it shall receive the approval of the general meeting therefor in the resolution regarding consolidation of the capital as aforesaid:

- a. To sell the sum total of all of the fractions, and for such purpose to appoint a trustee in whose name the share certificates which include the fractions shall be issued, who shall sell the same, and the proceeds that shall be received, less fees and expenses, shall be distributed to the entitled persons. The Board of Directors shall be entitled to decide that shareholders who are entitled to proceeds, which are less than an amount to be determined thereby, shall not receive proceeds from the sale of the fractions as aforesaid, and their share in the proceeds shall be divided among the shareholders who are entitled to proceeds exceeding the amount to be determined, proportionately to the proceeds to which they are entitled;
- b. To allot to each shareholder in respect of whom the consolidation and re-division leave a share fraction, shares of a class of shares preceding the consolidation, fully paid-up, in such number whose

consolidation with the fraction shall suffice for one whole consolidated share, and such allotment shall be deemed as valid shortly before the consolidation.

- c. To determine that shareholders will not be entitled to receive a consolidated share in respect of a fraction of a consolidated share which derives from the consolidation of one half or less of the number of shares whose consolidation creates one consolidated share, and shall be entitled to receive a consolidated share in respect of a fraction of a consolidated share which derives from the consolidation of more than one half of the number of shares whose consolidation creates one consolidated share.

In the event that an action according to Paragraphs b) or c) above shall require the issue of additional shares, then payment thereof shall be made in the manner in which stock dividends may be paid. Consolidation and division as aforesaid shall not be deemed as a modification of the rights of the shares which are the subject matter of the consolidation and division.

#### 13.4. Cancellation of Unallotted Authorized Share Capital

To cancel authorized share capital which has not yet been allotted, provided that there is no undertaking of the Company to allot such shares.

#### 13.5. Split of the Share Capital

To split the Company's share capital, in whole or in part, into shares of a smaller par value than that set forth in the Articles by dividing the Company's shares, in whole or in part, at such time.

### **Chapter Three – General Meetings**

#### 14. **Authorities of the General Meeting**

##### 14.1. Matters under the Authority of the General Meeting

Resolutions of the Company on these matters shall be adopted by the general meeting:

14.1.1. Modifications to the Articles.

14.1.2. Exercise of authorities of the Board of Directors, provided that the general meeting shall have determined, by a simple majority of the votes of the shareholders entitled to vote and voting, in person or by proxy, that the Board of Directors is unable to exercise its authorities and that the exercise of any of its authorities is essential for the proper management of the Company.

14.1.3. Approval of activity and transactions which require the approval of the general meeting pursuant to the provisions of Sections 255 and 268 to 275 of the Companies Law.

14.1.4. Any resolution that is required to be adopted by law or according to the Articles in a resolution of a general meeting.

14.1.5. Any authority which is conferred upon the general meeting by law.

14.2. The General Meeting's Authority to Shift Powers between the Organs

The general meeting may, by a simple majority of the votes of the shareholders who are entitled to vote and are voting, either in person or by proxy, assume powers which are vested in another organ and shift powers which are vested in the CEO to the Board of Directors, all for a certain matter or for a certain period of time which shall not exceed the period of time required under the circumstances.

15. **Annual and Special General Meetings and Class Meetings**

15.1. Notice of a General Meeting

The Company shall deliver to the shareholders registered in the Shareholders' ledger notice of a general meeting by delivering notice by registered mail, addressed according to the address of such shareholder recorded in the Shareholders' ledger or according to such address as the shareholder shall have provided to the Company in writing as the address for delivery of notices.

Notice of a general meeting shall specify the location and time at which the meeting shall convene, its agenda, a summary of the proposed resolutions and any specification required by law.

16. **Deliberation at General Meetings**

16.1. Legal Quorum

No deliberation shall be started at a general meeting unless a legal quorum is present at the time of opening of the meeting and at the time of the deliberation. Legal quorum shall be formed upon the presence, in person or by proxy or by written proxy, of one or more shareholders who holds or represents (or hold or represent, if more than one shareholder is present) at least fifty-one percent (51%) of the voting rights of the Company.

16.2. Postponement of the General Meeting in the Absence of a Legal Quorum

In the event that two hours shall have passed from the time scheduled for the meeting and legal quorum shall not have been formed, the meeting shall stand adjourned until the third business day after the date

of the meeting, at the same time and place, or at a later date and time or another place, as shall be determined by the Board of Directors in notice to the shareholders. The Company shall give notice through an immediate report of postponement of the meeting and the date of the adjourned meeting.

