

Eilat – Eilot Renewable Energy Ltd.

(Public Benefit Company – P.B.C.)

Proposed Company Articles of Association

State of Israel
Ministry of Justice
Corporations Authority – Registrar
of Endowments

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1.1 In these Articles, each term that is specified herein below shall have the meaning that appears alongside it, unless the context of matters requires otherwise:

Shareholder Whoever is registered on the determining date as a shareholder in the Shareholders Register;

The Law The Companies Law, 5759 – 1999 and the Regulations that were instituted in accordance therewith, as these shall be in effect from time to time;

The Company Eilat-Eilot Renewable Energy Ltd. (P.B.C.);

Determining Date The date that a decision is made on convening a general meeting or a later date that has been determined in the decision, as aforesaid;

Office The registered office of the Company;

Shareholders'

Register The Register in which the shareholders of the Company are registered;

Majority (1) With regard to a vote at shareholders' meetings – an ordinary majority of more than 50% (fifty percent) of the voting power of the shareholders who are actually present or by the representatives thereof at the meeting who are voting, provided that votes that abstained shall not be taken into account;

(2) With regard to a vote at Board of Directors meetings or any committee of the committees thereof – an ordinary majority to be determined in accordance with the number of directors voting, provided that abstentions shall not be taken into account;

1.2 The terms and words that have not been defined otherwise herein in these Articles shall have the meaning given to them in the Law, as it shall be in effect at the time of performing the action and/or transaction, unless the context of matters requires otherwise.

1.3 That which has been stated in the singular shall also signify the plural, and vice versa. That which has been stated using the masculine gender shall also include the feminine, and vice versa.

1. **Name of the Company**

The name of the Company is:

In Hebrew:

In English: Eilat – Eilat Renewable Energy Ltd. (P.B.C.)

The Company shall indicate alongside its name in every document, signage or advertisement that is issued on its behalf the ending “a Public Benefit Company” or “P.B.C.”

2. **Objectives of the Company**

The objectives of the Company is to advance the field of environmental protection, including herein sustainable energy, renewable energy, alternative fuels, energy streamlining, saving energy, conducting and accumulating electricity (hereinafter: “**the Field**”) in the Eilat Hevel Eilat region (hereinafter: “**the Region**”), while realizing the objectives specified herein below:

- 2.1 Positioning the Region as a national and international center for the development and establishment of projects in the Field and turning into a center of attraction for entrepreneurs, developers and investors from Israel and abroad;
- 2.2 Advancing the Field in a manner that shall lead to the development of a variety of sources of employment and absorption of residents who will be engaged in these Fields in the Region;
- 2.3 Promotion and support of projects in the Field in the Region and in the localities in the area;
- 2.4 Promoting education for renewable energy in schools and academia with the cooperation of the Arava Institute for Environmental Studies; writing educational programs for use in the Region, in Israel and throughout the world;
- 2.5 Initiating, promoting, coordinating, establishing and managing industrial areas and spaces for projects in the Field, including agricultural projects and natural resources projects;
- 2.6 Coordinating activities of government ministries, planning institutions and planning committees, the Israel Lands Administration, the Eilat Municipality and the Hevel Eilat Local council in the Field, including cooperation and coordination with affiliated organizations of kibbutzim in the Region, entrepreneurs, developers and investors in the Field;
- 2.7 Promoting and initiating regulation in the Field;
- 2.8 Promoting research together with scientific centers and academia in the Region and turning the Region into a platform for applied and theoretical research studies; developing research groups and resources to sustain these systems;

- 2.9 Promoting international cooperation in research while emphasizing cooperation between Middle Eastern countries, including those countries with a common border with the State of Israel;
- 2.10 Assistance, oversight and support of entrepreneurs, investors and developers, and organizations of kibbutzim and residents of the Region in advancing projects in the Field, in the Region;
- 2.11 Setting up an international center for tourism, education and professional training in the Field, which will constitute a focus for attracting professionals called out from afar, for those interested from among residents of the Negev, the Arava, Israel and the entire world;
- 2.12 Operating a center for information and a center for consultation and guidance for residents of the Region in the Field;
- 2.13 To constitute a central stage for informative conferences in the Field, with national and international influence with the objective to promote regional development and objectives of government, and planning and regulation entities, and increase coordination between them by way of such international conferences;
- 2.14 Producing and managing conferences and international youth competitions together with academic institutions in Israel and abroad, the Ministry of Education, the Ministry of Foreign Affairs, the Ministry of Industry, Trade and Labor and additional commercial entities with the aim to train the young generation for innovation in the Field;
- 2.15 Promoting and strengthening international ties and international cooperation in the Field;
- 2.16 Mobilizing local, international, governmental, municipal, institutional and other financial resources to finance these activities;
- 2.17 Engaging in all activities in the Region that advance the Field;

3. **Subject to Provisions of Law**

- 3.1 The contents of these Articles are subject to the cogent provisions of law.
- 3.2 If the Law is amended and cogent provisions are included therein, which differ from and/or contradict the provisions herein in these Articles, the aforesaid cogent provisions shall apply, notwithstanding the provisions in these Articles, and the aforesaid cogent provisions shall be deemed as included herein in these Articles.
- 3.3 If a definition or meaning of a term specified herein in these Articles is amended in the Law or in legislation to which the Law refers, the same term shall have the "new" meaning, commencing on the date of the

amendment as aforesaid, and the definition of the same term shall be deemed as amended accordingly.

4. **Prohibition of Profit Distribution or Other Distribution**

4.1 All Company assets, profits and revenues shall serve solely for the purpose of achieving the objectives thereof as specified in Regulation 2 above.

4.2 Any distribution of profits or other distribution to shareholders by virtue of the rights thereof as shareholders, whether directly or indirectly, including the distribution of profits to Company entrepreneurs, whether in cash or in another manner, including but not solely in the form of providing a dividend or an undertaking to provide a dividend, a transfer devoid of proceeds of equal value, as well as the purchase of shares and/or securities that may be converted into Company shares or may be realized as Company shares, by the Company, and/or the provision of financing for the purchase thereof, directly or indirectly, and/or an undertaking to do as aforesaid, as well as redeeming securities that are redeemable as these are part of the equity capital by the Company, is prohibited.

4.3 The provisions of this Regulation shall not apply to a reasonable gift of lesser value that was given according to that which is customary in the circumstances of the matter.

5. **Registered Share Capital of the Company**

5.1 The registered share capital of the Company is NIS 1,000 divided into 10,000 ordinary shares of NIS 0.10 nominal value each, to be allocated without payment.

5.2 The rights linked to the ordinary shares shall be equal and each ordinary share shall have one vote in voting at a general meeting.

5.3 The Company may not issue different types of shares or securities and the Company is prohibited from making a public offering for the purchase of shares or bonds.

6. **Shareholders' Liability**

Shareholders' liability for Company debts is limited to payment solely of the nominal value of the shares thereof.

7. **Amendment of the Articles of Association**

7.1 The Company may amend these Articles in such manner as determined herein below unless otherwise determined in law:

- (a) An amendment of these Articles, which obligates a shareholder to purchase additional shares or to increase the extent of liability thereof vis-à-vis the Company, shall not obligate him without his agreement.
- (b) The Company may amend these Articles and determine that shareholders' liability is unlimited, solely with the agreement of all shareholders.
- (c) Any other amendment, save for an amendment, directly or indirectly, of provisions pertaining to the Company objectives determined in Regulation 2 above and/or to the prohibition of a profit distribution or other distribution, determined in Regulation 4 above, and/or the designation of assets in liquidation determined in Regulation 28 herein below shall be made by a resolution to be passed at a general meeting, voting with a vote count, with a majority vote of shareholders participating in the voting, while the vote count, as aforesaid, shall not take into account abstentions.
- (d) Any amendment, whether directly or indirectly, which comes to replace the public objective determined in Regulation 2 above, including herein the provisions pertaining to the designation of the assets in liquidation determined in Regulation 28 herein below, with another public objective as well as to add a public objective to the objectives determined in Regulation 2 above or to derogate therefrom, shall be made by a resolution to be passed at a general meeting, voting with a vote count, with a majority of votes of shareholders participating in the voting, while the vote count, as aforesaid, shall not take into account abstentions. Prior to the passing of a resolution at a general meeting, as aforesaid, on amending the public objectives, as aforesaid, the Board of Directors shall present details of the assets that have accrued for the Company objectives prior to the requested amendment, and the obligation the Company undertook on this matter vis-à-vis donors to the Company.

