

THE COMPANIES LAW, 5759-1999
ARTICLES OF ASSOCIATION
OF
AMIAD FILTRATION SYSTEMS LTD.

PRELIMINARY

1 Interpretation

1.1 In these Articles, unless the context otherwise requires the following terms shall have the meanings ascribed next to them:

Articles	shall mean these Articles of Association of the Company (as amended from time to time).
Board	shall mean the Company's board of directors.
Business Day	shall mean any day, other than a Saturday or a Sunday, on which clearing banks are open for all normal banking business both in London and Tel-Aviv.
Company	shall mean Amiad Filtration Systems Ltd.
Employees' Share Scheme	shall mean a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of: (i) the bona fide employees or directors or consultants or former employees or directors or consultants of the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company; or (ii) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees.

Equity Security	shall mean a Relevant Share (other than a share taken by the subscriber(s) to the memorandum and/or articles of association of the Company upon its incorporation or a bonus share) or a right to subscribe for, or to convert securities into, Relevant Shares in the Company.
External Directors	shall mean directors appointed and serving in accordance with Sections 239 through 249 of the Law.
General Meeting	shall have the meaning prescribed to that term in Section 1 of the Law, and shall include all Annual General Meetings or Extraordinary General Meetings, as defined in these Articles.
Law	shall mean the (Israeli) Companies Law, 5759-1999, as it may be amended from time to time, and any regulations promulgated thereunder.
Office	shall mean the registered office of the Company as it shall be from time to time.
Office Holder	shall mean every director and every other person included in such definition under the Law, including the directors of the Company.
Relevant Securities	shall mean: <ul style="list-style-type: none"> (i) shares in the Company other than shares taken by the subscriber(s) to the memorandum and/or articles of association of the Company upon its incorporation or shares allotted in pursuance of an Employees' Share Scheme; and (ii) any right to subscribe for, or to convert any security into, shares in the Company (other than shares so allotted), and a reference to the allotment of Relevant Securities includes the grant of such a right but not the allotment of shares pursuant to such a right.
Relevant Shares	shall mean shares in the Company other than:

- (i) shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution; and
- (ii) shares which are held by a person who acquired them in pursuance of an Employees' Share Scheme or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme.

Rights Issue	shall mean an offer or issue to or in favour of Shareholders on the Shareholders Register (or in the Company's transfer agent's records) on a date fixed by the Board where the Equity Securities respectively attributable to the interests of all those Shareholders are proportionate (as nearly as practicable) to the respective number of Ordinary Shares held by them on that date, but the Board may make such exclusions or other arrangements as the Board considers expedient in relation to fractional entitlements or legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange.
Seal	shall mean any of: (1) the rubber stamp of the Company, (2) the facsimile signature of the Company and (3) the electronic signature of the Company as approved by the Board.
Secretary	shall mean the individual appointed as a company secretary by the Board from time to time.
Shareholder	shall mean any person or entity that is the owner of at least one share in the Company, in accordance with Section 177 of the Law or, if the Company shall keep a branch register or registers, any such branch register, as the case may be.
Shareholders Register	shall mean the Register of Shareholders that is to be kept pursuant to sections 127 and 128 of the Law.
United Kingdom	means Great Britain and Northern Ireland.
Writing	shall mean handwriting, typewriting, facsimile, print, lithographic printing and any other mode or modes of presenting or

reproducing words in visible form.

- 1.2 In these Articles, subject to this Article and unless the context otherwise requires, expressions defined in the Law or any modification thereof in force at the date on which these Articles become binding on the Company shall have the meaning so defined; words importing the singular shall include the plural and vice versa; words importing the masculine gender shall include the feminine; and words importing persons shall include companies, partnerships, associations and all other legal entities.

2 **Company Name**

The Company's Name is Amiad Filtration Systems Ltd.

3 **Public Company**

The Company is a public company as such term is defined in Section 1 of the Law.

4 **Limitation of Liability**

The liability of the Shareholders is limited and, accordingly, each Shareholder's responsibility for the Company's obligations shall be limited to the payment of the nominal value of the shares held by such Shareholder, subject to the provisions of these Articles and the Law.

5 **Company's Objectives**

- 5.1 The Company's objectives are, in addition to those objectives set out in the Company's Memorandum of Association (if any), to carry on any business and perform any act which is not prohibited by law.

- 5.2 Pursuant to section 11(a) of the Law, the Company may also make contributions of reasonable sums to worthy purposes even if such contributions are not made on the basis of business considerations. The Board may determine the amount of any such contributions, the purpose or category of purposes for which the contribution is to be made and the identity of the recipient of any such contribution.

CAPITAL

6 Share Capital

- 6.1 The authorised share capital of the Company shall consist of NIS[20,000,000] divided into [100,000,000] Ordinary Shares, each having a nominal value of NIS[0.20] (the "Ordinary Shares").
- 6.2 The powers, preferences, rights, restrictions and other matters relating to the Ordinary Shares are as set forth in these Articles. Warrants and options shall not be considered as shares for purposes of these Articles.

7 Rights of the Ordinary Shares

The Ordinary Shares shall confer upon the holders thereof all rights accruing to a shareholder of a company, as provided in these Articles, including, amongst other things, the right to receive notices of and to attend meetings of Shareholders; for each share held, the right to one vote at all meetings of Shareholders; and to share equally, on a per share basis, in such dividends as may be declared by the Board in accordance with these Articles and the Law and, upon liquidation or dissolution of the Company, in the assets of the Company legally available for distribution to Shareholders after payment of all debts and other liabilities of the Company, in accordance with the terms of these Articles and applicable law. All Ordinary Shares shall rank equally in all respects with each other.

8 Increase of Share Capital

- 8.1 The Company may, from time to time, by a resolution of the Shareholders, whether or not all of the shares then authorised have been issued, and whether or not all the shares then in issue have been called up for payment, increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amount and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.
- 8.2 Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares of the original share capital of the Company.

9 **Allotment of Shares**

9.1 Subject to the Law, these Articles (including, but not limited to, Articles 9.2, 9.3 and 9.4 below) and the terms of any resolution creating new shares:

(a) the unissued shares from time to time shall be under the control of the Board which may allot the same to such persons, against cash or for such other consideration which is not cash, with such restrictions and conditions, in excess of their nominal value, at their nominal value or at a discount to their nominal value and/or with payment of commission and at such times as the Board shall deem appropriate; and

(b) the Board shall have the power to cause the Company to grant to any person the option to acquire from the Company any unissued shares, in each case on such terms as the Board shall deem appropriate.

9.2 Subject to the provisions of Article 9.4 below and to the terms of any resolution to the contrary passed by the Company in a General Meeting, the Company shall not allot its Relevant Shares to any person for cash unless it shall first have made an offer to each Shareholder to allot to him on the same or more favourable terms a proportion in nominal value of those shares which is as nearly as practical equal to the proportion in nominal value of Relevant Shares held by him on the record date for any such allotment of the aggregate of all such shares, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in their exclusive discretion to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any regulatory authority or stock exchange in any jurisdiction. The passing by the Company of a resolution of its Shareholders pursuant to Article 9.3 below shall not constitute a "resolution to the contrary passed by the Company in a General Meeting" for the purposes of this Article 9.2.

9.3 Subject to the provisions of Article 9.2 above, the Company may at any time and from time to time pass a resolution of its Shareholders referring to this Article 9.3 authorising the directors to exercise all of the powers of the Company to allot Relevant Securities and:

9.3.1 upon the passing of such a resolution, the directors shall thereupon and without further formality be generally and unconditionally authorised to allot Relevant Securities provided that the nominal amount of such securities (where such securities are shares) or the

nominal amount of the shares in respect of which such securities confer the right to subscribe or convert (where such securities are not shares) shall not exceed in aggregate the sum specified in such resolution; and

9.3.2 any such authority shall (unless otherwise specified in such resolution or previously varied or abrogated by a resolution passed at a General Meeting) expire on the date specified in the resolution (not being more than five years after the date on which the resolution is passed), save that the Company shall be entitled before such expiry to make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors shall be entitled to allot Relevant Securities in pursuance of any such offer or agreement as if such authority had not expired.

9.4 The Company may at any time and from time to time resolve by a resolution of Shareholders, referring to this Article 9.4, that the directors be empowered to allot Equity Securities for cash and, upon such resolution being passed, the directors shall (subject to their being authorised to allot Relevant Securities in accordance with Article 9.3) thereupon and without further formality be empowered to allot (pursuant to any such authority) Equity Securities for cash as if Article 9.2 did not apply to such allotment, provided that such power shall be limited to the following two events:

9.4.1 to the allotment (other than in connection with a Rights Issue) of Equity Securities having, in the case of Relevant Shares, a nominal amount or, in the case of other Equity Securities, giving the right to subscribe for or convert into Relevant Shares having a nominal amount not exceeding in aggregate the nominal amount specified in such resolution; and

9.4.2 to the allotment of Equity Securities in connection with a Rights Issue,

and, in each case, such power shall (unless otherwise specified in such resolution or varied or abrogated by a resolution passed at an intervening General Meeting) expire on the date (if any) specified in such resolution save that the Company shall be entitled before such expiry to make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the directors shall be

entitled to allot Equity Securities in pursuance of such offer or agreement as if such authority had not expired.