In the event that legal quorum shall not be formed at the adjourned meeting as aforesaid, legal quorum shall be formed upon the presence at the adjourned meeting, in person or by proxy or by written proxy, of one or more shareholders who holds or represents (or hold or represent, if more than one shareholder is present) at least forty percent (40%) of the voting rights of the Company, unless the meeting shall have been convened at the request of shareholders pursuant to the provisions of the Companies Law. In the event that legal quorum shall not be formed at the adjourned meeting which was convened at the request of the shareholders as aforesaid, legal quorum shall be formed upon the presence, at the adjourned meeting, in person or by proxy or by written proxy, of at least one shareholder.

### 16.3. Chairman of the General Meeting

The chairman of the board shall preside over any general meeting and in his absence, one of two deputy chairmen of the board, and in their absence, a person appointed therefor by the Board of Directors shall preside over the general meeting. In the absence of a chairman as aforesaid, or if he shall not have appeared for the meeting one hour after the time scheduled for the meeting, the shareholders present at the meeting, in person or by proxy, shall elect one of the directors or the officers of the Company, who are present at the meeting, as chairman, or if no director or officer shall be present or they shall have all refused to preside over the meeting, they shall elect one of the shareholders present or one of the officers present to preside over the meeting.

The chairman of the meeting shall have no additional or casting vote.

## 17. Shareholder Voting

17.1. Majority – Resolutions at the general meeting shall be adopted by a simple majority unless another majority is required by law or these Articles.

17.2. Confirmation of holding – ~~A~~Subject to the provisions of any law, a shareholder is required to provide the Company with confirmation of holding at least two business days before the date of the general meeting. The Company may waive such a requirement.

17.3. Voting by an incapacitated person – An incapacitated person may vote only through a trustee, natural guardian or other legal guardian, which persons may vote in person or by proxy.

- 17.4. Voting by co-holders of a share – Where two or more shareholders co-hold a share, one of them shall vote, either in person or by proxy. If more than one co-holder shall seek to participate in the vote, only the first co-holder may vote. For this purpose, the person whose name is recorded first in the Shareholders' ledger shall be deemed as the first co-holder.
- 17.5. Voting via a written proxy – in accordance with these Articles and the provisions of the Companies Law and the regulations promulgated thereunder, the shareholders of the Company are given the possibility of voting at general meetings of the Company on all of the matters required by law as well as on matters in respect of which the Company's Board of Directors shall decide, from time to time, to allow a vote, through written proxies-, including through the Electronic Voting System.
- 17.6. Voting shall be performed by a count of votes. A resolution at a general meeting shall be adopted if voted for by the majority required pursuant to law or the provisions of these Articles.

## 18. Appointment of Proxy

### 18.1. Vote by proxy

Any shareholder may appoint a proxy to participate in and vote, in his stead, either at a specific general meeting or at general meetings of the Company generally, provided that a letter of authorization regarding the appointment of the proxy shall have been delivered to the Company at least 48 hours before the time of the general meeting, unless the Company shall have waived this requirement. A proxy is not required to be a shareholder of the Company.

If the letter of authorization is not for a specific general meeting, then a letter of authorization which shall have been deposited before one general meeting will also be valid for other subsequent general meetings.

The aforesaid shall also apply to a shareholder which is a corporation which appoints a person to participate in and vote at the general meeting in its stead.

### 18.2. Language of the letter of authorization

The letter of authorization shall be signed by the shareholder or by the person authorized therefor in writing, and if the principal is a corporation, it will be signed in the manner which binds the corporation. The Company may require that it be provided with written confirmation, to its satisfaction, regarding the authority of the signatories to bind the corporation. A letter of authorization shall be drawn up in the language specified below. The Company secretary or the Company's Board of Directors will be entitled, at their discretion, to receive a letter of authorization in different form, provided that the changes are not material. The Company shall only accept an original letter of

authorization or a copy of the letter of authorization, provided that it shall be certified by a notary or an attorney holding an Israeli license.

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**Letter of Authorization**

**Date:** \_\_\_\_\_

**[Name of the Company  
Address of the Company]**

**Dear Sir / Madam,**

**Re: Annual / Special General Meeting of \_\_\_\_\_ (the “Company”) to be  
held on \_\_\_\_\_ (the “Meeting”)**

I, the undersigned, \_\_\_\_\_, I.D. / registration no. \_\_\_\_\_ of \_\_\_\_\_ St., as the registered holder of \_\_\_\_\_<sup>(\*)</sup> ordinary shares of par value NIS \_\_\_\_ each, hereby empower \_\_\_\_\_ I.D. No.<sup>(\*\*)</sup> \_\_\_\_\_ and/or \_\_\_\_\_ I.D. No. \_\_\_\_\_ and/or \_\_\_\_\_ I.D. No. \_\_\_\_\_ to participate in and vote in my name and on my behalf at the above-referenced Meeting and at any adjourned meeting of the above-referenced Meeting of the Company / at any general meeting of the Company until I shall notify you otherwise.

\_\_\_\_\_  
**Signature**

(\*) A registered shareholder may grant several letters of authorization, each relating to a different quantity of shares of the Company which are held by him, provided that he shall not grant letters of authorization for a larger quantity of shares than the quantity held by him.