8. **Private Public Benefit Company**

The Company shall be a private public benefit company in accordance with the requirements of the law and in accordance with the following:

- (a) The number of shareholders who are members in the Company at any time (apart from persons who are currently in the service of the Company and persons who previously had been in the service of the Company and, subsequent to concluding their employment, continued to be members in the Company) shall not be less than seven in any case and shall not exceed fifty (as the majority of shareholders are not related to each other as defined in Section 76 (d) of the Income Tax Ordinance). However, two or more (joint owners) who together hold a share or shares in the Company shall be deemed for the purpose of this Regulation as one shareholder.
- (b) Company shares are solely ordinary shares.
- (c) All shareholders shall hold an equal quantity of shares.
- (d) The right to transfer shares shall be limited as specified in Regulation 9 herein below.
- (e) Company activity shall be carried out in Israel.
- (f) The Company shall not support, allocate or donate to institutions, which do not have the status on the matter of Section 46 of the Income Tax Ordinance.

9. **Share Transfer**

9.1 Shares and other securities in the Company are transferable subject to and in accordance with the contents of this Regulation herein below.

9.2 A shareholder in the Company shall not transfer a share of the shares thereof for proceeds.

9.3 A share in the Company may not be bequeathed, attached by a lien or encumbered, and it shall not constitute a part of the assets of a shareholder that are to be distributed on liquidation thereof or on bankruptcy thereof, as the case may be, and shall not be granted to the liquidator or trustee, as the case may be.

9.4 If a shareholder transfers shares, part of a share may not be transferred. However, if a share has several owners jointly, each partner is entitled to transfer his share and right in the share.

9.5 Subject to the contents of this Article herein below and in these Articles of Association, any share transfer requires (1) authorization of the Board of Directors, which, as it sees fit and according to its absolute discretion and without stating any reason at all, may refuse to approve any share transfer provided that this decision is adopted by three quarters of the comprehensive number of directors serving in office at that time; and (2) delivery of a copy to the Company of a shareholders report to the Registrar of Endowments on the transfer, as aforesaid.

9.6 If the Board of Directors approves a share transfer, and a copy of the shareholder report of the transfer to the Registrar of Endowments was delivered to the Company, as aforesaid, the Board of Directors shall see to the registration of the aforesaid share transfer in the Shareholders Register, as soon as possible. If the Board of Directors refused to approve the share transfer, as aforesaid, it shall inform the transferor and transferee thereof.

9.7 A share transfer shall be implemented following the shareholder's report of the transfer to the Registrar of Endowments, as aforesaid, and by delivery to the Company of a Statement of Share Transfer signed by the transferor and transferee. The transferor shall remain the registered shareholder until the transferee's name is recorded in the Shareholders Register as the owner of the shares.

9.8 A Statement of Share Transfer shall take the form specified herein below or shall be prepared in a similar manner thereto insofar as possible or in another form to be authorized by the Board of Directors.

Statement of Share Transfer

I/We, the undersigned, _____, I.D./Co. No. _____,
Address _____ (hereinafter: "the Transferor") do
hereby transfer to _____, I.D./Co. No. _____,
Address _____ (hereinafter: "the Transferee") devoid of
proceeds ___ ordinary shares of NIS ___ each, which are marked with a serial
number from number ___ to number ___ inclusive, of the _____
Co. Ltd., and these shall be in the hands of the Transferee, and the Executor of his
Estate, and the agent thereof in accordance with the conditions according to
which the Transferor held the aforesaid shares a the time of signature of this
Statement. I, the Transferee, agree to accept the shares in accordance with these
conditions.

In Witness whereof the parties have set their signatures hereto this day:

The ____ day of _____, _____

Signature of Transferor _____

Witness of Signature _____

Signature of Transferee _____

Witness of Signature _____

9.9 The Board of Directors may:

- (a) Postpone registration of a share transfer by the last 10 days prior to holding a general meeting.
- (b) Not recognize the Statement of Share Transfer until a share certificate/s of the transferred shares and other evidence that the Board of Directors demands on reasonable grounds is attached thereto in order to clarify the ownership of the transferor of the transferred shares.

9.10 Every Share Transfer Statement shall be delivered to the Company at its offices. A Share Transfer Statement that is registered in the Shareholders' Register shall remain in the hands of the Company, and any Share Transfer Statement, which the Board of Directors refused to approve shall be returned, on demand, to the party that delivered it, together with the share certificate (if delivered).

9.11 An entity, who is entitled to shares in the Company according to law, shall have the shares registered in his name in the Shareholders Register.

The Board of Directors may demand proof to the satisfaction thereof of the right of the entitled entity to the shares that he demands.

9.12 A shareholder in the Company may inform the Company Board of Directors in writing, as he wishes and at the absolute discretion thereof, and without stating any reason whatsoever, of his wish to transfer, devoid of proceeds, all the shares he holds to the other shareholders in the Company ("the Transferring Shareholder"). On receiving such notice, as aforesaid, the Company Board of Directors shall approve the transfer of all the Transferring Shareholder's shares and the distribution thereof among the remaining shareholders in equal parts (pro rata). If the distribution of the Transferring Shareholder's shares is not possible in equal whole parts, the Company Board of Directors shall allocate additional shares so that after the share allocation, all shareholders shall hold an equal number

of whole shares. Subject to the approval of the Board of Directors of the Company and, at the same time, the allocation of the additional shares, insofar as this will be necessary, the Transferring Shareholder and the remaining shareholders shall sign Share Transfer Statements.

10. **Share Allocation**

10.1 Subject to the contents of this Article herein below and these Articles of Association, any share allocation shall require (1) authorization of the Board of Directors, which, as it deems fit and at its absolute discretion and without stating any reason whatsoever, may refuse or authorize any share allocation, provided that the decision with regard to the approval of an allocation or refusal to approve an allocation shall be passed by three quarters (75%) of the total number of directors who hold office at that time; and (2) delivery of a copy of a Shareholder's Report to the Registrar of Endowments with regard to the allocation, as aforesaid, to the Company.

10.2 If the Board of Directors approves the share allocation and a copy of the Shareholder's Report to the Registrar of Endowments with regard to the allocation, as aforesaid, has been delivered to the Company, the Board of Directors shall see to the registration of the aforesaid share allocation in the Shareholders Register, at the earliest opportunity.

11. **Transactions and Connections with Office Holders**

11.1 **General**

Without derogating from the contents of the law and/or in accordance with any law, transactions and connections with an office holder in the Company shall be subject to the following provisions:

- (a) The Company may enter into a transaction with an office holder therein or with another person in which the office holder has a personal interest, provided that the following two cumulative conditions are fulfilled:
 - (1) The office holder acted in good faith and the transaction does not harm the well-being of the Company;
 - (2) The transaction was authorized as specified herein in these Articles and in law.

- (b) An office holder who is aware that he has a personal interest in a current or proposed transaction of the Company shall disclose to the Company forthwith, and no later than the Board of Directors meeting or Audit Committee meeting at which the transaction is discussed initially, the nature of the personal interest including any essential fact or document.

The aforesaid shall not apply when the personal interest ensues solely from the presence of a personal interest of a relative in a transaction, which is not an unusual transaction.

11.2 Authorization of Transactions and Connections

- (a) A transaction of the Company with an office holder therein and a transaction of the Company with another person in which the office holder in the Company has a personal interest, which is not an unusual transaction, requires authorization of the Board of Directors.
- (b) An unusual transaction of the Company with an office holder therein and a transaction of the Company with another person, in which the office holder in the Company has a personal interest, and/or the provision of an exemption, insurance, undertaking for indemnification, or indemnification according to a permit for indemnification of an office holder who is not a director requires authorization of the Audit Committee and thereafter authorization of the Board of Directors.
- (c) A connection of the Company with a director thereof with regard to the conditions of his office, including provision of an exemption, insurance, an undertaking for indemnification or indemnification according to a permit for indemnification, and a connection of the Company with a director therein with regard to the conditions of his employment in other positions (hereinafter – Conditions of Service in Office and Employment) requires authorization of the Audit Committee prior to the authorization of the Board of Directors, the authorization of the Board of Directors and thereafter the authorization of a general meeting.
- (d) A transaction of the Company with a director or with a member of the Audit Committee or with a company under the control of any of them requires authorization in the

following order: Audit Committee, Board of Directors, General Meeting (as aforesaid in Regulation 2.10 (c)) as well as authorization of the Court. In this paragraph, "transaction" – except for a transaction for the provision of services for payment of a director or member of the Audit Committee and a company under the control of any of these, which is prohibited according to the provisions of Section 345J(a) of the law, and except for a connection according to the provisions of law for payment of remuneration to the same person due to his tenure as a director or member of the Audit Committee, as the case may be. The provisions of this section shall not apply to a transaction for a minor sum or a transaction, the conditions of which are identical to other transactions of the Company with the public at large.