10 **Special Rights; Modification of Shares**

10.1 Subject to the Law and these Articles, and without prejudice to any special rights previously conferred upon the holders of any existing shares or class of shares, the Company may, from time to time, create shares with such preferential, deferred, qualified or other special rights, privileges, restrictions or conditions, whether in regard to dividends, voting, return of capital or otherwise, as may be stipulated in the resolution or other instrument authorising such new shares.

10.2 If at any time the share capital of the Company is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of these Articles) may be varied, modified or abrogated by the Company, by a resolution of the Shareholders, subject to the consent of a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to General Meetings of Shareholders shall *mutatis mutandis* apply to every such separate general class meeting.

10.3 Unless otherwise provided by these Articles, the increase in an authorised class of shares or the issuance of additional shares thereof out of the authorised and unissued share capital shall not be deemed, for the purposes of Article 10.2, to vary, modify or abrogate the rights attached to previously issued shares of such class or of any other class of shares.

11 **Consolidation and Subdivision; Fractional Shares**

With regard to its capital, the Company may:

11.1 from time to time, by resolution of its Shareholders, but subject to these Articles and the Law:

11.1.1 consolidate and divide all or any of its issued or unissued share capital into shares bearing a per share nominal value which is larger than the per share nominal value of its existing shares;

11.1.2 cancel any shares which at the date of the adoption of such resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

- 11.1.3 subdivide its shares (issued or outstanding) or any of them into shares of a smaller per share nominal value than is fixed by these Articles. The resolution pursuant to which any share is subdivided may determine that, as among the holders of the shares resulting from such subdivision, one or more of such shares may, as compared with the others, have special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares;
 - 11.1.4 reduce its share capital in any manner, including with and subject to any incidental authorities and/or consents required by law.
- 11.2 Upon any consolidation or subdivision of shares which may result in fractional shares, the Board may settle any difficulty which may arise with regard thereto as it deems fit, including, without limitation, by:
- 11.2.1 allotting, in contemplation of, or subsequent to, such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional shareholdings;
 - 11.2.2 subject to the Law, making such arrangements for the sale or transfer of the fractional shares to such other Shareholders at such times and at such price as the Board thinks fit so as to preclude or remove most expeditiously any fractional shareholdings and cause the transferees of such fractional shares to pay the full fair market value thereof to the transferors, and the Board is hereby authorised to act as agent for the transferors and transferees with the power of substitution and off-setting for purposes of implementing the provisions of this sub-Article 11.2.2;
 - 11.2.3 to the extent as may be permitted under the Law, redeeming or purchasing such fractional shares sufficient to preclude and remove such fractional shareholding; and
 - 11.2.4 determining, as to the holders of shares so consolidated, which issued shares shall be consolidated into each share of a larger nominal value.

12 **Redeemable Shares**

The Company shall have the power to issue redeemable shares and redeem the same all in accordance with, and subject to, the provisions of the Law.

SHARES

13 **Issuance of Share Certificates; Replacement of Lost Certificates**

13.1 Share certificates shall be issued, upon the written request of a Shareholder, under the Seal and shall bear the signature of either two directors of the Company or one director and of the Secretary or any person or persons so authorised by the Board.

13.2 Each Shareholder shall be entitled to one or more numbered certificate(s) for all the shares of any class registered in his name, each of which shall state the number of shares represented by the certificate, their serial numbers and the amount paid on account of their nominal value.

13.3 A share certificate registered in the Shareholders Register in the names of two or more persons shall be delivered to the person first-named in the Shareholders Register in respect of such co-ownership and the Company shall not be obliged to issue more than one certificate to all the joint holders.

13.4 A share certificate which has been defaced, lost or destroyed may be replaced and the Company shall issue a new certificate to replace such defaced, lost or destroyed certificate upon payment of such fee and upon the furnishing of such evidence of ownership and such indemnity as the Board, in its discretion, deems fit.

14 **Registered Holder**

Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and, accordingly, shall not, except as ordered by a court of competent jurisdiction or as required by statute, be obligated to recognise any equitable or other claim to, or interest in, such share on the part of any other person.

15 **Payment in Instalments**

If pursuant to the terms of allotment or issue of any share all or any portion of the price thereof shall be payable in instalments, every such instalment shall be paid to the Company on the due date thereof by the then registered holder(s) of the share or the person(s) then entitled thereto.

16 **Calls on Shares**

- 16.1 The Board may, from time to time, as it in its discretion deems fit, make calls for payment upon Shareholders in respect of any sum which has not been paid up in respect of shares held by such Shareholders and which is not, pursuant to the terms of allotment or issue of such shares or otherwise, payable at a fixed time, and each Shareholder shall pay the amount of every call so made upon him (and of each instalment thereof if the same is payable in instalments) to the person(s) and at the time(s) and place(s) designated by the Board. Unless otherwise stipulated in the resolution of the Board (and in the notice referred to below), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all the shares in respect of which such call was made.
- 16.2 Notice of any call for payment by a Shareholder shall be given in writing to such Shareholder not less than fourteen (14) days prior to the time of payment fixed in such notice and shall specify the time and place of payment and the person to whom such payment is to be made. Prior to the time for any such payment fixed in a notice of a call given to a Shareholder, the Board may in its absolute discretion, by notice in writing to such Shareholder, revoke such call in whole or in part, extend the time fixed for payment thereof or designate a different place of payment or person to whom payment is to be made. In the event of a call payable in instalments, only one (1) notice thereof need be given.
- 16.3 If pursuant to the terms of allotment or issue of a share or otherwise an amount is made payable at a fixed time (whether on account of such share or by way of premium), such amount shall be payable at such time as if it were payable by virtue of a call made by the Board and for which notice was given in accordance with this Article 16 and the provisions of these Articles with regard to calls (and the non-payment thereof) shall be applicable to such amount (and the non-payment thereof).
- 16.4 Joint holders of a share shall be jointly and severally liable to pay all calls for payment in respect of such share and all interest payable thereon.
- 16.5 Any amount called for payment which is not paid when due shall bear interest from the date fixed for payment until actual payment thereof at such rate and payable at such time(s) as the Board may prescribe.

16.6 Upon the allotment of shares, the Board may provide for differences among the allottees of such shares as to the amounts and times for payment of calls for payment in respect of such shares.

17 **Prepayment**

With the approval of the Board, any Shareholder may pay to the Company any amount not yet payable in respect of his shares and the Board may approve the payment by the Company of interest on any such amount until the same would be payable if it had not been paid in advance at such rate and time(s) as may be approved by the Board. The Board may at any time cause the Company to repay all or any part of the money so advanced without premium or penalty. Nothing in this Article 17 shall derogate from the right of the Board to make any call for payment before or after receipt by the Company of any such advance.

18 **Forfeiture and Surrender**

18.1 If any Shareholder fails to pay an amount payable by virtue of a call, or interest thereon as provided for in accordance herewith, on or before the day fixed for payment of the same, the Board may, at any time after the day fixed for such payment, so long as such amount (or any portion thereof) or interest thereon (or any portion thereof) remains unpaid, forfeit all or any of the shares in respect of which such payment was called for. All expenses incurred by the Company in attempting to collect any such amount or interest thereon, including, without limitation, attorneys' fees and costs of legal proceedings, shall be added to and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.

18.2 Upon the adoption of a resolution as to the forfeiture of a Shareholder's share, the Board shall cause notice thereof to be given to such Shareholder, which notice shall state the place that payment is to be made and that, in the event of the failure to pay the entire amount so payable by a date specified in the notice (which date shall be not less than seven (7) days after the date such notice is given and which may be extended by the Board), such shares shall be *ipso facto* forfeited, provided however that, prior to such date, the Board may nullify such resolution of forfeiture, but no such nullification shall prevent the Board from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

18.3 Without derogating from Articles 18.1 and 18.2 hereof, whenever shares are forfeited as herein provided, any and all dividends declared in respect of such

shares and not actually paid shall be deemed to have been forfeited at the same time as the forfeiture of such shares.