(\*\*) In the event that the attorney @does not hold an Israeli I.D., state instead both the passport number and the country which issued it.

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**18.3. Validity of a Letter of Authorization**

A vote according to the letter of authorization shall be lawful even if the principal shall have previously passed away or become incapacitated or become bankrupt or, if it is a corporation – been dissolved, or shall have cancelled the letter of authorization or transferred the share in respect of which it was cast, unless written notice shall have been received at the Company’s registered office, prior to the meeting, that such event occurred.

**18.4. Disqualification of Letters of Authorization**

Subject to the provisions of any law, the Company secretary will be entitled, at his discretion, to disqualify letters of authorization if there is a reasonable concern that they are forged or that they were granted under shares, under which other letters of authorization were granted.

## **Chapter Four – The Board of Directors**

### **19. Appointment of Directors and Cessation of their Office**

19.1. Number of Directors – The number of directors at the Company will be no less than seven (7) and no more than fifteen (15) (including outside directors) unless the general meeting shall resolve otherwise. Until the appointment of the outside directors, the number of directors at the Company shall be no less than five (5) and no more than thirteen (13) unless the general meeting shall resolve otherwise.

### **19.2. Appointment and Replacement of Directors at an Annual Meeting**

19.2.1. The directors shall be elected each annual meeting and shall serve in their office until the end of the following annual meeting, and so long as no annual meeting shall have been convened, unless their office shall be vacated earlier in accordance with the provisions of these Articles. The elected directors shall take office commencing from the end of the meeting at which they were elected, unless a later date shall be determined in the resolution regarding their appointment.

19.2.2. The general meeting may, at any time, by a simple majority, dismiss a director and it may decide at such time to appoint another person in his stead. The director whose dismissal is on the agenda of the meeting shall be given a reasonable opportunity to present his position thereto.

19.2.3. At each annual meeting the directors who shall have been appointed at the previous annual meeting shall be deemed as having retired from their office. A retiring director may be reelected.

19.2.4. A special meeting of the Company may appoint directors for the Company in lieu of directors whose office shall have been terminated or in the event that the number of members of the Board of Directors shall have dropped below the minimum determined in the Articles or by the general meeting. In addition, a special meeting of the Company may terminate the office of a director subject to the provisions of the Companies Law.

19.2.5. The provisions of Articles 19.2.1-19.2.4 above will not apply to the appointment and term of office of outside directors, whose number, qualification, appointment and expiration of office shall be subject to the provisions of the Companies Law.

19.2.6. The provisions of Section 230 of the Companies Law notwithstanding, a director's office will not be terminated other than as specified in this article.

- 19.3. Appointment of Directors by the Board of Directors – The Board of Directors may, by a simple majority, appoint an additional director or directors for the Company, whether to fill an office that shall have been vacated for any reason or as an additional director or directors, provided that the number of directors shall not exceed the maximum number of members of the Board of Directors. Any director so appointed shall serve until the first meeting that shall be held after his appointment, in addition to the directors whose office shall have expired as stated in Article 19.2 above. These directors shall be up for reelection by a simple majority at the general meeting unless their office shall have ended pursuant to law.
- 19.4. Date of commencement of a director’s office – The elected directors (including the outside directors) shall take office commencing from the end of the general meeting at which they were elected or on the date of their appointment by the Board of Directors as stated in Article 19.3 above, as the case may be, unless a later date shall be determined in the resolution regarding their appointment.
- 19.5. Alternate director – Subject to the provisions of the law, a director may, from time to time, appoint himself an alternate director (“**Alternate Director**”), dismiss such alternate director and appoint another alternate director in lieu of any alternate director whose office shall have been vacated for any reason, whether for a specific meeting or permanently. The alternate director’s identity shall be subject to receipt of the approval of the Company’s Board of Directors prior to his appointment.
- 19.6. Director’s attorney – Subject to the provisions of any law, any director and any Alternate Director may appoint an attorney to participate in and vote, in their stead, at any board meeting or board committee. Such appointment may be general or for the purpose of a specific meeting or meetings. In the event that a director or Alternative Director is present at a meeting as aforesaid, the attorney will not be able to vote in lieu of the director who appointed him. Such appointment will be valid in accordance with the provisions thereof or until cancelled by the principal. A director or Alternate Director of the Company may serve as an attorney as aforesaid.
- 19.7. Termination of a director’s office – In the event that a director’s office shall be vacated, the remaining directors will be entitled to continue to act so long as the number of directors remaining shall not have fallen below the minimum number of directors determined in the Articles or by the general meeting. In the event that the number of directors shall have fallen below the aforesaid, the remaining directors will be entitled to act only in order to summon a general meeting of the Company.
- 19.8. Holding a meeting via means of communication and without convening  
At a meeting which is held through the use of any means of communication, it is sufficient that all of the entitled directors who are

participating in the deliberation and the vote can hear one another at the same time.