- (e) An unusual transaction of the Company with a relative of a director, a relative of a member of the Audit Committee, a shareholder in the Company or relative thereof, or with a company under the control of any of them requires, in addition to the aforesaid in Regulation 2.10 (c) above the authorization of the Court, as well.
- (f) A transaction of the Company with a relative of a director, a relative of a member of the Audit Committee, a shareholder in the Company or relative thereof or with a company under the control of any one of them, which is not an unusual transaction requires authorization of the Audit Committee and thereafter authorization of the Board of Directors and notice of authorization of the transaction and the particulars thereof shall be delivered to the Registrar of Endowments. The provisions of this section shall not apply to a transaction of a minor sum or a transaction, the conditions of which are identical to other transactions of the Company with the general public.

11.3 Authorizations of the Board of Directors and the Audit Committee

- (a) A director who has a personal interest in authorization of a transaction, except for a transaction of the Company with an office holder therein and a transaction of the Company with another person with regard to which an office holder in the Company has a personal interest, which is not an unusual transaction, and is brought for authorization of the

Audit Committee or the Board of Directors, shall not be present at the deliberations and shall not participate in the vote of the Board of Directors.

Notwithstanding the aforesaid, a director may be present at a discussion and vote at a Board of Directors meeting if the majority of directors have a personal interest in authorizing the transaction.

If the majority of directors of the Company Board of Directors have a personal interest in authorizing a transaction as aforesaid, the transaction requires the authorization of a general meeting as well.

- (b) A decision of the Audit Committee and/or the Board of Directors, as aforesaid, shall be passed by a majority of votes of the participants in the vote, while in the vote count, as aforesaid, abstentions shall not be taken into account.

11.4 **Authorizations at a General Meeting**

Decisions at a general meeting to authorize a transaction and connection, as specified above, shall be adopted with a majority as specified in the section "Votes at a General Meeting" herein below.

12. **Liability of Office Holders, Insurance and Indemnification**

12.1 **Duty of Care**

An office holder owes a duty of care vis-à-vis the Company as specified in law.

12.2 **Duty of Trust**

- (1) An office holder owes the Company a duty of trust as specified in the law.
- (2) The Company may authorize an action of the actions included in the duty of trust of an office holder (Section 254(a) of the Law), provided that all the following conditions specified herein below have been fulfilled:
 - (a) The office holder acted in good faith and the action or authorization thereof does not harm the benefit of the Company;
 - (b) The office holder disclosed to the Company a reasonable time prior to the date of discussion of the authorization the nature of his personal interest in the action, including any essential fact or document.

Authorization of an action, as aforesaid, which is not an essential action of an office holder shall be like authorization of a transaction, which is not an unusual transaction with an office holder.

Authorization of an essential action, as aforesaid, of an office holder who is not a director shall be handled as authorization of an unusual transaction with an office holder who is not a director.

Authorization of an essential action, as aforesaid, of a director shall be handled as authorization of an unusual transaction with a director.

12.3 **Granting an Exemption**

The Company may not exempt an office holder or a member of the Audit Committee therein of liability due to the breach of a duty of care vis-à-vis the Company. The Company may not exempt an office holder from liability due to a breach of a fiduciary duty vis-à-vis the Company.

12.4 **Insurance**

(a) The Company may enter into an insurance agreement to insure the liability of an office holder due to an obligation that will be imposed thereon as the result of an action that he performed in his capacity as being an office holder due to each one of the following:

- (1) Breach of a duty of trust vis-à-vis the Company, provided that the office holder acted in good faith and had a reasonable basis to assume that the action would not be detrimental to the Company's benefit;
- (2) A monetary obligation that will be imposed thereon in favor of another person.

(b) **Authorization of Insurance**

Authorization of liability insurance of an office holder who is not a director shall be handled like authorization of an unusual transaction with an office holder.

Authorization of liability insurance of a director shall be handled like authorization of condition service and employment for a director.

12.5 **Indemnification**

- (a) The Company may not give an undertaking in advance for indemnification due to the breach of a duty of care of an office holder or member of the Audit Committee therein. Subject to the aforesaid, the Company may provide an undertaking in advance to indemnify an office holder therein due to (1) a monetary obligation that was imposed thereon in favor of another person in accordance with a judgment, including a judgment that was given in a settlement or an arbitrament that was authorized by a Court, provided that the undertaking for indemnification shall be limited to incidents, which, in the opinion of the Board of Directors, may be anticipated in light of actual Company activity at the time the undertaking was given for indemnification and for an amount or within criteria, which the Board of Directors has determined are reasonable within the circumstances of the matter. In an undertaking for indemnification, the incidents will be noted, which the Board of Directors is of the opinion that these may be anticipated in light of actual Company activity at the time the undertaking was given and the amount or the criteria, which the Board of Directors has determined are reasonable within the circumstances of the matter; (2) Reasonable litigation costs, including legal representation fees, which the office holder expended due to an investigation or proceeding conducted against him by an authority competent to conduct an investigation or proceeding, which concluded without the submission of an indictment against him (closing a file according to Section 62 of the Rules of Criminal Procedure (Consolidated Version) 5742-1982 or a stay of proceedings by the Attorney General according to Section 231 of the Rules of Criminal Procedure) and without having a monetary obligation imposed thereon as an alternative to a criminal proceeding (a monetary obligation that was imposed in accordance with the law as an alternative to a criminal proceeding, including an administrative fine according to the Administrative Offenses Law, 5746-1985, a fine on an offense that was determined an offense with a fine according to the provisions of the Rules of Criminal Procedure, monetary sanction or bail) or that concluded without an indictment against him but with imposing a monetary obligation as an alternative to a criminal proceeding for an offense, which does not require proof of

criminal intent; (3) Reasonable litigation expenses, including legal representation fees, which the office holder expended or was obligated to pay by the Court in a proceeding that was instituted against him by the Company or in the name thereof or by another person, or on a criminal charge of which he was acquitted, or on a criminal charge of which he was convicted of an offense that does not require proof of criminal intent; and the Company may indemnify an office holder therein *ex post facto*.

(b) **Authorization of Indemnification**

Authorization of indemnification of an office holder who is not a director shall be handled like authorization of an unusual transaction with an office holder.

Authorization of indemnification of a director shall be handled like authorization of Conditions of Service and Employment with a director.

13. **Company Organs and Authorities Thereof**

13.1 Company organs are (1) the general meeting (2) the Board of Directors (3) the General Manager, if a General Manager has been appointed (4) Audit Committee and (5) anyone, whose activity with regard to a certain matter, in accordance with the law, is deemed as Company activity with regard to the same matter.

13.2 The division of authorities among Company organs shall be as specified herein in these Articles of Association and/or in law.

13.3 Each Company organ is given all the auxiliary authorities required to utilize the authorities thereof.

13.4 The Board of Directors may exercise authority that has not been granted to another organ in these Articles of Association or in law.

13.5 A general meeting may assume authorities given to another organ on a certain matter or for a certain period of time.

13.6 A general meeting may transfer to the Board of directors authorities given to the General Manager (if a General Manager has been appointed) on a certain matter or for a certain period of time.

13.7 The Board of Directors may assume authorities given to a director general (if a director general has been appointed) on a certain matter or for a certain period of time.