- 18.4 The Company may, by resolution of the Board, accept the voluntary surrender of any share. A surrendered share shall be treated as if it had been forfeited.
- 18.5 Any share forfeited or surrendered as provided herein shall become the property of the Company and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board deems fit.
- 18.6 Any Shareholder whose shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment at the rate prescribed in Article 16.5 above and the Board, in its discretion, may, but shall not be obligated to, enforce the payment of such monies or any part thereof. In the event of such forfeiture or surrender, the Company, by resolution of the Board, may accelerate the date(s) of payment of any or all amounts then owing to the Company by the Shareholder in question (but not yet due) in respect of all shares owned by such Shareholder solely or jointly with another.
- 18.7 The Board may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems fit, but no such nullification shall prevent the Board from re-exercising its powers of forfeiture pursuant to this Article 18.
- 18.8 A declaration in writing by a director or the Secretary that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated therein against all persons claiming to be entitled to the share.
- 18.9 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

19 **Lien**

19.1 Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each Shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person) and upon the proceeds of the sale thereof for his debts or other liabilities to the Company arising from any amount payable by such Shareholder in respect of any unpaid or partly paid share, whether or not such debt or other liability has matured. Such lien shall extend to all dividends from time to time declared or paid in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

19.2 The Board may cause the Company to sell a share subject to such a lien when the debt or other liability giving rise to such lien has matured in such manner as the Board deems fit, but no such sale shall be made unless such debt or other liability has not been satisfied within seven (7) days after written notice of the intention to sell shall have been served on such Shareholder, his executors or administrators.

19.3 The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts or other liabilities of such Shareholder in respect of such share (whether or not the same have matured) and the remainder (if any) shall be paid to the Shareholder, his executors, administrators or assigns.

20 **Sale After Forfeiture or Surrender or in Enforcement of Lien**

Upon any sale of a share after forfeiture or surrender or for enforcing a lien, the Board may appoint any person to execute an instrument of transfer of the share so sold and cause the purchaser's name to be entered in the Shareholders Register in respect of such share. The purchaser shall be registered as the Shareholder and shall not be obligated to supervise the application of the proceeds of such sale and, after his name has been entered in the Shareholders Register in respect of such share, the validity of the sale shall not be affected by any defect or illegality in the sale proceedings. The sole remedy of any person aggrieved by any such sale shall be in damages only and against the Company exclusively.

21 **Purchase of the Company's Shares**

The Company may, subject to and in accordance with the provisions of the Law, purchase or undertake to purchase, provide finance and or assistance or undertake to provide finance and/or assistance directly or indirectly with respect to the purchase of its shares or securities which may be converted into shares of the Company or which confer rights upon the holders thereof to purchase shares of the Company.

22 **Depository Interests**

The directors are authorised to make such arrangements as they may think fit in order to enable shares in the Company to be represented by and exchanged for depository interests which are eligible to be held and transferred in uncertificated form in a computer-based system whether located in Israel or in any other country. Any such arrangements shall be notified to the Shareholders in such manner as the directors may decide.

TRANSFER OF SHARES

23 **Registration of Transfer**

23.1 No transfer of shares shall be registered unless a proper written instrument of transfer (in any customary form or any other form satisfactory to the Board) has been submitted to the Company (or its transfer agent), together with the share certificate(s) or such other evidence of title as the Board may reasonably require.

23.2 The Board may, in its absolute discretion and without giving any reason for its decision, refuse to register any transfer of a share not fully paid up or any transfer of a share on which the Company has a lien provided always that the refusal is not such as to prevent dealings in the shares from taking place on an open and proper basis. The Board may also refuse to register a transfer of any share (whether fully paid or not):

23.2.1 to an entity which is not a legal or natural person; or

23.2.2 to be held jointly by more than four persons.

23.3 The instrument of transfer of a share shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee.

- 23.4 The transferor of a share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Shareholders Register in respect of the share.
- 23.5 No fee shall be charged by the Company for registration of a transfer or other document relating to or affecting the title to any share or for making any entry in the Shareholders Register.
- 23.6 If the Board refuses to register a transfer of a share, it shall within two months after the date on which the transfer was lodged send to the transferee notice of the refusal.
- 23.7 The Board may, in its discretion to the extent it deems necessary and subject to any restrictions in the Law or the rules of any stock exchange upon which the Ordinary Shares are listed, close the Shareholders Register for registrations of transfers of shares during any year for a period to be determined by the Board and no registrations in the Shareholders Register of transfers of shares shall be made by the Company during any period during which the Shareholders Register is so closed.

TRANSMISSION OF SHARES

24 Descendants' Shares

- 24.1 In case of a share registered in the name of two or more holders, the Company may recognise the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 24.2 have been effectively invoked.
- 24.2 Any person becoming entitled to a share in consequence of the death of any person, upon producing evidence of the grant of probate or letters of administration or declaration of succession or an inheritance order (or such other evidence as the Board may reasonably deem sufficient), shall be registered as a Shareholder in respect of such share or may, subject to the provisions as to transfer herein contained, transfer such share. However, nothing herein shall release the estate of a deceased holder (whether a sole or joint holder) of a share from any obligation to the Company with respect to any share held by the deceased.

25 Receivers and Liquidators

- 25.1 The Company may recognise any receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder and a trustee,

manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganisation of, or similar proceeding with respect to, a Shareholder or its properties as being entitled to the shares registered in the name of such Shareholder.

- 25.2 Any such receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate Shareholder and any such trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganisation of, or similar proceedings with respect to, a Shareholder or its properties, upon producing such evidence as the Board may deem sufficient as to his authority to act in such capacity or under this Article, shall (with the consent of the Board (which the Board may grant or refuse in its absolute discretion)) be registered as a Shareholder in respect of such shares or may, subject to the provisions as to transfer herein contained, transfer such shares.

GENERAL MEETINGS

26 Annual Meetings

- 26.1 An annual general meeting shall be held at least once in every year at such time, being not more than fifteen (15) months after the last preceding annual general meeting, and at such place as may be prescribed by the Board. Such general meetings shall be called "Annual General Meetings".
- 26.2 Notwithstanding Article 26.1, for so long as any shares of the Company are listed on a stock exchange or an investment exchange in the United Kingdom and not on a stock exchange or an investment exchange outside the United Kingdom, any such meeting shall be held within the United Kingdom (but, for the avoidance of doubt, this shall not prevent, for the purposes of Article 30.4, a satellite meeting place or places being anywhere outside the United Kingdom provided that the principal meeting place is within the United Kingdom).

27 Extraordinary General Meetings

- 27.1 All general meetings other than Annual General Meetings shall be called "Extraordinary General Meetings" and for these purposes an Extraordinary General Meeting shall mean any meeting of the Shareholders which is deemed to be a "Special General Meeting" for the purposes of Section 1 of the Law.
- 27.2 The Board may, whenever it thinks fit, convene an Extraordinary General Meeting, at such time and place as may be determined by the Board, and shall be obligated

to do so upon a request in writing in accordance with Sections 63(b)(1) or (2) and Section 63(c) of the Law.

27.3 For so long as any shares of the Company are listed on a stock exchange or an investment exchange in the United Kingdom and not on a stock exchange or an investment exchange outside the United Kingdom. All General Meetings shall be held within the United Kingdom (but, for the avoidance of doubt, this shall not prevent, for the purposes of Article 30.4, a satellite meeting place or places being anywhere outside the United Kingdom provided that so long as the principal meeting place is within the United Kingdom).

28 **Powers of the General Meeting**

Subject to the provisions of these Articles and the Law, the functions of the General Meeting shall include the following:

- 28.1 to elect the members of the Board, including External Directors;
- 28.2 to appoint the Company's external auditor;
- 28.3 to approve acts and transactions that require approval by a General Meeting under the Law;
- 28.4 to increase and reduce the authorised share capital, in accordance with the Law;
- 28.5 to approve any amendment to these Articles;
- 28.6 to approve a resolution to consummate a Merger as defined in Section 1 of the Law;
- 28.7 to receive and consider the financial statements of the Company; and
- 28.8 to consider such other matters as the Board may include in the agenda for the meeting.

29 **Notice of General Meetings; Omission to Give Notice**

29.1 Subject to these Articles, applicable law and regulations (including the applicable laws and regulations of any stock exchange on which the Company's shares are listed) prior notice of at least 21 days of any General Meeting, specifying the place, date and hour of the meeting, shall be given as, hereinafter provided, to the Shareholders entitled pursuant to these Articles and the Law.

29.2 Non-receipt of any such notice shall not invalidate any resolution passed or the proceedings held at that meeting.

29.3 With the consent of all the Shareholders entitled to receive notice thereof, a meeting may be convened upon shorter notice or without any notice and in such manner, generally, as shall be approved by such Shareholders.

30 **Manner of Meeting**

30.1 The Board may both prior to and during any General Meeting or class meeting make any arrangements and/or impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such General Meeting or class meeting, including, without limitation, arranging for any person attending any such General Meeting or class meeting to be searched, for items of personal property which may be taken into any such General Meeting or class meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such General Meeting or class meeting.

30.2 The chairman of the meeting shall take such action as he thinks fit to promote the orderly conduct of the business of the General Meeting or class meeting as laid down in the notice of the General Meeting or class meeting, including, without limitation, asking any person or persons (whether or not a member or members of the Company) to leave the General Meeting or class meeting and, if necessary, having such person or persons excluded from the General Meeting or class meeting. The decision of the chairman of the meeting on matters relating to the orderly conduct of a General Meeting or class meeting and on any other matters of procedure or arising incidentally from the business of the General Meeting or class meeting shall be final as shall be his determination, acting in good faith, as to whether any matter is of such nature. Nothing in this Article 30.2 shall limit any other power vested in the chairman of the meeting.