The Board of Directors may adopt resolutions also without actually convening, provided that all of the directors who are entitled to participate in the deliberation and to vote on the matter presented for resolution shall have agreed not to convene to deliberate such matter. In the event that resolutions shall have been adopted as aforesaid in this article, minutes of the resolutions shall be drawn up, including the resolution not to convene, and shall be signed by the chairman of the board. A resolution which is adopted in accordance with this article shall be valid for all intents and purposes as if adopted at a board meeting duly convened and held.

- 19.9. Fees of the members of the Board of Directors – Subject to the provisions of the Companies Law, the Company may pay directors a fee for fulfilling their duties as directors. A director may receive his reasonable expenses for travel and other expenses related to his participation in meetings of the Board of Directors and fulfilling his duties as a member of the Board of Directors. In addition, the Company may pay an additional fee to a director who shall have been requested to provide the Company with special services or to make special efforts for the Company, including travelling or staying outside of Israel, all subject to any law.

Remuneration and expenses for the outside directors shall be paid pursuant to the Companies Regulations (Rules regarding Remuneration and Expenses for an Outside Director), 5760-2000, or any regulations that shall substitute the same, all subject to any law.

20. **Chairman of the Board and Deputy Chairmen of the Board**

- 20.1. The Board of Directors will elect one of its members to serve as chairman of the board and shall determine, in the appointment resolution, the period for which he shall serve in his position. Unless determined otherwise in the resolution regarding his appointment, the chairman of the board shall serve until another shall be appointed in his place or until he shall cease to serve as a director, whichever is earlier. In the event that the chairman of the board shall have ceased to serve as a director of the Company, the Board of Directors shall elect, at the first board meeting that shall be held thereafter, a new chairman. In addition, the Board of Directors shall elect for two of its members as deputy chairmen of the board and shall determine in the appointment resolution the period for which a deputy chairman of the board shall serve in his position. Unless determined otherwise in the resolution regarding his appointment, a deputy chairman of the board shall serve until another shall be appointed in his place or until he shall cease to serve as a director, whichever is earlier. In the absence of the chairman of the board from a board meeting or entirely, the deputy chairman of the board shall replace him for such meeting or until a new chairman of the board shall be appointed, as the case may be.

- 20.2. Casting vote – In the event that the votes on a resolution of the Board of Directors shall be tied, the chairman of the board, and in his absence the deputy chairman of the board or whoever shall have been elected to manage the meeting, shall have an additional vote.

21. **The Directors' Actions**

21.1. Summoning a board meeting

Any notice of a board meeting may be given orally or in writing, provided that the notice shall be given at least five (5) business days before the date scheduled for the meeting, unless all of the members of the Board of Directors or their alternates shall have agreed to shorten the said timeframe, provided that it will be a reasonable timeframe in advance. The aforesaid notwithstanding, the ~~Board~~board of ~~Directors~~directors may convene for a meeting without notice only in urgent cases and with the consent of a majority of the directors.

Notice as aforesaid shall be given in writing, via facsimile, e-mail or other means of communication, all to such address or facsimile number, e-mail address or address to which notices may be sent via other means of communication, as the case may be, which the director shall have provided to the Company upon his appointment, or by written notice to the Company thereafter.

In the event that an alternate shall have been appointed, the notice shall be delivered to the alternate unless the director shall have given notice that he wishes for the notice to be provided also to him.

- 21.2. Legal quorum – Legal quorum for opening meetings of the Board of Directors and for the adoption of a resolution in the framework thereof will be a majority of the members of the Board of Directors who are not barred by law from participating in the meeting, in person or by an Alternate Director or their proxy, or any other quorum to be determined by the Board of Directors by a simple majority of its members from time to time.

- 21.3. Validity of the directors' actions in the event of a disqualified director – Any and all actions taken in good faith at a board meeting or by a board committee or by any person acting as a director shall be valid notwithstanding any subsequent discovery of a flaw in the appointment of such director or person acting as aforesaid or that they or any of them were disqualified, as if any such person was duly appointed and qualified to be a director.

- 21.4. Voting – A director will be entitled to vote in person, through a power of attorney, in writing, via facsimile or orally if the meeting is via such means of communication that the directors participating are able to hear one another simultaneously.

- 21.5. Committees of the Board of Directors

Subject to the provisions of the Companies Law, the Board of Directors may appoint board committees.

The board committees will report to the Board of Directors on a current basis on its resolutions or recommendations in accordance with the determination of the Board of Directors. The Board of Directors may cancel a resolution of a committee which is instructed thereby although no such cancellation shall prejudice the validity of any committee resolution on which the Company shall have acted vis-à-vis another person who was unaware of the cancellation thereof.