- 13.8 The Board of Directors may instruct the General Manager (if a General Manager has been appointed) how to act on a certain matter and if the General Manager does not fulfill the directive, the Board of Directors may exercise the authority in place thereof.
- 13.9 If the Board of Directors is precluded from exercising the authorities thereof and the exercise of any authority of the authorities thereof is essential to the proper management of the Company, a general meeting may exercise it in place thereof, as long as the matter is precluded from the Board of Directors, if a general meeting has determined that indeed the Board of Directors is precluded from doing so and the exercise of authority is essential to the proper management of the Company.
- 13.10 If the General Manager is precluded from exercising the authorities thereof, the Board of Directors may exercise them in his place.
- 13.11 If a general meeting has taken authorities that are given according to law to the Board of Directors, the rights, obligations and liabilities that apply to a director on the matter of exercising the same authorities shall apply to the shareholders, *mutatis mutandis*, while noting their holdings of Company shares, their participation in the general meeting and the manner of their voting, the provisions with regard to the duties of directors, exemption, indemnification and insurance, director rights and transactions with directors.
- 13.12 An action that was performed without authority or in a departure from authority, the competent organ for the same act may authorize it ex post facto and confirmation ex post facto of an act that departs from Company objectives shall be given to the general meeting in a resolution with the requisite majority for alteration of Company objectives.

14. **General Meeting**

- 14.1 A Company shareholder shall be a member of the Member's Forum of the Company and all the duties and rights that apply to a member of the Forum shall apply thereto, including the duty of payment of membership dues as specified herein in these Articles of Association and as the Board of Directors shall decide from time to time.
- 14.2 The Company Board of Directors may confiscate shares that have been allocated to a shareholder who ceased to be a member of the Members' Forum of the Company and/or whose membership in the Members' Forum expired and/or who was removed from the

Members' Forum (hereinafter: "**A Shareholder Who Is Not a Member of the Members' Forum**").

14.3 The Company shall inform a shareholder who is not a member of the Members' Forum of the forfeiture of shares, as aforesaid, proximate to passing a resolution on the forfeiture of the shares.

14.4 Shares that have been forfeited as aforesaid shall not grant any rights whatsoever.

14.5 Authorization of a director as determined by the Board of Directors or of the Company secretary (if there is such) that the shares have been forfeited in accordance with a decision of the Board of Directors on a date stated in the aforesaid authorization shall constitute and serve as decisive and conclusive evidence that the shares have been duly forfeited.

14.6 Nothing in the contents of this section may derogate from or harm any relief or remedy of the Company vis-à-vis a shareholder who is not a member of the Members' Forum in accordance with any law.

14.7 **Authorities of a General Meeting**

(a) Authorities of a general meeting are as specified in the law.

14.8 **Location of a General Meeting**

A general meeting shall be held in Israel unless the Board of Directors shall decide otherwise.

14.9 **Participation in a General Meeting**

(a) All shareholders registered as shareholders in the Shareholders Register at the time of dispatch of an invitation to a general meeting are entitled to participate in a general meeting.

(b) A shareholder may participate and be present at a general meeting in person or by way of proxy.

(c) A shareholder shall appoint a proxy by way of a statement of appointment signed by him with the text as specified herein below or in a manner similar to it insofar as possible with authorization of a witness to the signature thereof.

If a shareholder is a company, authorization of an attorney or an accountant of another authorized entity with respect to the approved signatories in the company's name shall be attached to the statement of appointment.

To: Eilat-Eilot Renewable Energy Co. Ltd. (P.B.C.)

Statement of Appointment of Proxy

I, We, the undersigned, _____, I.D. No./Company No. _____, the owners of _____ ordinary shares in your Company, hereby appoint Mr. _____, I.D. No. _____ or in the absence thereof Mr. _____, I.D. No. _____, as my/our proxy to participate in and vote at a general meeting of the Company that has been convened for the ____ day of _____, and at any deferred meeting thereof.

And in witness whereof I/we have set our signatures hereto this day _____

I, the undersigned, _____ do hereby confirm the signature of _____

Date _____

- (d) Appointment of a proxy shall be valid solely if the Statement of Appointment has been deposited in the offices or another place determined by the Board of Directors at least 24 hours prior to the date of convening a general meeting.
- (e) If a shareholder and the proxy thereof also participate in a general meeting, the appointment of a proxy shall have no effect.
- (f) Appointing a proxy shall be valid even if at the time of a general meeting the shareholder who appointed him has passed away or canceled the appointment, unless notice of the death of the shareholder or of the cancelation of the appointment has been received in Company offices prior to the date of the general meeting.
- (g) In the event of dispute on the matter of the right to participate in a general meeting, the chairman of the meeting shall decide and his decision shall be conclusive and decisive.
- (h) The chairman of a general meeting may preclude the participation at a general meeting of anyone who is not a

shareholder or proxy of a shareholder, unless the general meeting has decided otherwise. A general meeting may decide to preclude the participation of anyone who is not a shareholder or proxy of a shareholder.

14.10 Convening an Annual General Meeting

- (1) The Company is not obligated to hold an annual general meeting unless:
 - (i) Insofar as the matter is required for the appointment of an auditing accountant; or
 - (ii) If a shareholder demands to hold an annual general meeting; or
 - (iii) If a director demands to hold an annual general meeting.
- (2) If convening a general meeting is demanded, as aforesaid, it shall be held no later than on the conclusion of 15 (fifteen) months following the last annual general meeting. If an annual general meeting was not held during the prior year, it shall be held at a date to be determined by the Board of Directors and shall be no later than 30 days of receiving a demand to convene an annual general meeting.
- (3) If the Board of Directors does not convene an annual general meeting, as aforesaid, each shareholder or director shall be entitled to demand of the Court that it order the convening thereof.
- (4) If there is no practical possibility to convene an annual general meeting or to conduct it in the manner determined herein in these Articles of Association and/or in law, the Court, at the request of the Company, or of a shareholder or director may order that a meeting be convened and conducted in a manner to be determined by the Court.

(a) Agenda

- (1) The agenda at an annual general meeting shall include deliberation of the financial statements and reporting of the Board of Directors.
- (2) The agenda at an annual general meeting may include:
 - (i) The appointment of directors;

- (ii) The appointment of an auditing accountant;
 - (iii) Any other subject to be determined by the Board of Directors;
 - (iv) A subject that a shareholder who holds at least 1% (one percent) of the voting rights requests, provided that the subject is suitable for deliberation at a general meeting.
- (3) At an annual general meeting, resolutions shall be adopted solely on subjects that were specified in the daily agenda.

(b) Sending Financial Statements to Shareholders

- (1) The Company is not obligated to send copies of financial statements to anyone who is entitled to receive notice of a general meeting.
- (3) If an annual general meeting is not held, the financial statements shall be sent to shareholders no later than the date on which an annual general meeting was to be held, if not for the exemption from convening an annual general meeting.

14.11 Special general meeting

(a) Convening a Special General Meeting

- (1) The Board of Directors shall convene a special general meeting:
- a. In accordance with a resolution thereof;
 - b. In accordance with the demand of a director;
 - c. In accordance with the demand of a shareholder/s, who hold/s at least 10% (ten percent) of the issued capital and at least 1% (one percent) of the voting power in the Company or 10% (ten percent) of the voting rights in the Company (hereinafter: “**The Demanding Shareholders**”)
 - d. In accordance with the demand of the Audit Committee;
 - e. In accordance with a Court order.
- (2) If the Board of Directors is requested to convene a Special general meeting, as aforesaid, it shall

convene such meeting within 21 (twenty-one) days of the date that a demand was submitted thereto for a date to be determined in the invitation, which shall be no earlier than 7 (seven) days and no later than 45 (forty-five) days from the date of the demand.

- (3) If the Board of Director does not convene a Special general meeting, as aforesaid, the director who demanded the convening of the meeting or the Demanding Shareholders or part thereof, who hold more than half of the voting rights of the Demanding Shareholders may convene the meeting of his/their own accord, provided that the meeting shall not be held subsequent to the passing of 3 (three) months of the day on which the demand for convening a meeting was submitted.

A Special general meeting, as aforesaid, shall be convened insofar as possible in the manner in which a general meeting is convened by the Board of Directors.

- (4) If the Board of Directors does not convene a Special general meeting as aforesaid, the Court may convene it according to an application of the entity that demanded convening a meeting.
- (5) If there is no practical possibility of convening a Special general meeting, or conducting it in the manner determined herein in these Articles of Association and/or in law, the Court, at the request of the Company or a shareholder or director, may order that a meeting shall be convened and conducted in a manner to be determined by the Court.

(b) Agenda

- (1) The agenda of a Special general meeting shall be determined by the Board of Directors; if convening a Special general meeting is demand, as aforesaid in subsection (a), the following shall also be included on the agenda:
 - (i) The subjects, which were requested to be included by the entity who demanded that a meeting be convened;

- (ii) A subject, which a shareholder who holds 1% (one percent) requested to include, provided that the subject is suitable to deliberation at a general meeting.
- (2) At a Special general meeting, resolutions shall be adopted solely with regard to subjects that were specified on the agenda.