30.3 The Board may make such arrangements as it shall in its absolute discretion consider to be appropriate for any of the following purposes:

30.3.1 to regulate the level of attendance at any place specified for the holding of a General Meeting or class meeting or any adjournment of such General Meeting or class meeting; or

30.3.2 to ensure the safety of people attending at any such place; or

30.3.3 to facilitate attendance at such General Meeting or class meeting or adjournment;

and may from time to time vary any such arrangements or make new arrangements in their place. Such arrangements may include, without prejudice to the generality of the foregoing, the issue of tickets or the use of some random means of selection or otherwise as the Board shall consider to be appropriate.

30.4 The Board may, in its absolute discretion, resolve to enable persons entitled to attend a General Meeting or class meeting to do so by simultaneous attendance and participation at the principal meeting place and a satellite meeting place or places anywhere in the world and the Shareholders present in person, by proxy or by written ballot at satellite meeting places shall be counted in the quorum for and entitled to vote at the General Meeting or class meeting in question, and that meeting shall be duly constituted and its proceedings valid, provided that the chairman of the General Meeting or class meeting is satisfied that adequate facilities are available throughout the General Meeting or class meeting to ensure that Shareholders attending at all the meeting places are able to:

30.4.1 participate in the business for which the meeting has been convened;

30.4.2 hear all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and at any satellite meeting place; and

30.4.3 be heard by all other persons so present in the same way.

Such arrangements for simultaneous attendance and participation may include arrangements for regulating the level of attendance in the manner aforesaid at the other place or any of such other places.

RECORD DATE FOR NOTICES OF GENERAL MEETINGS AND OTHER ACTION

31 Record Date for Notices of General Meetings

31.1 Notwithstanding any other contrary provision of these Articles and subject to applicable law, the Board may fix a date, not more than forty (40) days and not less than four (4) days prior to the date of any General Meeting of the Shareholders, as the date on which Shareholders entitled to notice of and to vote at such meeting shall be determined, and all persons who were holders of record of voting shares on such date and no others shall be entitled to notice of and to vote at such meeting. A determination of Shareholders of record entitled to notice of and to vote at any meeting shall apply to any adjournment of such meeting, provided, however, that the Board may fix a new record date for the adjourned meeting.

31.2 Any Shareholder or Shareholders holding at least one percent (1%) of the voting rights in the issued share capital of the Company may, pursuant to the Law, request that the Board include a subject in the agenda of a general and/or class meeting to be held in the future. Any such request must:

31.2.1 be in writing;

31.2.2 include all information relevant to the subject matter and the reason that such subject is proposed to be brought before the general and/or class meeting;

31.2.3 be signed by the Shareholder or Shareholders making such request;

31.2.4 be in relation to a subject matter which is appropriate for consideration by the Company in a General Meeting or class meeting;
and

31.2.5 comply with the requirements as to form and content set out in Article 31.3.

31.3 Subject to the Law and to Article 31.4, the Board shall include in the agenda of a general and/or class meeting a subject contained in a request made pursuant to Article 31.2 only if such request has been delivered to the Secretary:

31.3.1 in the case of a resolution to be considered and, if thought fit, passed at the Annual General Meeting of the Company, not less than ninety (90) days and not more than one hundred and twenty (120) days

prior to (but excluding) the date of the first anniversary of the immediately preceding Annual General Meeting;

- 31.3.2 in the case of a resolution to be considered and, if thought fit, passed at an Extraordinary General Meeting or class meeting of the Company, not less than ninety (90) days and not more than one hundred and twenty (120) days prior to (but excluding) the date of such meeting provided that, where such meeting has been convened on less than ninety (90) days' prior notice, such notice must be received by the Secretary not later than 5pm Israel time on the tenth day following (but excluding) the day on which notice of such meeting was given.

Each such request shall also set forth:

- (i) the name and address of the Shareholder(s) making the request;
- (ii) a representation that the Shareholder(s) is a/are holder(s) of record of shares of the Company entitled to vote at such meeting and intend(s) to appear in person or by proxy at the meeting;
- (iii) a description of all and any arrangements and/or understandings between the Shareholder(s) and any other person(s) (naming such person(s)) in connection with the subject which is requested to be included in the agenda; and
- (iv) a declaration signed by the Shareholder(s) that all the information that is required under the Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided.

In addition, if such subject includes a nomination to the Board in accordance with these Articles, the request shall also set forth the consent of each nominee to serve as a director of the Company if so elected and a declaration signed by each nominee declaring that there is no limitation under the Law as to the appointment of such a nominee. Furthermore, the Board may, in its discretion to the extent it deems necessary, request that the Shareholder(s) making the request provide additional information necessary so as to include a subject in the agenda of a General Meeting as the Board may reasonably require.

- 31.4 If the chairman of the meeting shall determine, that any of the provisions of Article 31.3 has not been properly satisfied with respect to a request purportedly given

pursuant to Article 31.2, he/she shall be entitled (on behalf of the Company) to refuse to allow any resolution contained in such request to be considered at a general and/or class meeting of the Company (as the case may be).

PROCEEDINGS AT GENERAL MEETINGS

32 Quorum

32.1 No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. For all purposes (but subject to the provisions of Article 32.2 below), the quorum shall be one Shareholder or more present in person or by proxy (or deemed by the Law to be present at such meeting) holding, in the aggregate, at least 25% of the voting rights in the issued share capital of the Company.

32.2 If within half an hour from the time appointed for the meeting such a quorum is not present, the meeting, if convened upon the request of the Shareholders, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same place and time or to such day and at such time and place as the chairman of the meeting may determine with the consent of the holders of a majority of the voting power represented at the meeting in person or by proxy and voting on the question of adjournment. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. If a quorum as referred to in Article 32.1 is not present at the second meeting within half an hour from the time appointed for the meeting, the quorum shall be reduced to one or more Shareholders present in person or by proxy (or deemed by the Law to be present at such meeting).

33 Chairman

The chairman, if any, of the Board shall preside as chairman at every General Meeting of the Company. If there is no such chairman or if at any meeting he is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as chairman of a General Meeting, the Shareholders present shall choose one of the Shareholders present to be chairman. The chairman of any General Meeting shall not, by virtue of such office, be entitled to vote at any General Meeting; nor shall the chairman of a General Meeting have a second or casting vote (without derogation, however, from the rights of such chairman to vote as a Shareholder or proxy of a Shareholder if, in fact, he is also a Shareholder or a duly appointed proxy).

34 **Adoption of Resolutions at General Meetings**

34.1 A resolutions of the Shareholders with respect to all matters shall be deemed adopted if approved by the holders of a simple majority of the voting power of the Company represented at the meeting in person or by proxy and voting thereon (either in favour or against such resolution), other than as specified in these Articles or otherwise required by the Law. For the purposes of these Articles, a Shareholder abstaining on any vote on any resolution shall be deemed to have participated but not to have voted on the resolution.

34.2 Every question submitted to a General Meeting shall be decided by a written ballot.

34.3 A declaration by the chairman of the meeting that a resolution has been carried unanimously or carried by a particular majority or lost and an entry to that effect in the minute book of the Company shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

VOTES OF SHAREHOLDERS

35 **Voting Power**

Subject to the provisions of Article 36 and subject to any provision in these Articles conferring special rights as to voting, or restricting the right to vote, every Shareholder, whether present in person or by proxy, shall have one vote for each share held by him of record, on every resolution, without regard to whether the vote thereon is conducted by written ballot or by any other means.

36 **Voting Rights**

36.1 In the case of joint holders, the vote of the senior holder to tender a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For the purpose of this Article, seniority shall be determined by the order in which the names appear in the Shareholders Register (or in the Company's transfer agent's records). The appointment of a proxy to vote on behalf of a jointly held share shall be executed by the senior holder.

36.2 No Shareholder shall be entitled to vote at any General Meeting or class meeting (or be counted as a part of the quorum thereat) unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

- 36.3 Any Shareholder entitled to vote may vote either personally or by proxy (who need not be a Shareholder of the Company) or, if the Shareholder is a company or other corporate body, by a representative authorised pursuant to Article 36.4.
- 36.4 A company or other corporate body that is a Shareholder may, by resolution of its directors or any other managing body thereof, authorise any person to be or to appoint its representative at any General Meeting or class meeting of the Company. Any person so authorised shall be entitled to exercise on behalf of such Shareholder all the power which the latter could have exercised if it were an individual Shareholder. Upon the request of the chairman of the meeting, written evidence of such authorisation (in a form reasonably acceptable to the chairman) shall be delivered to him.
- 36.5 The Board may determine, in its sole discretion, the matters, if any, that may be voted upon by a written ballot of the Company (without attendance in person or by proxy), as shall be permitted at a General Meeting, in addition to the matters listed in Section 87(a) of the Law.