## 22. **Validity of Actions and Approval of Transactions**

22.1. Subject to the provisions of any law, any and all actions taken by the Board of Directors or by a board committee or by any person acting as a director or as a member of a board committee, or by the CEO, as the case may be, shall be valid notwithstanding any subsequent discovery of any flaw in the appointment of the Board of Directors, the board committee, the director the committee member or the CEO, as the case may be, or that any of the said officers was disqualified from serving in his position.

22.2. Subject to the provisions of the Companies Law:

22.2.1. Holding shares of the Company and the Company's officer being an interested party or an officer of any other corporation, including a corporation in which the Company is an interested party, or which is a shareholder of the Company, will not disqualify the officer from serving as an officer of the Company. In addition, an officer shall not be disqualified from serving as an officer of the Company due to his engagement or due to the engagement of any corporation as aforesaid in an agreement with the Company on any matter and in any manner.

22.2.2. A person's office as an officer of the Company will not disqualify him and/or his relative and/or another corporation in which he is an interested party, from engaging with the Company in transactions in which the officer has a personal interest in any way.

22.3. Subject to the provisions of the Companies Law, a transaction of the Company with an officer thereof or with a controlling shareholder thereof or a transaction of the Company with another person in which the officer or controlling shareholder of the Company has a personal interest and which is not an irregular transaction and is not regarding terms of office and employment, including exemption, insurance and indemnification, shall be approved as follows:

22.3.1. An engagement as aforesaid in a transaction which is not irregular shall be approved by the Board of Directors or by the audit committee or by an officer of the Company who

does not have a personal interest in the transaction (provided that such officer shall not approve engagements concerning the terms and conditions of the office and employment of the officers) or by another entity which shall be authorized by the Board of Directors.

22.3.2. Transactions which are not irregular as aforesaid may be approved by giving general approval for a certain type of transactions or by approval of a specific transaction.

22.4. Subject to the provisions of the Companies Law, general notice which is given to the Board of Directors by an officer or a controlling shareholder of the Company regarding his personal interest in a certain body, with a specification of his personal interest, shall constitute disclosure by the officer or the controlling shareholder to the Company regarding his personal interest as aforesaid for the purpose of any engagement with a body as aforesaid in a transaction which is irregular or not irregular.

### **Chapter Five – The Officers, Secretary, Internal Auditor and Auditor**

#### **23. CEO**

23.1. The Board of Directors may, from time to time, appoint a CEO for the Company and it may appoint more than one CEO. The Board of Directors may further dismiss the CEO or replace him at any time that it shall deem fit.

23.2. The CEO will be responsible for the current management of the Company's affairs in the framework of the policy determined by the Board of Directors and subject to its instructions. The CEO will be subject to the supervision of the Board of Directors.

In addition, the management and performance authorities which shall not have been conferred in the law or in these Articles upon the CEO or another organ of the Company shall be conferred upon the Board of Directors. The Board of Directors will be entitled to delegate any of these authorities to the CEO, subject to the provisions of any law.

23.3. The CEO may, with the approval of the Board of Directors, delegate to another, who reports to him, any of his authorities; the approval may be general and in advance.

23.4. Without prejudice to the provisions of the Companies Law and any law, the CEO shall submit to the Board of Directors reports on such matters, dates and at such scope as shall be determined by the Board of Directors, whether in a specific resolution or in the framework of the procedures of the Board of Directors.

23.5. The CEO shall promptly give notice to the chairman of the board on any irregular matter which is material to the Company. In the event that the

Company shall not have a chairman of the board or he is unable to fill his position, the CEO shall give notice thereof to all of the members of the Board of Directors.

24. **Internal Auditor**

24.1. The Company's Board of Directors will appoint an internal auditor according to the audit committee's suggestion.

24.2. The organizational supervisor of the internal auditor will be the chairman of the board or as the Board of Directors shall determine from time to time.

24.3. The internal auditor shall submit, for the audit committee's approval, a proposal for an annual or periodic work plan, and the audit committee shall approve the same with such modifications as it shall deem fit.

25. **Secretary**

The Board of Directors may appoint a secretary for the Company, under such conditions as it shall deem fit, and appoint a deputy secretary and determine the areas of their responsibilities and authorities. In the event that no secretary shall have been appointed for the Company, the CEO or any person who he shall authorize therefor, and in the absence of a CEO, any person who shall be authorized therefor by the Board of Directors, shall perform the duties determined for the secretary by any law, according to these Articles and according to a resolution of the Board of Directors.

The Company's secretary will be responsible for all of the documents that shall be kept at the Company's registered office, and shall manage the ledgers which the Company maintains pursuant to law.

26. **Auditor**

26.1. Subject to the provisions of the Companies Law, the general meeting may appoint an auditor for a period exceeding one year, as shall be determined by the general meeting.