14.12 Invitation to a General Meeting and Dates of Delivery Thereof

(a) Text of an Invitation to a General Meeting

An invitation to a General Meeting shall include:

- (1) The date and place of the meeting to be held;
- (2) Agenda with reasonable detailing of the subjects for deliberation;
- (3) If the agenda comprises a proposal to alter the Articles of Association, the proposed altered text shall be specified.
- (4) If a proposal to pass a resolution that is irregular or a special resolution is on the Agenda, the invitation shall specify the intention to propose passing an irregular resolution or special resolution, as the case may be.

(b) Those Entitled to Receive an Invitation to a General Meeting

An invitation to a general meeting shall be delivered to anyone who is registered in the Shareholders Register as a shareholder with voting rights at the time the invitation of convening a general meeting is sent.

(c) Date of Delivery of Invitation

- (1) The invitation to a general meeting shall be delivered to shareholder as aforesaid at a time to be determined in a Board of Directors' decision for convening a general meeting, provided that this date shall be no later than 7 (seven) days and no earlier than 45 (forty-five) days prior to the date of convening thereof. With respect to a Special general meeting, the date, as aforesaid, shall be at least 21 (twenty-one) days prior to the date of convening thereof.

- (3) With the agreement of all shareholders, a general meeting may be convened by delivery of the invitation at an earlier date than the aforesaid or even devoid of delivery of any invitation.

14.13 Legal Quorum

- (a) A deliberation in a general meeting is not to commence unless a legal quorum is present at the opening of the meeting.
- (c) A legal quorum for holding a general meeting shall be the presence, within half an hour of the time set for the commencement of the meeting of at least 2 (two) shareholders in person and/or by way of proxy (proxies).
- (c) If at the end of half an hour of the time set for the commencement of a meeting a legal quorum is not present, the meeting shall be deferred by a week to be held on the same day, at the same time and in the same place, or to a later date, if such is indicated on the invitation to the same general meeting.
- (d) If a legal quorum is not present at the deferred meeting on the elapse of half an hour following the time set for the commencement of the same meeting, the deferred meeting shall be held with any number of participants. However, if the general meeting was convened in accordance with a demand of the Demanding Shareholders or by the Demanding Shareholders, and a legal quorum is not present at the deferred meeting following half an hour after the time set for the commencement of the same meeting, the deferred meeting shall be held solely if shareholders are present at least in the number required for convening a Special general meeting by shareholders.

14.14 Chairman of the Meeting

- (a) At each general meeting a chairman shall be selected for that meeting.
- (b) At a deferred meeting as aforesaid, solely a subject that was on the agenda of the general meeting shall be deliberated, with respect to which no resolution was adopted.
- (c) The chairman of the meeting shall not have an additional vote or a deciding vote.

14.15 Postponement of a General Meeting

- (a) A general meeting which has a legal quorum may decide to postpone the meeting or the deliberation or to pass a resolution on a subject specified on the agenda to another date and to another place to be determined.
- (b) At a deferred meeting as aforesaid, solely a subject that was on the agenda of the general meeting with respect to which no resolution was adopted shall be deliberated.
- (c) If a general meeting was deferred as aforesaid to a date that exceeds 21 (twenty-one) days, the Company shall deliver an invitation for a deferred meeting, as specified in Article 14.12 above.
- (d) If a general meeting was postponed as aforesaid to a date that exceeds 21 (twenty-one) days, the Company shall deliver an invitation for the new date as soon as possible and no later than 72 (seventy-two) hours prior to the meeting.
- (e) If at a postponed meeting as aforesaid, a legal quorum is not present on the elapse of half an hour after the time set for the commencement of the same meeting, the meeting shall be held with any number of participants present.

14.16 Voting at a General Meeting

(a) Those Entitled to Vote at a General Meeting

- (1) All shareholders who participate in a general meeting;
- (2) A shareholder who participates in the voting shall inform the Company prior to the vote of his interest in the vote – if required to do so by law.

(b) Manner of Voting

- (1) A shareholder may vote at a general meeting by himself or by proxy.
- (2) In addition, a shareholder may vote in writing, by sending written notice to the Company of the manner of his vote.

Voting as aforesaid of a shareholder shall be taken into account if written notice shall reach the Company no later than 24 (twenty-four) hours prior to the date set for holding the meeting.

(c) Method of Voting at a General Meeting

A resolution at a general meeting shall be adopted by voting upon and counting the ballots.

(d) Majority Required for Adopting a Resolution at a General Meeting

- (1) An exceptional resolution and a special resolution shall be adopted with a majority of 75% (three-quarters) at least of shareholders permitted to vote and who voted in person or by proxy.
- (2) Any other resolution at a general meeting shall be adopted by a majority of votes of shareholders participating in the ballot, while the counting of the votes, as aforesaid, shall not take into account abstentions, unless a different majority is required herein in these Articles of Association and/or in accordance with the law.
- (3) The announcement by the chairman of the meeting that a resolution has been adopted or rejected unanimously or by a certain majority shall constitute *prima facie* evidence of the contents thereof.

14.17 Minutes of a General Meeting

- (a) The Company shall prepare minutes and the chairman of a meeting shall see to it that minutes are prepared of the proceedings at a general meeting to be signed by the chairman of the meeting.
- (b) Minutes that have been signed as aforesaid by the chairman of the meeting shall serve as *prima facie* evidence of the contents thereof.

14.18 Holding a General Meeting by Way of Media

The Company may hold a general meeting by way of any media, provided that all shareholders participating can hear each other at the same time.

All participants as aforesaid shall be deemed as participants in the same general meeting.

14.19 Adopting a Resolution of a General Meeting Without Assembly

The Company may adopt a resolution of a general meeting without assembly, provided that the resolution shall be adopted unanimously by all shareholders.

14.20 Flaws in Convening a General Meeting

Comment [SIT Ltd.1]: Hebrew number is incorrect - 15.12

- (a) A resolution that is adopted at a general meeting that was convened and/or conducted not in accordance with the conditions specified above and/or a resolution that was adopted not in accordance with the conditions specified above may be canceled by a court at the request of the shareholders.
- (c) If there was a flaw in convening a general meeting with respect to the place of convening the meeting or the time thereof, a shareholder who arrived at the meeting notwithstanding the flaw shall not be entitled to request that the court cancel the resolution.
- (d) An unintentional flaw or omission in delivery of notice to an entity registered as a shareholder in the Shareholders Register shall not constitute cause for cancellation of a resolution adopted at a general meeting.

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15. **Board of Directors**

15.1 **Functions and Powers of the Board of Directors**

- (a) The functions and powers of the Board of Directors are as specified in law.
- (b) The powers of the Board of Directors, which may be delegated to a Board of Directors Committee are as specified in law.
- (c) The Board of Directors may exercise the authority of the Company that was not granted in law or herein in these Articles of Association to another organ.
- (e) The general meeting may assume powers that are given to the Board of Directors on a certain matter or for a certain period of time.

15.2 Rights and Obligations of a Director

The rights and obligations of a director are as set forth herein in these Articles of Association and/or in law and/or in any other legislation.

15.3 Number of Members of the Board of Directors

The number of members of the Board of Directors shall be determined from time to time in a resolution of a general meeting provided that it numbers no less than three (3).

15.4 Appointment of Directors

(a) Every shareholder may appoint a director on behalf thereof and/or replace such and/or transfer him from his position at any time by way of delivery of a notice of appointment to the Company. The term of office of a director so appointed, as aforesaid, shall commence on the delivery of the notice of appointment to the Company, unless another date has been determined in the notice of appointment according to which he was appointed.

(b) The Board of Directors may appoint a director to replace a director/s whose term/s in office expired if several directors are missing from the number of members of the Board of Directors as determined as specified above and the term/s in office thereof shall commence on the date of appointment thereof, as aforesaid.

A director who was appointed as aforesaid shall serve until the appointment of a director/s by the shareholders as specified above after which the number of members of the Board of Directors shall be as specified above or more.

(c) At least two outside directors shall serve in the Company. All outside directors shall have "professional qualifications" and at least one shall be a director "with accounting and financial expertise." The provisions of these Articles of Association and of the law, which apply to a director, shall apply to an outside director, unless otherwise determined explicitly herein in these Articles of Association.