PROXIES

37 Instrument of Appointment

- 37.1 The instrument appointing a proxy shall be in writing in such form as may be approved by the Board from time to time in compliance with applicable law.
- 37.2 The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at such place or one of such places as may be specified for that purpose in or by way of a note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the registered office of the Company) or by any other means (including electronic form) specified for that purpose in such document) not less than 24 hours before the time fixed for the meeting at which the person named in the instrument proposes to vote.
- 37.3 The Board may cause the Company to send, by post or otherwise, instruments of proxy to Shareholders for use at any General Meeting or class meeting.

38 Effect of Death of Appointer or Revocation of Appointment

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the death of the appointing Shareholder (or of his attorney-in-fact,

if any, who signed such instrument) or the revocation of the appointment or the transfer of the share in respect of which the vote is cast provided that no written notification of such death, revocation or transfer shall have been received by the Company or by the chairman of the meeting before such vote is cast.

39 **Multiple Proxies**

A Shareholder is entitled to vote by a separate proxy with respect to each share held by him provided that each proxy shall have a separate letter of appointment containing the serial number of the share(s) with respect to which the proxy is entitled to vote. Where valid but differing instruments of proxy are delivered in respect of the same share for use at the same meeting, the instrument which is delivered last (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other(s) as regards that share. However, if the Board or some other person as may be authorised by the Board for such purpose is unable to determine which was the last delivered, none of them shall be treated as valid in respect of that share. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the meeting, in which event such instrument of proxy shall be automatically revoked.

DIRECTORS

40 **Number of Directors**

The Board shall be composed of not more than 11 directors and not less than 5 directors.

41 **Qualification of Directors**

No person shall be disqualified from serving as a director by reason of not holding shares in the Company.

42 **Continuing Directors in the Event of Vacancies**

In the event of one or more vacancies in the Board, the continuing directors may continue to act in every matter provided that, if the number of directors is less than the minimum number set out in Article 40, they may only act either in an emergency and/or to call a meeting of the Board or a General Meeting of the Company for the purpose of appointing a director or directors to fill any or all vacancies so that at least the minimum number of directors set out in Article 40 is in office as a result of such meeting.

43 **Vacation of Office; Removal of Directors**

43.1 The office of a director, who is not an External Director, shall be vacated automatically:

43.1.1 upon his death;

43.1.2 if he is found to be legally incompetent;

43.1.3 if he becomes bankrupt;

43.1.4 if he is prevented by applicable law from serving as a director of the Company;

43.1.5 if the Board terminates his office according to Section 231 of the Law;

43.1.6 if a court order is given in accordance with Section 233 of the Law;

43.1.7 if he is removed from office by a resolution of the General Meeting of the Company approved by Shareholders; or

43.1.8 if his period of office has terminated in accordance with the provisions of these Articles.

43.2 The office of an External Director shall be vacated only in accordance with the provisions for the vacation of office and the removal of External Directors according to the Law.

43.3 The office of a director shall be vacated by his written resignation. Such resignation shall become effective on either (i) the date set out in such written resignation or (ii) the date of delivery of such written resignation to the Company (whichever is the later).

44 **Remuneration of Directors**

44.1 Subject to the provisions of the Law, a director may be paid remuneration by the Company for his services as director to the extent such remuneration shall have been approved by a General Meeting of the Company. Any such fee shall be distinct from any other remuneration or amounts payable to a director under any other provision of these Articles.

44.2 Notwithstanding Article 44.1 above (but subject to the approval of a General Meeting of the Company in accordance with the Law), the Board may grant special remuneration to any director who serves on any committee or who otherwise performs any special or extra services to or at the request of the Company.

44.3 Notwithstanding Article 44.1 above but subject to the provisions of the Law, the directors may be paid all reasonable travel, hotel and incidental expenses properly incurred in the performance of their duties as directors including expenses incurred in attending Board meetings, committee meetings of the Board, General Meetings and/or separate meetings of the holders of any class of shares or debentures of the Company.

45 **Conflict of Interests; Approval of Related Party Transactions**

45.1 Subject to the provisions of the Law and these Articles, the Company may enter into any contract or otherwise transact any business with:

45.1.1 any director in which contract or business such director has a personal interest, directly or indirectly;

45.1.2 any third party in which contract or business a director has a personal interest, directly or indirectly.

45.2 Except in accordance with the provisions of the Law and the Articles, a director or other Office Holder shall neither participate in discussions concerning or vote upon a resolution approving a transaction with the Company in which he has a personal interest.

45.3 For the purposes of these Articles "personal interest" shall have the meaning ascribed to such term in the Law.

POWERS AND DUTIES OF DIRECTORS

46 **Powers of Board of Directors**

46.1 General

46.2 In addition to all powers and authorities of the Board as specified in the Law, the determination of the Company's policies and the supervision of the chief executive officer of the Company and the Company's other officers shall be vested in the Board.

46.3 The Board may also exercise all such powers and do all such acts and things as the Company is authorised to exercise and do, and is not hereby or by law required to be exercised or done by the Company in a General Meeting or by the chief executive officer under his express or residual authority.

46.4 The authority conferred on the Board by Article 46.1 shall be subject to the provisions of the Law, these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company in a General Meeting, provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board which would have been valid if such regulation or resolution had not been adopted.

46.5 Borrowing Power

46.5.1 Subject to Articles 46.5.2 to 46.5.8 (inclusive) below, the Board may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it thinks fit and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock or any mortgages, charges or other securities on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital for the time being.

46.5.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Group (exclusive of any Group company's borrowings which are owed to another Group company) less cash deposited will not, without the previous sanction of the Company in General Meeting, exceed:

- (a) 3 x capital and reserves; or
- (b) any higher limit fixed by a resolution of the Shareholders which is applicable at the relevant time.

- 46.5.3 In Article 46.5.2:
- (a) "capital and reserves" means the aggregate of:
 - (i) the amount paid up on the issued or allotted share capital of the Company; and
 - (ii) the amounts standing to the credit of the reserves of the Group (including share premium account, capital redemption reserve, property revaluation reserve and unappropriated balance of investment or other grants), after adding or deducting any balance standing to the credit or debit of the Group's profit and loss accounts;
 - (b) "Group" means the Company and its subsidiaries from time to time.
- 46.5.4 The limit imposed under Article 46.5.2 shall be deemed not to have been breached until the amount of borrowings has exceeded that limit for 30 consecutive days. This paragraph overrides all other provisions of this Article 46.5.
- 46.5.5 A certificate or report by the Company's auditors:
- (a) as to the amount of capital and reserves or the amount of borrowings; or
 - (b) to the effect that the limit imposed under Article 46.5.2 was not exceeded or breached at a particular date;
- shall be conclusive evidence as to that amount or fact.
- 46.5.6 If the Company has joint auditors, references in Article 46.5.5 to the Company's auditors are to any of the joint auditors.
- 46.5.7 No lender or other person dealing with any Group company need enquire whether the limit imposed under Article 46.5.2 above has been or will be complied with.

46.5.8 A borrowing or security resulting in a breach of the limit in Article 46.5.2 shall not be void; nor shall it be voidable at the instance of the Company or any other Group company.

47 **Exercise of Powers of Directors**

47.1 A meeting of the Board at which a quorum is present shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board.

47.2 Except as otherwise specifically set forth in these Articles or as required by the Law, a resolution proposed at any meeting of the Board shall be deemed adopted if approved by a majority of the directors present when such resolution is put to a vote and voting thereon.

47.3 A meeting of the Board at which a quorum is present shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board.

47.4 Except as otherwise specifically set forth in these Articles or as required by the Law, a resolution proposed at any meeting of the Board shall be deemed adopted if approved by a majority of the directors present when such resolution is put to a vote and voting thereon.

47.5 A resolution in writing signed by all directors then in office and lawfully entitled to vote thereon (as conclusively determined by the chairman of the Board) or to which all such directors have given their written consent (by letter, telegram, telex, facsimile, telecopier or otherwise) shall be deemed to have been unanimously adopted by a meeting of the Board duly convened and held.

48 **Delegation of Powers**

48.1 The Board may, subject to the provisions of Section 112 of the Law and any other applicable law, delegate any or all of its powers to committees and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed (in these Articles referred to as a "Committee of the Board") shall, in the exercise of the powers so delegated, conform to any regulations imposed upon it by the Board. The meetings and proceedings of any such Committee of the Board shall be governed, with the relevant changes, by the provisions herein contained for regulating the meetings of the Board so far as not superseded by any regulations adopted by the Board under this Article. Unless otherwise expressly provided by the Board in delegating powers to a Committee of

the Board, such Committee shall not be empowered to further delegate such powers.

48.2 Without derogating from the provisions of Article 48.1, the Board may, subject to the provisions of the Law, from time to time appoint a Secretary, as well as officers, agents, employees and independent contractors, as the Board may deem fit, and may terminate the service of any such person. The Board may, subject to the provisions of the Law, determine the powers and duties, as well as the salaries and emoluments, of all such persons, and may require security in such cases and in such amounts as it thinks fit.