26.2. The Board of Directors, following receipt of the audit committee's recommendations (which shall be delivered to the Company within a reasonable timeframe in advance) shall determine the fee of the Company's auditor for any audit action, as well as his fee for additional non-audit services, unless determined otherwise by the Company's general meeting.

**Chapter Six – Preservation and Distribution of the Company's Capital**

27. **Distribution and Allotment of Dividends and Stock Dividends**

A resolution of the Company regarding the distribution of a dividend, stock dividends or any other distribution, including a distribution which does not meet the effective profit test in the Companies Law and the terms and conditions thereof shall be adopted by the Company's Board of Directors.

28. **Dividend and Stock Dividends**

28.1. **Right to a Dividend or to Stock Dividends**

A dividend or stock dividends shall be distributed to whoever shall be registered in the Company's Shareholders' ledger on the effective date for the dividend and subject to any law.

28.2. **Payment of the Dividend**

28.2.1. The Board of Directors may resolve that the dividend shall be paid, in whole or in part, in cash or by way of a distribution of assets in kind, including securities, or in any other manner, at its discretion.

The Board of Directors may, before deciding upon the distribution of a dividend, remit from the profits any amounts, as it shall deem fit, to a general fund or a reserve fund for the distribution of a dividend, for the distribution of stock dividends or for any other purpose, as the Board of Directors shall determine, at its discretion.

Until use shall be made of the said funds, the Board of Directors may invest the amounts that shall have been remitted as aforesaid and the funds, any investment, as it shall deem fit, handle such investments, modify the same or make other use thereof, and it may divide the reserve fund into special funds and use any fund or part thereof for the purpose of the Company's business, without holding the same separately from the Company's other assets, all at the discretion of the Board of Directors and under such conditions as it shall determine.

28.2.2. **Manner of Payment**

If no other instructions shall have been given in the resolution regarding the distribution of the dividend, it shall be permitted to pay any dividend, less the tax required by any law, by a check payable to the payee only, which shall be sent by registered mail according to the registered address of the shareholder entitled thereto, or by wire transfer or through the TASE member. Any such check shall be made out to the order of the person to whom it is being sent. A dividend in kind shall be distributed as shall be determined in the distribution resolution.

In the case of registered co-holders, the check shall be sent to the shareholder whose name is registered first in the Shareholders' ledger in reference to the joint holding.

Delivery of the check to the person whose name, on the effective date, is registered in the Shareholders' ledger as the holder of a share, or in the case of co-holders – of one of the co-holders, shall constitute a release with respect to all payments made in connection with such share.

The Company may resolve that no check below a certain amount shall be sent, and the dividend amounts which were supposed to be paid as aforesaid shall be deemed as an unclaimed dividend.

The Company may offset against the sum of the dividend to which a shareholder is entitled any debt of the shareholder to the Company, whether already due and payable or otherwise.

#### 28.2.3. Unclaimed Dividend

The Board of Directors may invest any unclaimed dividend amount for one year after it shall have been declared or use the same in another manner for the benefit of the Company until claimed. The Company shall not be liable for payment of interest or linkage for an unclaimed dividend.

After the lapse of one year from the date of the payment of any unclaimed dividend, the Company shall be entitled to use such unclaimed dividend for any purpose, and the shareholder entitled to such unclaimed dividend will entertain no claim and/or lawsuit in connection therewith.

### 28.3. Manner of Capitalization of Profits to Funds and Distribution of Stock Dividends

#### 28.3.1. Funds

The Board of Directors may, at its discretion, remit to special capital funds any amount from the Company's profits, or from revaluation of its assets, or its proportionate share in the revaluation of assets of its associated companies, and determine the purpose of such funds. The Board of Directors may further cancel such funds.

#### 28.3.2. Distribution of stock dividends

Subject to the provisions of the Companies Law, the Board of Directors may decide upon the allotment of stock dividends and convert into share capital part of the Company's profits,

within the meaning thereof in Section 302(b) of the Companies Law, from a premium on shares or from any other source which is included in its equity, as stated in its latest financial statements, in such amount as shall be determined by the Board of Directors and which shall be no less than the par value of the stock dividends.

Stock dividends which shall be allotted shall be deemed as fully paid-up.

For the purpose of distribution of stock dividends, the Board of Directors shall be entitled to resolve, as it shall deem fit, any difficulty that shall arise and to perform adjustments, including resolving that no share fractions shall be distributed, issuing certificates in respect of a cumulative quantity of share fractions, selling the fractions and paying the proceeds thereof to the persons entitled to receive the stock dividend fractions, and resolving that payments in cash shall be made to the shareholders, or that fractions whose value is less than such amount as shall be determined (and if not determined, then whose amount is less than NIS 50) shall not be taken into account for the purpose of performance of such adjustments.

29. **Acquisition of Shares of the Company**

The Company may acquire its own securities. If the Company shall acquire securities as aforesaid, it may cancel the same.