(e) Outside directors shall be appointed by a general meeting in a resolution to be adopted by a majority of shareholder votes and those participating in the ballot.

(f) If the office of an outside director is vacated, and at least two other outside directors are not serving in the Company,

the Board of Directors shall convene a Special general meeting for a date as soon as possible, whose agenda shall include the appointment of an outside director.

15.5 Corporation as a Director

- (a) A corporation is fit to serve as a director.
- (b) A corporation that serves as a director shall appoint an individual, who is competent to be appointed as a director, to serve on behalf thereof and may replace him subject to the duties thereof vis-à-vis the Company.
- (c) The appointment and/or replacement of an individual as aforesaid will be implemented by way of written notice to the Company, signed by the approved signatories in the name of the Company.
- (d) The name of the individual, as aforesaid, shall be registered in the Directors' Register, as a person serving in this position on behalf of the Company.
- (e) The duties that apply to a director shall apply to the individual, as aforesaid, who serves in the position on behalf of the Company and to the company-director, jointly and severally.

15.6 Suitability of a Director

- (a) A director is not obligated to be a shareholder.
- (b) A person who in accordance with the law and/or any other statute is not qualified and/or is unable to be appointed as a director shall not be appointed as a director.
- (c) Without derogating from the aforesaid, the suitability of an outside director shall be as specified in the law.

15.7 Period of Term in Office of an Outside Director

15.7.1 The period of the term in office of an outside director shall be three years and the Company may appoint him for additional periods of three years.

15.8 Expiration of Term of Office of a Director

- (a) Cases in which the term of office of a director expires:
The term of office of a director shall expire in each of the following cases:
 - (1) On the death thereof;

- (2) If he is found to be mentally defective or mentally ill;
- (3) If he resigns;
- (4) If he is replaced or transferred from his position by the shareholder who appointed him;
- (5) If he is declared bankrupt, or – if the director is a company – if it has decided on voluntary liquidation or an order for liquidation has been given with respect thereto;
- (6) If he is declared as a debtor of limited means, unless the Chairman of the Execution Office has decided otherwise;
- (7) If he is convicted in a peremptory judgment on one of the offenses according to the Penal Law or according to the Securities Law, as specified in the law;
- (8) According to a decision of the Court in accordance with a request of the Company and/or a director and/or a shareholder and/or a Company creditor because the director is permanently unable to fulfill his duties;
- (9) If the Court orders within the context of lifting the veil that he shall be unable to serve as a director due to any Company debts being attributed thereto;
- (10) Termination of his term in office as a director by way of a Board of Directors' decision;
- (11) A director whose term in office has expired shall be able to be reappointed as a director if there is no preclusion to the appointment thereof as a director.

(b) Resignation of a Director

A director may resign by delivery of notice thereof to the Board of Directors and/or the chairman of the Board of Directors and/or the Company and to a shareholder who appointed him, in which he specifies the reasons for the resignation thereof. The resignation shall enter into effect on the date that notice as aforesaid was delivered, unless a later date is determined in the notice.

If notice of resignation of a director has been received, it shall be brought before the Board of Directors and recorded

in the minutes of the first Board of Directors meeting that will be convened subsequent to the resignation.

(c) Replacement or Transfer from His Position by the Appointing Shareholder

A shareholder who appointed a director at any time may replace him and /or transfer him from his position.

(d) Conviction of an Offense

If a director is convicted in a peremptory judgment of one of the offenses in accordance with the Penal Law or according to the Securities Law, as specified in the law, he shall notify the Company thereof and his term in office shall expire on the date of giving notice.

(e) Court Decision

A director whom the Court has ordered is unable to serve as a director shall inform the Company thereof and his term in office shall expire on the date of giving notice. It shall not be possible to reappoint him as a director until the conclusion of the period determined in the same decision.

(f) Concluding a Director's Term in Office by a Board of Directors' Decision

If the Company learns that a director was appointed notwithstanding that he is not fit to be appointed as a director, as specified above and/or he did not disclose the lack of qualification, as aforesaid, and/or he did not disclose that he was convicted of an offense as specified above or according to a Court decision as specified above, the Board of Directors shall decide on the termination of the term in office of the same director at the first Board of Directors' meeting that shall be convened after it has learned thereof, if it finds that the said conditions have been fulfilled and his term in office as a director shall terminate as of the date of the aforesaid decision. Immediately on adopting the decision as aforesaid, the Company Board of Directors shall deliver written notice thereof to the shareholder who appointed the same director that his term in office has concluded.

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(g) Duty of Disclosure

A director shall disclose to the Company if he has been convicted of an offense as aforesaid or if a Court ordered that he shall be unable to serve as a director or that he has been declared bankrupt or – if the director is a company – it has decided on voluntary liquidation or an order for liquidation has been given with respect thereto or if he has been declared a debtor of limited means.

15.9 Dismissal of an Outside Director

An outside director shall be dismissed solely in accordance with that which is specified herein below:

(1) Dismissal by a General Meeting

A special general meeting may dismiss an outside director in a resolution adopted by a majority of votes of shareholders participating in the ballot;

(2) Dismissal by a Court

15.10 Alternate Director

(a) A director may appoint and dismiss an alternate director.

If the term in office of a director has terminated, the term in office of an alternate director that he appointed shall also terminate.

(b) It is permitted to appoint as an alternate director:

(1) A person who is qualified to be appointed as a director or an outside director, as the case may be;

(2) A person who serves as a director and/or an alternate director unless the matter has been prohibited by law.

- (c) A director shall appoint a alternate director by giving written notice thereof to the Company and/or the Board of Directors and/or the Chairman of the Board of Directors.
- (d) An alternate director shall be like a director. However, he may not appoint an alternate director for himself.
- (e) Even if an alternate director has been appointed, notices of Board of Director's meetings shall be delivered to the director who appointed him, unless the director informed the Company otherwise.
- (f) Notwithstanding the aforesaid, an alternate director shall not be entitled to participate in a Board of Director's meeting in which the director who appointed him participates, unless he himself is a director or an alternate director of another director.

15.11 Salary of Directors

- (a) The salary or remuneration of a director shall be as specified in the law and/or in accordance with any other statute. On this matter, an outside director shall be treated in the same manner as a director.
- (b) A director as well as a corporation under the control thereof shall not provide services, directly or indirectly, for payment to the Company not as a director.

15.12 Chairman of the Board of Directors

- (a) The Board of Directors may select from among the members thereof the chairman of the Board of Directors.
- (b) The Board of Directors may select a stand-in and/or deputy chairman of the Board of Directors.
- (c) The chairman of the Board of Directors shall conduct meetings of the Board of Directors and shall sign the minutes of the meetings.

If the chairman of the Board of Directors is absent from a Board of Directors' meeting or he is unable to fulfill his duties, the stand-in or deputy chairman of the Board of Directors, as the case may be, shall replace him, and he shall have the powers of the chairman of the Board of Directors.

- (d) If there is no chairman of the Board of Directors or if there is a chairman and he is absent, and his replacement and the deputy chairman of the Board of Directors, if there are such,

are also absent from the Board of Directors' meeting, the Board of Directors, at the commencement of the meeting, shall select one of the members thereof to conduct the meeting and sign the minutes of the deliberation.

- (e) The chairman of the Board of Directors or the director who was selected to conduct the meeting shall not have an additional vote or a deciding vote.

15.13 **Board of Directors' Meetings**

(a) **Convening a Board of Directors' Meeting and Location Thereof**

(1) The Board of Directors shall convene meetings according to the needs of the Company, and at least once annually.

(2) A Board of Directors' meeting shall be held at the registered office of the Company, unless the Board of Directors decides otherwise.

If a Board of Directors' meeting is to be held outside the registered office, the Company shall cover the travel and accommodation expenses there of the directors for the purposes of the meeting there.

(3) The chairman of the Board of Directors and, where there is no chairman of the Board of Directors, any director may convene the Board of Directors at any time.

(4) The chairman of the Board of Directors, where there is a chairman, shall convene the Board of Directors forthwith to a meeting of the Board of Directors according to the demand of any director.

(5) If a director learns of a matter of the Company wherein an ostensible violation of the law or infringement of proper business procedure has been discovered therein, he shall demand of the chairman of the Board of Directors forthwith to convene a meeting of the Board of Directors to deliberate this and, if there is no chairman of the Board of Directors, he shall convene a meeting of the Board of Directors forthwith.