48.3 The Board may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purpose(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it thinks fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

APPOINTMENT OF DIRECTORS

49 **Appointment of Directors in General Meeting**

Except as regards the appointment of External Directors (whose appointment shall be made in accordance with the provisions of the Law) and subject to the provisions of Article 40, the Company may by a resolution in General Meeting appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director. A director may be appointed or (in accordance with the Law and these Articles) removed from office by a simple majority of the Shareholders present and voting at a duly convened General Meeting.

50 **Re-election of Directors in General Meeting**

At each Annual General Meeting:

50.1 all of the directors (other than those directors who are External Directors); and

50.2 the names of the directors to retire shall be stated in the notice of the Annual General Meeting or in any document accompanying the notice. A retiring director shall (subject to the provisions of Article 43.1) be eligible for re-appointment and

(unless he is removed from office or his office is vacated in accordance with these Articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

50.3 The term of appointment of each External Director shall be determined in accordance with the relevant provisions of the Law.

51 **Nominations to the Board**

51.1 Nominations for the election of directors may be made by the Board or a Committee of the Board or, subject to the Law and to the provisions of Articles 31.2 and 31.3, by any Shareholder.

51.2 Notwithstanding the provisions of Article 51.1, no person shall be nominated or appointed to the office of a director if such person is disqualified, under the Law, from being appointed as a director.

51.3 A director's term (including that of an External Director) shall begin either on the date of his appointment to the Board or at such later date designated in the resolution appointing such director.

52 **Casual Appointments of Directors**

Subject to the provisions of Article 50, the Board may at any time appoint any other person as a director, whether to fill a vacancy or as an addition to the then current number of directors, provided that the total number of directors shall not at any time exceed the maximum number of directors set out in Article 40. Any director so appointed shall hold office until the next Annual General Meeting.

PROCEEDINGS OF DIRECTORS

53 **Meetings of the Board**

53.1 The Board may meet and adjourn its meetings at such places either within or outside the State of Israel and otherwise regulate such meetings and proceedings as the directors think fit, provided that meetings shall be convened at least once every three (3) months. Subject to all of the other provisions of these Articles concerning meetings of the Board, the Board may meet by telephone conference call or similar communication equipment so long as each director participating in

such call can hear, and be heard by, each other director participating in such call. The directors participating in this manner shall be deemed to be present in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.

53.2 Board meetings may be convened at any time by the chairman of the Board. The chairman of the Board shall convene a Board meeting upon the written request of any director as soon as practicable after receiving such request and shall otherwise convene a Board meeting as provided by the Law.

54 **Notice of Board Meetings**

54.1 Notice of a Board meeting shall contain the information required by the Law and shall be delivered to the directors not less than five (5) days before such meeting.

54.2 Notice of a meeting of the Board shall be given in writing and may be sent by hand, post, facsimile or electronic mail to a director at the address, facsimile number or electronic mail address given by such director to the Company for such purpose. Any such notice shall be deemed duly received, if sent by post, three (3) days (seven (7) days if sent internationally) following the day when any such notice was duly posted and if delivered by hand or transmitted by facsimile transmission or electronic mail, such notice shall be deemed duly received by the director on the date of delivery or, as the case may be, transmission of the same.

54.3 Notwithstanding anything contained to the contrary in these Articles, failure to deliver notice to a director of any such meeting in the manner required hereby may be waived (in advance or retroactively) by such director and a meeting shall be deemed to have been duly convened notwithstanding such defective notice if such failure or defect is waived (in advance or retroactively) by all directors entitled to participate at such meeting and to whom notice was not duly given. The presence of a director at any such meeting shall be deemed due receipt of a prior notice or a waiver of any such notice requirement by such director.

55 **Quorum at Board Meetings**

55.1 A quorum at a meeting of the Board shall be constituted by the presence in person or by telephone or similar communication equipment of not less than a majority of the directors who are lawfully entitled to participate and vote at the meeting. If within half an hour (or within such longer time as the chairman of the meeting may decide) from the time appointed for the holding of the Board meeting a quorum is

not present, the Board meeting shall stand adjourned to the same day in the next week at the same time and place.

- 55.2 If at any adjourned Board meeting a quorum is not present within half an hour (or within such longer time as the chairman of the meeting may decide) from the time appointed for holding the meeting, the Board meeting shall be adjourned in accordance with the provisions of this Article 55. No business shall be transacted at a meeting of the Board unless the requisite quorum is present.

56 **Chairman**

The Board may from time to time elect by resolution or otherwise appoint a director to be chairman or deputy chairman and determine the period for which any such person is to hold such office. The chairman or, in his absence, the deputy chairman shall preside at meetings of the Board but, if no such chairman or deputy chairman shall be elected or appointed or if at any meeting the chairman or deputy chairman shall not be present within fifteen (15) minutes after the time appointed for holding such meeting or if the chairman or deputy chairman is unwilling or unable to chair such meeting, the directors present shall choose one of their number to be the chairman of such meeting. The chairman shall not have a second or casting vote at any Board meeting. The chief executive officer of the Company may not serve as the chairman of the Board, other than pursuant to Section 121 of the Law.

57 **Validity of Acts**

Subject to the provisions of the Law, all *bona fide* actions of any meeting of the Board or of a Committee of the Board or of any person acting as a director or a member of such Committee of the Board shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or such Committee of the Board or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified.

CHIEF EXECUTIVE OFFICER

58 **Appointment of a Chief Executive Officer**

- 58.1 Subject to the Articles and the Law, the Board shall from time to time appoint a chief executive officer of the Company.

58.2 Subject to the Articles and the Law, appointment of the chief executive officer, and the grant of any powers, authorities and responsibilities thereto, may be either for a fixed term or without any limitation of time, and may be made upon such conditions and subject to such limitations and restrictions as the Board may from time to time determine, and the Board may remove or dismiss any such person(s) from his employment as chief executive officer (but such person shall continue to serve as a director of the Company unless such office is vacated in accordance with Article 43), assume his authorities with respect to a specific matter or period of time and appoint another or others in his or their place.

58.3 The Board may from time to time (subject to the provisions of the Law and of any applicable law or the rules of any stock exchange upon which securities of the Company are listed and of any contract between any such person(s) and the Company) determine the salary of any such person(s).

59 **Authorities of the Chief Executive Officer**

59.1 Subject to the Law, the powers, authorities and responsibilities of any such chief executive officer shall be those that the Board may, at its discretion, lawfully confer on the same. The Board may, from time to time, as the Board may deem fit, modify or revoke all or any of such powers, authorities and responsibilities.

59.2 The management and the operation of the Company's affairs and business in accordance with the policies determined by the Board shall be vested in the chief executive officer, in addition to all powers and authorities of the chief executive officer as specified in the Law. Without derogating from the above, all powers of management and executive authority which are not vested by the Law or by the Articles in another organ of the Company shall be vested in the Board .

MINUTES

60 The Company shall cause minutes to be recorded of all General Meetings of the Company and also of all appointments of directors and Office Holders and of the proceedings of all meetings of the Board and all Committees of the Board. Such minutes shall set forth the names of persons present and all business transacted at such meetings. Any such minutes of any meeting, if purporting to be signed by the chairman of such meeting or of the next succeeding meeting or by the chairman of the Board or the Secretary of the Company, shall be prima facie evidence of the facts therein stated. Minutes of a meeting shall be kept at the Office for the period and in the manner prescribed by the Law.

DIVIDENDS AND RESERVES

61 **Reserves**

The Board may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board, in its absolute discretion, shall think fit and may invest any sum so set aside in any manner and from time to time deal with and vary such investments, and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board may from time to time think fit.

62 **Declaration of Dividends**

Subject to the provisions of the Law, the Board may from time to time declare such dividends as may appear to the Board to be justified and cause the Company to pay such dividends. The Board shall have the full authority to determine the time for payment of such dividends, and the record date for determining the Shareholders entitled thereto, provided such date is not prior to the date of the resolution to distribute the dividend and no Shareholder who shall be registered in the Shareholders Register with respect to any shares after the record date so determined shall be entitled to share in any such dividend with respect to such shares.

63 **Amount Payable by Way of Dividends**

Subject to any special or restricted rights conferred upon the holders of shares as to dividends, any dividend paid by the Company shall be allocated among the Shareholders entitled thereto in proportion to the sum paid up or credited as paid up on account of the nominal value of their respective holdings of the shares in respect of which such dividend is being paid without taking into account the premium paid up for the shares. The amount paid up on account of a share which has not yet been called for payment or fallen due for payment and upon which the Company pays interest to the Shareholder shall not be deemed, for the purposes of this Article, to be a sum paid on account of the share.

64 **Interest**

No dividend shall bear interest as against the Company.

65 **Payment in Kind**

65.1 A dividend may be paid, wholly or partly, by the distribution of specific assets and, in particular, by distribution of paid-up shares, debentures or debenture stock of any other company or in any one or more such ways.