**Chapter Seven – Exemption, Indemnification and Insurance of Officers**

30. **Exemption of Officers**

The Company may exempt, in advance and retroactively, an officer thereof from his liability, in whole or in part, for damage due to a breach of the duty of care thereto to the maximum extent permitted by any law.

31. **Indemnification of Officers**

The Company may indemnify officers thereof to the maximum extent permitted by any law. Without derogating from the generality of the aforesaid, the following provisions shall apply:

31.1. The Company may indemnify an officer thereof due to liability or an expense which shall have been imposed upon him or he shall have incurred due to an action which he took by virtue of his being an officer thereof, as specified below:

- a. A monetary liability that shall have been imposed upon him in favor of another person in a judgment, including a judgment issued in a settlement or an arbitration award that shall have been sanctioned by a court.

- b. Reasonable litigation expenses, including legal fees, that shall have been incurred by the officer due to an investigation or proceeding that shall have been conducted against him by an authority which is authorized to conduct an investigation or proceeding, and which shall have ended without the filing of an indictment against him and without a monetary liability having been imposed upon him as a substitute for a criminal proceeding, or which shall have ended without the filing of an indictment against him but with the imposition of a monetary liability as a substitute for a criminal proceeding in an offense which requires no proof of general intent or in connection with a monetary sanction.
- c. Reasonable litigation expenses, including legal fees, to be incurred by or charged to the officer by a court, in a proceeding filed against him by the Company or on its behalf or by another person, or in a criminal indictment from which he shall have been acquitted, or in a criminal indictment in which he shall have been convicted of an offense requiring no proof of general intent.
- d. A monetary liability imposed on an officer for the party harmed by the breach in an Administrative Proceeding, ~~as aforesaid in Section 52AAB(a)(1)(a) of the Securities Law.~~
- ~~e. Expenses incurred by an officer in connection with an Administrative Proceeding conducted in his matter, including reasonable litigation expenses, including legal fees.~~
- e. Expenses incurred by an officer in connection with an Administrative Proceeding conducted in his matter, including reasonable litigation expenses, including legal fees.

### 31.2. Advance Indemnification

The Company may give an advance undertaking to indemnify an officer thereof due to an expense or liability as specified in Article 31.1.a above, provided that the advance indemnification undertaking shall be limited to events which, in the opinion of the Board of Directors, are foreseeable in view of the Company's actual business at the time of granting of the indemnification undertaking, as well as to such amount or criterion as the Board of Directors shall have determined are reasonable under the circumstances, and the indemnification undertaking shall state the events which, in the opinion of the Board of Directors, are foreseeable in view of the Company's actual business at the time of granting of the undertaking, as well as the amount and the criterion which the Board of Directors shall have determined are reasonable under the circumstances. The Company may further grant an advance undertaking to indemnify an officer thereof due to an expense or liabilities as specified in Articles 31.1.b, 31.1.c, 31.1.d and 31.1.e above.

The indemnification amount which the Company shall pay to all of the officers, in the aggregate, pursuant to all of the indemnification letters issued and/or to be issued thereto by the Company, for one or more of the events which are expected, in the opinion of the ~~Board of Directors~~ board, in light of the Company's actual business at the time of providing the indemnification undertaking and as shall be specified in the indemnification letters of the Company from time to time, will not exceed an amount equal to 20% (twenty percent) of the equity attributed to the Company's shareholders pursuant to the Company's audited or reviewed financial statements, released soon before the date of indemnification.

### 31.3. Retroactive Indemnification

The Company may indemnify an officer thereof retroactively.

## 32. Officers' Insurance

32.1. The Company may insure officers thereof to the maximum extent permitted by any law. Without derogating from the generality of the aforesaid, the Company may engage in a contract to insure the liability of an officer of the Company due to liability which shall be imposed upon him due to an action which he took by virtue of his being an officer thereof, in each one of the following:

- a. A breach of the duty of care towards the Company or another person;
- b. A breach of the fiduciary duty towards the Company, provided that the officer shall have acted in good faith and had reasonable grounds to assume that the action would not prejudice the Company's best interests;
- c. A monetary liability that shall be imposed upon him in favor of another person;
- d. A monetary liability imposed on an officer for the party harmed by the breach in an Administrative Proceeding, ~~as aforesaid in Section 52AAB(a)(1)(a) of the Securities Law.~~
- e. Expenses incurred by an officer in connection with an Administrative Proceeding conducted in his matter, including reasonable litigation expenses, including legal fees.
- ~~e.a. Expenses incurred by an officer in connection with an Administrative Proceeding conducted in his matter, including reasonable litigation expenses, including legal fees.~~

## 33. Exemption, Indemnification and Insurance – General

33.1. It is clarified that the above provisions regarding exemption, indemnification and insurance neither intend nor shall intend to restrict

the Company in any way in its engagement in a contract regarding exemption, insurance or indemnification of the following:

33.1.1. Any person who is not an officer of the Company, including employees, contractors or consultants of the Company, who are not officers thereof;

33.1.2. Officers of other companies. The Company shall be entitled to engage in a contract regarding the exemption, indemnification and insurance of officers of companies controlled thereby, affiliates or other companies in which it has any interest, to the maximum extent permitted by any law, and the above provisions regarding exemption, indemnification and insurance of officers of the Company shall apply in this regard, *mutatis mutandis*.