(6) If a director has a basis to assume that an act of a director is about to be performed that is liable to

constitute a breach of a duty of an office holder, he shall demand of the chairman of the Board of Directors to convene a meeting of the Board of Directors to deliberate this matter. He may also approach the Court thereafter with an application to enforce the duty or prevent the act. Where there is no chairman of the Board of Directors, he shall convene a meeting of the Board of Directors forthwith.

(6) If a Board of Directors' meeting has not been convened within 14 (fourteen) days of the date of demand, as aforesaid, the director who demanded the convening of a meeting may convene a Board of Directors' meeting for deliberation of the aforesaid issue.

(8) The chairman of the Board of Directors and if there is no chairman – any director shall convene without delay the Board of Directors to a Board of Directors' meeting if a notice or report of the General Manager (if there is such) requires an act of the Board of Directors, to deliberate the aforesaid notice or report.

If a Board of Directors' meeting was not convened within 14 (fourteen) days of the date of the notice or report of the General Manager, any director and/or the General Manager may convene a meeting of the Board of Directors to deliberate the aforementioned notice or report.

(9) The chairman of the Board of Directors and, if there is no chairman – any director shall convene forthwith the Board of Directors to a Board of Directors meeting, if the auditing accountant reports to the chairman of the Board of Directors essential flaws in the accounting audit of the Company, to deliberate the aforesaid report.

If a Board of Directors' meeting was not convened within 14 (fourteen) days of the date of the aforesaid report, any director and/or the auditing accountant may convene a Board of Directors' meeting to deliberate the aforementioned report.

- (10) Convening a Board of Directors' meeting by anyone who is not the chairman of the Board of Directors, as aforesaid, shall be performed insofar as possible in the same manner in which a Board of Directors' meeting is convened by the chairman of the Board of Directors.

(b) **Agenda of a Board of Directors' Meeting**

- (1) The agenda of a Board of Directors' meeting shall be determined by the chairman of the Board of Directors and it shall include:
- (i) Subjects that the chairman of the Board of Directors determined;
 - (ii) Any subject that a director or the General Manager requested of the chairman of the Board of Directors to include on the agenda of the same meeting a reasonable time prior to the meeting of the Board of Directors;
 - (iii) A subject that a director who requested to convene the Board of Directors' meeting requested the deliberation thereof, as aforesaid;
 - (iv) A subject that has been included in the notice or report of the General Manager, as aforesaid;
 - (v) A subject that has been included in the auditing accountant's report, as aforesaid.
- (2) The agenda of a meeting that was convened by a director and/or by the General Manager and/or by the auditing accountant, as aforesaid, shall be the subject in respect whereof the aforesaid Board of Directors' meeting was convened.

(c) **Notices of Board of Directors' Meetings**

- (1) Notice of a Board of Directors' meeting shall be delivered to each director a reasonable time prior to the date of the meeting but no less than 48 (forty-eight) hours prior to the same meeting. However, if the chairman of the Board of Directors and, in the absence thereof, the replacement or deputy thereof or the director who convened the Board of Directors'

meeting, as the case may be, has decided that there is a need to hold an urgent meeting of the Board of Directors, notice, as aforesaid, may be delivered at an earlier time as well, as the chairman of the Board of Directors shall determine and in the absence thereof his replacement or deputy or the director who convened the Board of Directors' meeting, as the case may be.

- (2) The notice, as aforesaid, shall specify the date and place of the convening of the Board of Directors' meeting as well as with reasonable detailing the subjects on the agenda of the same meeting.
- (3) Notice of a meeting of the Board of Directors shall be delivered to each director, even if he is away from Israel, according to the last address that he transmitted to the Company.
- (4) Notice of a meeting of the Board of Directors shall be given in writing. However in urgent cases the notice can be given verbally and/or by telephone as well.
- (5) Notwithstanding the aforesaid, with the consent of all the directors, a meeting of the Board of Directors may be held without any advance notice, as well.
- (6) At a Board of Directors' meeting, resolutions shall be adopted solely on subjects that were specified on the agenda, unless all directors were present at the meeting and they agreed to deliberate and adopt a decision as well on a subject that was not on the agenda.

(d) Participation in a Board of Directors' Meeting

- (1) Any director or alternate director, as the case may be, may participate in a Board of Directors' meeting.
- (2) A director shall not attend and shall not participate in a deliberation of a decision to approve an irregular transaction in which he has a personal interest or to approve conditions of service and employment thereof, unless the majority of the directors have a personal interest in the decision, as aforesaid.

- (3) The General Manager may also participate in a Board of Directors' meeting, as well as an office holder or another person, who was invited to the Board of Directors' meeting by the chairman of the Board of Directors and/or by a director and/or by the Board of Directors.
- (4) The Board of Directors may decide to preclude a person who is not a director or alternate director from participating in a Board of Directors' meeting.

(e) Legal Quorum

- (1) A deliberation at a Board of Directors' meeting shall solely be commenced in the presence of a legal quorum at the opening of the meeting.
- (2) A legal quorum is a majority of members of the Board of Directors who are entitled to participate in the same meeting. However, the legal quorum of a Board of Directors' meeting for the termination of the term in office of the internal auditor, if appointed, shall be a majority of the members of the Board of Directors.
- (3) If at the end of half an hour of the time set for the commencement of a Board of Directors' meeting a legal quorum is not present, the meeting shall be postponed to the next day at the same place and at the same time. If, at the postponed meeting, a legal quorum is not present on the elapse of half an hour following the time set for the commencement of the same meeting, the postponed meeting shall be held with any number of participants.

(f) Deferral of a Board of Directors' Meeting

- (1) At a Board of Directors' meeting with a legal quorum present, the Board of Directors may decide to postpone the meeting to another time.

At a postponed meeting, as aforesaid, solely a subject that was on the agenda of the meeting that was postponed with respect to which no decision was adopted at the same meeting shall be deliberated.
- (2) If a Board of Directors' meeting is deferred, as aforesaid, the Company shall deliver notice thereof

to the directors who were not present at the meeting that was deferred.

- (3) If a Board of Directors' meeting is deferred, as aforesaid, to a date that exceeds 7 (seven) days, the Company shall provide notice of the deferred meeting to all the directors.

(g) Voting and Adopting Decisions at a Board of Directors' Meeting

- (1) Each director shall have one vote in voting at Board of Directors' meetings.
- (2) A director shall not participate in a vote on a decision for approval of an irregular transaction in which he has a personal interest or for the approval of conditions of service and employment thereof, unless the majority of the directors have a personal interest in a decision, as aforesaid.
- (3) Board of Directors' decisions shall be adopted by a majority of votes of the directors participating in the voting.

(h) Minutes of Board of Directors' Meetings

- (1) The Company shall prepare and the chairman of the Board of Directors shall see to the preparation of minutes of the proceedings of a Board of Directors' meeting to be signed by the chairman of the Board of Directors.
- (2) Minutes that have been authorized and signed by the chairman of the Board of Directors or by the chairman of the meeting, as the case may be, shall serve as *prima facie* evidence of the contents thereof.

(i) Holding a Board of Directors' Meeting by way of Media

- (1) The Board of Directors may hold a Board of Directors' meeting by way of the media, including conference calls, provided that all the participating directors are able to hear each other at the same time.
- (2) All participants, as aforesaid, shall be deemed as present at the Board of Directors' meeting.

(j) **Adopting a Board of Directors' Decision Without Assembly**

- (1) The Board of Directors may adopt decisions even without actual assembly, provided that all directors entitled to participate in the deliberation and vote on the matter brought for decision have agreed thereto. However, the decision shall be adopted with a majority of the same directors, while abstentions shall not be taken into account in the counting of the votes.
- (2) If a decision is adopted, as aforesaid, the chairman of the Board of Directors, and if there is no chairman, the director who initiated the decision, shall record minutes of the decision and shall attach thereto the signature of all the directors, as aforesaid. The signature of the directors, as aforesaid, can be on separate copies of the same minutes of the meeting.

The minutes, as aforesaid, shall be deemed the same as the minutes of a meeting of the Board of Directors.