65.2 The Board may resolve that:

65.2.1 any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund or to the credit of any reserve fund for the redemption of capital or to the credit of a reserve fund for the revaluation of real estate or other assets of the Company or any other reserve fund or investment funds or assets in the hands of the Company and available for dividends or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the basis that they become entitled thereto as capital;

65.2.2 all or any part of such capitalised fund be applied on behalf of such Shareholders in paying up in full, either at nominal value or at such premiums as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be

distributed accordingly or in or towards the payment, in full or in part, of the uncalled liability on any issued shares or debentures or debenture stock;

- 65.2.3 such distribution or payment shall be accepted by such Shareholders in full satisfaction of their share and interest in the said capitalised sum.

66 **Implementation of Powers under Article 65**

For the purpose of giving full effect to any resolution under Article 65 and without derogating from the provisions of Article 11.2, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and, in particular, may issue certificates for other securities and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any Shareholder upon the footing of the value so fixed or that fractions of less value than the nominal value of one share may be disregarded in order to adjust the rights of all parties and may vest any such cash, shares, debentures, debenture stock or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where required, a proper contract shall be filed in accordance with Section 291 of the Law and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund.

67 **Dividends on Unpaid Shares**

- 67.1 Without derogating from Article 63, the Board may give an instruction which shall prevent the distribution of a dividend to the holders of shares, the full amount payable in respect of which has not been paid up.
- 67.2 The Board may deduct from any dividend payable to any Shareholder all sums of money (if any) presently payable by such Shareholder to the Company on account of calls or otherwise in relation to the shares of the Company.

68 **Retention of Dividends**

- 68.1 The Board may retain any dividend or other monies payable or property distributable in respect of a share on which the Company has a lien and may apply the same in or toward satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

68.2 The Board may retain any dividend or other monies payable or property distributable in respect of a share in respect of which any person is under Article 23 entitled to become a Shareholder or which any person is under such Article entitled to transfer until such person shall become a Shareholder in respect of such share or shall transfer the same.

69 **Unclaimed Dividends**

All unclaimed dividends or other money payable in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The payment by the Board of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof, and any dividend unclaimed after a period of two (2) years from the date of declaration of such dividend, and any such other moneys unclaimed after a like period from the date the same were payable, shall be forfeited and shall revert to the Company, provided, however, that the Board may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

70 **Payment**

The Company shall be authorised to withhold any tax from dividends payable to Shareholders pursuant to the applicable laws and regulations. Any dividend or other money payable in cash in respect of a share may be paid by cheque or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to any one of such persons or to his bank account) or to such person and at such address as the person entitled thereto may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the person entitled thereto as aforesaid may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

71 **Receipt from a Joint Holder**

If two or more persons are registered as joint holders of any share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise any one of them may give an effective receipt for any dividend or other monies payable or property distributable in respect of such share.

ACCOUNTS AND AUDITORS

72 **Books of Account**

The Board shall cause accurate books of account to be kept in accordance with the provisions of the Law and of any other applicable law. Such books of account shall be kept at the Office or at such other place or places as the Board may think fit and they shall always be open to inspection by any director. No Shareholder, not being a director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorised by the Board.

73 **Outside Auditor**

The outside auditor of the Company shall be elected by a resolution of the Shareholders and shall serve until the next Annual General Meeting following such election or its earlier removal or replacement by a resolution of the Shareholders. The appointment, authorities, rights and duties of the outside auditor of the Company shall be regulated by applicable law, provided, however, that the Board shall have the authority to fix, in its discretion, the remuneration of the outside auditor for any services or to delegate such authority to a Committee of the Board.

74 **Internal Auditor**

The internal auditor of the Company shall present all of its proposed work plans to the audit Committee of the Board, which shall have the authority to approve them, subject to any modifications in its discretion.

BRANCH REGISTERS

75 **Branch Registers**

Subject to and in accordance with the provisions of the Law and to all orders and regulations issued thereunder, the Company may cause a branch register or registers of Shareholders to be kept at any place outside of Israel as the Board may think fit and, subject to all applicable requirements of law, the Board may from time

to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch register or registers.

RIGHTS OF SIGNATURES

76 **Rights of Signature**

The Board shall be entitled to authorise any person or persons (who need not be directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority.

NOTICES

77 **Notices**¹

77.1 Except as provided otherwise in these Articles, any written notice or other document may be served by the Company upon any Shareholders (in his capacity as a Shareholder) by whichever of the following methods it may in its absolute discretion determine:

- (a) personally;
- (b) by prepaid mail (airmail or courier if sent internationally) addressed to such Shareholder as described in the Shareholders Register or such other address as he may have designated in writing for the receipt of notices and other documents;
- (c) by sending or supplying the notice or other document or information in electronic form to such address (if any) as may for the time being be notified to the Company by or on behalf of such Shareholder for that purpose; or
- (d) by making it available on its website.

Any written notice or other document may be served by any Shareholder (in his capacity as a Shareholder) upon the Company by tendering the same in person to the Secretary or the chief executive officer of the Company at the Office of the

¹ As altered by a shareholders' resolution passed at the annual general meeting of the Company held on 26 June 2007.

Company or by sending it by prepaid registered mail (airmail or courier if posted outside of Israel) to the Company at its Office. Any such notice or other document shall be deemed to have been served (i) in the case of mailing, seventy-two (72) hours after it has been posted (ii) in the case of courier, forty-eight (48) hours after it has been sent, with receipt confirmed by the courier (iii) in the case of personal delivery, on the date when actually tendered in person to such Shareholder or to the Secretary or to the chief executive officer (as the case may be) (iv) in the case of delivery in electronic form, forty-eight (48) hours after it has been sent and (v) if supplied by means of a website, when first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website. The mailing or publication date and the date of the meeting shall be counted as part of the days comprising any notice period. A notice shall be deemed to have been duly served when received, notwithstanding that it was defectively addresses or failed, in some other respect, to comply with the provisions of this Articles 77.1.

- 77.2 If on two consecutive occasions the Company has attempted to send or supply notices or other documents in electronic form to an address for the time being notified to the Company by a Shareholder for that purpose but the Company is aware that there has been a failure of delivery of such notice or other document, then the Company shall within two Business Days from the first attempt send or supply the notice or other document by prepaid mail (airmail or courier if sent internationally) to such Shareholder at his registered address. For this purpose a failure of delivery is when a notice or other document sent in electronic form is returned undelivered to the Company or its agent with a message stating that delivery was unsuccessful from the address to which it was sent.
- 77.3 The Board may from time to time issue or adopt terms and conditions relating to the use of communications by electronic means or by means of a website for the sending or supply of notices or other documents by or to the Company (whether authorised or required to be sent or supplied by the Law or otherwise) to or by a Shareholder, or to or by any person entitled to enjoy or exercise all or any specified rights of a Shareholder in relation to the Company.
- 77.4 All notices to be given to the Shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Shareholders Register or in the records of the Company's transfer agent and any notice so given shall be sufficient notice to the holders of such share.

- 77.5 Any Shareholder whose address is not described in the Shareholders Register and who shall not have designated in writing an address for the receipt of notices shall not be entitled to receive any notice from the Company.
- 77.6 Notwithstanding anything to the contrary contained in these Articles and subject to the provisions of the Law, any notice to a Shareholder may be served as a general notice to all Shareholders in accordance with applicable rules and regulations of any stock exchange upon which the Company's shares are listed.
- 77.7 Subject to applicable law, any Shareholder, director or any other person entitled to receive notice in accordance with these Articles or applicable law may waive notice, in advance or retroactively, in a particular case or type of cases or generally and, if so, notice will be deemed as having been duly served and all proceedings or actions for which the notice was required will be deemed valid.
- 77.8 The accidental omission to give notice of a meeting to any Shareholder or the non-receipt of notice by any Shareholder entitled to receive notice shall not invalidate the proceedings at any meeting or any resolution(s) adopted by such meeting.

EXCULPATION, INSURANCE AND INDEMNITY OF OFFICERS

78 **Exculpation, Insurance and Indemnification**

- 78.1 Subject to the provisions of the Law and of these Articles, the Company may exculpate an Office Holder, enter into a contract for the insurance of the liability of any of its Office Holders, or undertake to indemnify an Officer Holder.
- 78.2 Subject to applicable law, any modification of Articles 78 to 82 shall be prospective in effect and shall not affect the Company's obligation or ability to indemnify an Office Holder for any act or omission occurring prior to such modification.

79 **Exculpation of Officer Holders**

- 79.1 Subject to Article 79.2, the Company may exculpate an Office Holder in advance from all or some of that Office Holder's liability resulting from his/her breach of his/her duty of care to the Company.
- 79.2 The Company may not exculpate an Office Holder from all or some of that Office Holder's liability resulting from his/her breach of his/her duty of care to the Company, if such breach is in connection with a distribution by the Company, as such term is defined in the Law.