33.2. It is clarified that in this chapter, an undertaking in relation to exemption, indemnification and insurance as aforesaid vis-à-vis an officer may also be valid after the officer shall have ceased to serve in the Company.

## **Chapter Eight – Merger, Dissolution and Restructuring of the Company**

### **34. Merger**

The majority required for approval of a merger by the general meeting or a class meeting will be a simple majority.

### **35. Dissolution**

35.1. If the Company shall be dissolved, whether voluntarily or otherwise, the liquidator may, with the approval of the general meeting, distribute in kind among the shareholders parts of the Company's property, and may, with similar approval, deposit any part of the Company's property in the hands of trustees in favor of the shareholders, as the liquidator, with the abovementioned approval, shall deem fit.

35.2. Subject to special rights of shares, if shares with special rights shall have been issued, the Company's Shares shall rank *pari passu* in relation to the capital amounts paid or credited as paid on the par value of the Shares, with respect to reimbursement of the capital and participation in the distribution of surplus assets of the Company upon dissolution.

### **36. Restructuring of the Company**

36.1. Upon the sale of property of the Company, the Board of Directors or the liquidators (in the event of dissolution), if authorized therefor in a resolution that shall be adopted by the general meeting of the Company by a simple majority, may receive fully or partially paid-up shares, bonds, or securities of another company, Israeli or foreign, whether it has been or is about to be incorporated for the purpose of purchasing the

Company's property, or part thereof, and the directors (if the Company's profits so allow) or the liquidators (in the case of dissolution) may divide between the shareholders the shares or securities mentioned above or any other property of the Company, without realizing the same or depositing it with trustees for the shareholders.

- 36.2. The general meeting may, in a resolution adopted by the Company's general meeting by a simple majority, resolve to assess the securities or the property mentioned above at such price and in such manner as the general meeting shall decide, and all of the shareholders will be obligated to accept any assessment or distribution so authorized and waive their rights in this respect, with the exception, in the event that the Company is about to be dissolved or is in the process of dissolution, of such lawful rights (if any) which, pursuant to the provisions of the law, cannot be modified or qualified.

### **Chapter Nine – Notices**

#### **37. Notices**

- 37.1. Notice or any other document may be delivered by the Company to any shareholder who appears in the Shareholders' ledger of the Company, whether personally or by delivery via registered mail, addressed according to the registered address of such shareholder in the Shareholders' ledger or according to such address as the shareholder shall have provided to the Company in writing as the address for delivery of notices, or by the publication of announcements in two newspapers in Israel.
- 37.2. Any and all notices that are required to be given to the shareholders shall be given, in relation to co-held shares, to the person named first in the Shareholders' ledger, and any notice so given shall constitute sufficient notice to all of the co-shareholders.
- 37.3. Any notice or other document which is delivered or sent to a shareholder in accordance with these Articles shall be deemed as having been duly delivered and sent with respect to all of the shares held by him (whether with respect to the shares held by him only or by him jointly with others), even if such shareholder shall have passed away at such time or become bankrupt, or an order shall have been issued for its dissolution, or a trustee or liquidator or receiver shall have been appointed for his shares (regardless of whether or not the Company was aware thereof) until another person shall be registered in the Shareholders' ledger in his place as the holder thereof, and delivery or dispatch of notice or a document as aforesaid shall be deemed as sufficient delivery or dispatch to any person who has a right in such shares.
- 37.4. Any notice or other document which shall have been sent by the Company by mail according to an address in Israel shall be deemed as having been delivered within 48 hours from the time at which the letter containing the notice or the document shall have been posted, or within

five business days in the event that the address is overseas, and when proving the delivery, it shall be sufficient to prove that the letter containing the notice or the document was addressed to the correct address and dispatched at the post office.

| 37.5. Notice of a general meeting, insofar as is required to be given, shall be given in accordance with the provisions of Article 15.1 above.

| 37.6. No accidental omission in giving notice of a general meeting to any shareholder or non-receipt of notice of a meeting or other notice by any shareholder shall cause the cancelation of a resolution that shall have been adopted at such meeting or the cancelation of proceedings based on such notice.

| 37.7. Any shareholder and any member of the Board of Directors may waive his right to receive notice or his right to receive notice at a certain time and may agree that a general meeting of the Company or a board meeting, as the case may be, be convened and held despite his not having received notice thereof, or despite the notice not having been received by him at the required time.

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