80 **Directors and Officers Insurance**

The Company may enter into a contract for the insurance of the liability, in whole or in part, of any of its Office Holders with respect to an obligation imposed on such Office Holder due to an act performed by the Office Holder in the Office Holder's capacity as an Office Holder of the Company arising from any of the following:

- 80.1.1 a breach of duty of care to the Company or to any other person;
- 80.1.2 a breach of the duty of loyalty to the Company provided that the Office Holder acted in good faith and had reasonable grounds to assume that the act would not harm the interests of the Company;
- 80.1.3 a financial liability imposed on such Office Holder in favour of any other person.

81 **Indemnification of Office Holders**

81.1 The Company may undertake to indemnify an Office Holder of the Company with respect to any of the following liabilities, whether imposed on, or incurred by, the Office Holder in respect of an act or omission taken or made in his capacity as an Office Holder:

- 81.1.1 a financial liability imposed on an Office Holder in favour of another person by any judgment, including a judgment given as a result of a settlement or an arbitrator's award which has been confirmed by a court;
- 81.1.2 reasonable litigation expenses, including lawyer's fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (i) without the imposition of any financial liability in lieu of criminal proceedings or (ii) with the imposition of a financial liability in lieu of criminal proceedings, but which relates to a criminal offence that does not require proof of criminal intent (as such term is understood under the (Israeli) Penal Law, 5737-1977); and
- 81.1.3 reasonable litigation costs, including lawyer's fees, expended by an Office Holder or which were imposed on an Office Holder by a court

in proceedings filed against the Office Holder by the Company or in its name or by any other person or in a criminal charge in respect of which the Office Holder was acquitted or in a criminal charge in respect of which the Office Holder was convicted for an offence which did not require proof of criminal intent (as such term is understood under the (Israeli) Penal Law, 5737-1977) in respect of an act performed by him by virtue of his being an Office Holder of the Company

The Company may undertake to indemnify an Office Holder as mentioned above:

- (a) prospectively, provided that, in respect of Article 81.1.1, the undertaking is limited to events which, in the opinion of the Board, can be foreseen in light of the Company's actual operations when the undertaking to indemnify is given and to an amount or criteria set by the Board as reasonable under the circumstances and further provided that such events and amount or criteria are set out in the undertaking to indemnify;
- (b) retrospectively.

82 **Other Insurance or Indemnification**

The provisions of Article 79.1 and 81.1 are not intended, and shall not be interpreted, so as to restrict the Company in any manner in respect of the procurement of insurance or in respect of indemnification in connection with:

- 82.1 any person who is not an Office Holder including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; or
- 82.2 any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law,

provided that the procurement of any such insurance or the provision of any such indemnification shall be approved by the Board.

WINDING UP

83 **Resolution to Wind Up**

A resolution to wind up the Company shall only be valid if passed by Shareholders voting in favour who hold not less than 75% of the voting rights represented at the meeting in person or by proxy and voting thereon.

84 **Distribution upon Winding Up**

If the Company is wound up, then (subject to applicable law and to the rights of any holders of shares with special rights upon a winding up) the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made.

85 **Shareholder Notification Requirements²**

85.1 Without prejudice to and in addition to any obligation to disclose under any applicable law, where a Shareholder either:

85.1.1 to his knowledge acquires a Notifiable Interest in the shares of the Company or, ceases to have a Notifiable Interest in the shares of the Company; and/or,

85.1.2 becomes aware that he has acquired a Notifiable Interest in the shares of the Company or that he has ceased to have a Notifiable Interest in shares of the Company in which he has previously had a Notifiable Interest; and/or,

85.1.3 to his knowledge, had a Notifiable Interest before and after the acquisition or disposal of an interest in shares of the Company, but the percentage level of his interest immediately before and immediately after that disposal or acquisition increases or decreases by any single percent.

such Shareholder shall notify the Company of his interest without delay.

85.2 For the purposes of this Article 85, a Notifiable Interest is an interest, whether direct or indirect, in 3 percent or more of the issued shares of the Company. Any reference to shares in this Article 85 excludes shares that are Dormant Shares (as

² As inserted by a shareholders' resolution passed at the annual general meeting of the Company held on 26 June 2007.

defined in the Law). For the purpose of calculating whether any percentage threshold is reached, exceeded or falls below the threshold, the Notifiable Interest shall if necessary be rounded down to the next whole number.

- 85.3 Any notification under Article 85.1 shall identify the Shareholder so interested and provide details of the price and amount of the shares concerned, the nature of the transaction, the nature and extent of his interest in the transaction and the date on which he acquired or ceased to hold a Notifiable Interest or on which there was reached an increase or decrease in the percentage level of his Notifiable Interest by 1 percent or more.
- 85.4 The Board may by written notice require any person whom the Board knows or has reasonable cause to believe to be interested in shares of the Company to indicate whether or not it is the case and, where that person holds any interest in any such shares, to give such further information as may be required by the Board.
- 85.5 Any such notice may require the person to whom it is addressed to give particulars of his own present interest in the shares of the Company.
- 85.6 A notice under Article 85.4 shall require any information given in response to the notice to be given in writing as soon as reasonably practicable but no later than 3 Business Days.
- 85.7 For the purposes of this Article 85, a person who is interested in a right to subscribe for or convert into shares of the Company shall be deemed to be interested in shares of the Company and references to interests in shares of the Company shall include any interest whatsoever in such shares including, without limitation, a right to control directly or indirectly the exercise of any right conferred by the holding of shares of the Company alone or in conjunction with any person and the interest of any person shall be deemed to include the interest of any other person deemed to be acting in conjunction as aforesaid.
- 85.8 A notice which has taken effect under Article 85.4 shall remain in effect in accordance with its terms following a transfer of the shares to which it relates unless and until the Board determines otherwise and notifies the holder accordingly.
- 85.9 If the holder of, or any person appearing to be interested in shares of the Company, has been served with a notice issued under Article 85.4 above (the "Disclosure Notice"), and in respect of such shares (the "Default Shares") has been in default (in whole or in part) for the relevant period in supplying the Company

with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in these Articles, the restrictions referred to in Article 85.10 below shall apply. Those restrictions shall cease to apply the trading day after the earlier of:

85.9.1 due compliance to the satisfaction of the Board with the Disclosure Notice;

85.9.2 receipt by the Company of a notice that the stockholding has been sold to a third party under an arm's length transfer; or

85.9.3 the decision of the Board to waive those restrictions in whole or in part.

85.10 The restrictions referred to below shall apply only if the Default Shares in which any one person is interested, or appears to the Company to be so interested, represent at least 1 percent of the issued and outstanding shares of the Company. The holders of the Default Shares shall not be entitled in respect of those Default Shares:

85.10.1 to receive any dividend (including bonus shares/stock dividend), it being noted that any such dividends shall be set aside by the Company and distributed to the holders of the relevant Default Shares (without any interest, linkage differentials or any other additional compensation or penalty) promptly upon such holder's supplying the Company with the information required by the relevant Disclosure Notice; or

85.10.2 to transfer any such Default Shares or any rights in them (subject to Article 85.11).

85.11 The restrictions in Article 85.10 above shall not prejudice the right of either the Shareholder holding the Default Shares or, if different, any person having a power of sale over such Default Shares, to sell or agree to sell such Default Shares under an arm's length transfer.

85.12 If, while any of the restrictions referred to above apply to a share of the Company, another share is issued pursuant to the rights attached to such share, the same restrictions shall apply to that other share as if it was a Default Share.

85.13 Where a Disclosure Notice is served on a Depositary and the Depositary fails to comply for any reason with the Disclosure Notice, the provisions of Article 85.9 and Article 85.10 will only be implemented by the Company in relation to those Default Shares in respect of which there has been a failure, and will not be implemented in relation to any other shares in the Company held by the Depositary. A "Depositary" in this Article 85.13 means any person who is a Shareholder in the Company by virtue of it holding shares as trustee for those who have elected to hold shares in the Company in dematerialised form through depositary interest.

85.14 For the purposes of this Article 85:

85.14.1 an "arm's length transfer" in relation to any share of the Company is a transfer pursuant to a sale of the whole of the legal or beneficial ownership of the shares to a bona fide third party unconnected with the Shareholder or with any person appearing to be interested in such stock including any such sale on a recognised investment exchange or on any stock exchange outside the United Kingdom on which the stock is listed or normally traded;

85.14.2 "interest" in a person means legal or beneficial ownership of any securities of such person;

85.14.3 "person" means any individual, firm, partnership, association, company or other entity;

85.14.4 the "relevant period" shall be the period set out in the Disclosure Notice;

85.14.5 "transaction" means the transaction that triggered the notification requirements under Article 85.1;

85.14.6 the percentage of the issued shares referred to in Articles 85.1 and 85.10 shall be calculated by reference to the shares of the Company in issue at the time when the Disclosure Notice is given (excluding Dormant Shares); and

85.14.7 a person shall be treated as appearing to be interested in any share of the Company if the Company has given to the Shareholder holding such shares a Disclosure Notice and either (i) the Shareholder has named such person as being interested in the shares, or (ii) after taking into account any response to any Disclosure Notice and any

other relevant information, the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

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