(k) **Flaws in Convening a Board of Directors' Meeting**

- (1) A decision that was adopted at a Board of Directors' meeting that was convened without the fulfillment of the preconditions to the convening thereof (hereinafter: "**Flaw in Convening**") may be nullified at the request of each of the following:
 - (i) A director who was present at the meeting, provided that he demanded that the decision with respect to which the flaw occurred not be adopted prior to the adoption of the decision;
 - (ii) A director who was entitled to be invited to a meeting but was not present at the meeting, within a reasonable time after he learned of the adoption of the decision and no later than the first Board of Directors' meeting that was held after he learned of the decision;
 - (iii) If there was a flaw in convening the meeting pertaining to the notice with respect to the place of convening the meeting or the time

thereof, a director who arrived at the meeting may not demand the nullification of the decision notwithstanding the flaw in the convening of the meeting.

- (2) The Board of Directors may authorize retroactively a decision that was adopted at a Board of Directors' meeting, in which a flaw occurred with regard to convening the meeting.

15.14 Committees of the Board of Directors

- (a) The Board of Directors may set up committees and appoint members from among the members of the Board of Directors to serve on the committees (hereinafter: "**a Board of Directors' Committee**").
- (b) Subject to the contents of the law or that which has been specified therein, the Board of Directors may delegate from the authorities thereof to Board of Directors' committees and determine the framework of authorities and activities of the Board of Directors' committee.

15.15 Management and/or Executive Committees and/or Procedures

- (a) The Board of Directors may set up management and/or executive committees and appoint members thereto, including a person who is not a director in the Company, and may determine the authorities thereof, the manner of activity thereof and the procedures according to which the aforesaid committees shall function.

The Board of Directors may not delegate to the aforesaid committees authorities that it may not delegate to Board of Director Committees and/or authorities, which have been designated solely for the Board of Directors.

- (b) Any committee, as aforesaid, shall determine the manner of activity thereof and, if it is not determined otherwise, the provisions that apply to Board of Directors' Committees shall apply thereto, *mutatis mutandis*, as the case may be.
- (c) The Board of Directors may determine procedures for the activity and/or management of the Company, for accepting employees, for policy with regard to salaries, etc., according to which the office holders and/or other employees of the Company shall function.

15.16 **Miscellaneous**

- (a) All acts performed by or in accordance with a decision of the Board of Directors or by a Board of Directors' Committee or by any person serving as a director shall be valid even if it is discovered subsequently that there was some flaw in the appointment of these directors or the aforesaid committee or that all or one of them were not qualified, as if each one of them had been duly appointed and as if he had the requisite qualifications to be a director or as if the aforesaid committee had been duly appointed.
- (b) The general meeting may authorize any activity that was performed by the Board of Directors or a Board of Directors' Committee without authorization or in a departure from authority. From the time of authorization, the act that was authorized shall be deemed as if performed from the outset within the capacity of the Board of Directors or the Board of Directors' Committee, all as the case may be.

16. **Audit Committee**

16.1 The general meeting of the Company shall appoint an Audit Committee as stated in these Articles of Association, in the law and in any other law. Office holders of the Company shall not serve on the Audit Committee.

16.2 **Functions of the Audit Committee**

- (a) To examine the propriety of acts of the Company and the institutions thereof, including coordinating acts of the Company with the objectives thereof;
- (b) To examine whether Company purposes are achieved effectively and economically;
- (c) To follow up on the implementation of resolutions of the general meeting and the Board of Directors;
- (d) To propose to the Board of Directors methods of rectifying flaws in the management of the Company;
- (e) To examine the financial matters of the Company, the accounting books thereof, and payments of wages therein, including the financial purpose of the Company in order to advance the objectives thereof;

- (f) To decide whether to authorize acts and transactions, which require authorization of the Audit Committee according to Sections 255 and 268 to 275 of the law.
- (g) To examine any other subject related to the activity of the Company;
- (h) To bring before the Board of Directors and the general meeting the conclusions thereof in light of the examination as aforesaid herein in this Article.

16.3 Salary of a Member of the Audit Committee

- (a) The salary or remuneration of a member of the Audit Committee shall be as specified in the law and/or in accordance with any other law.
- (b) A member of the Audit Committee and a corporation in the control thereof shall not provide services, directly or indirectly, for payment to a company, not as a member of the Audit Committee.

16.4 The Audit Committee shall send notice of the meetings thereof and the subjects on the agenda to the auditing accountant of the Company and the internal auditor of the Company, insofar as such has been appointed, and they may participate in meetings of the Audit Committee.

16.5 The Audit Committee may demand convening the Board of Directors or a general meeting for the purpose of bringing its conclusions before them. If a Board of Directors' meeting or a general meeting is not convened, the Audit Committee may convene them of its own accord and the provisions of Section 64 or 98 of the law shall apply, as the case may be, *mutatis mutandis*.

16.6 The Audit Committee, according to a resolution of a majority of the members thereof, may demand that the Board of Directors convene an exceptional general meeting of the Company. In the event that the Board of Directors shall not provide notice within 14 days of the date of convening such a general meeting, the Audit Committee itself may convene the meeting and the provisions of Article 18.3 herein shall apply *mutatis mutandis*.

17. General Manager

17.1 Appointment of a General Manager

- (a) The Company may appoint one or more General Manager/s for the Company.
- (b) If a General Manager was not appointed, the Company shall be managed by the Board of Directors.

17.2 Qualifications to be Appointed General Manager

Any person can be appointed as a General Manager, including a director, however, except for a person who is not qualified to be appointed as a General Manager in accordance with the law and/or in accordance with any other law.

17.3 Appointment and Dismissal of a General Manager

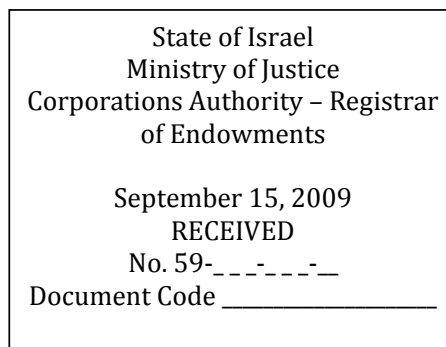
- (a) A General Manager shall be appointed by the Board of Directors, which will determine as well the conditions of employment thereof. However, if the General Manager shall be a director as well, the conditions of his employment require authorization like the authorization of conditions of service and employment for a director.
- (b) The period of the term in office of a General Manager who shall be appointed by the Board of Directors shall be for a fixed period of four years. The Board of Directors may extend the term in office of a General Manager for an additional period of four years. The General Manager shall not serve in his position more than eight consecutive years or until a General Manager is selected in his place by the Board of Directors, whichever is the later, and shall not be selected again for the position unless at least four [years] have passed since the date of termination of his previous term in office.
- (c) The Board of Directors may dismiss the General Manager provided that such a resolution shall be adopted by two thirds of the members of the Board of Directors who participate in the vote, while abstentions shall not be taken into account in the counting of the votes, as aforesaid.

17.4 Functions and Authorities of the General Manager

- (a) The General Manager shall be liable for the ongoing management of Company matters within the framework of the policy, which the Board of Directors has determined, and subject to the directives of the Board of Directors.
- (c) The General Manager shall have all the powers of management and performance of the Company that have

not been granted herein in these Articles of Association or in law to another organ of the Company.

- (c) The General Manager shall be subject to the supervision of the Board of Directors.
- (d) The Board of Directors may instruct the General Manager with regard to how to act on a certain matter. If the General Manager does not fulfill the directive of the Board of Directors, the Board of Directors may exercise the requisite authority for the performance of the directive in lieu thereof.
- (e) The General Manager shall be authorized to appoint and/or dismiss an office holder who is not a director and to determine the conditions of employment thereof, if such authority has been delegated and transferred thereto by the Board of Directors.
- (f) The General Manager shall inform the chairman of the Board of Directors – if there is a chairman and if there is no chairman – the Board of Directors of any unusual matter which is essential to the Company.



- (g) The General Manager shall submit to the Board of Directors reports [ILLEGIBLE UNDER STAMP] of an extent that the Board of Directors shall determine.
- (h) The General Manager shall deliver to the chairman of the Board of Directors, if there is such and, if there is no chairman, to the Board of Directors, at any time, at the request thereof, reports on matters pertaining to Company business.

- (i) The General Manager may delegate from the authorities thereof to another entity subject thereto, with the authorization of the Board of Directors.
- (j) The General Manager may set up executive committees and delegate thereto, with the authorization of the Board of Directors, from the authorities thereof.
- (k) If more than one General Manager is appointed, the Board of Directors shall determine the division of the functions and powers between them.

17.5 Assuming Authorities of the General Manager by the Board of Directors

- (a) If the General Manager is precluded from exercising the authorities thereof, the Board of Directors may appoint a director (including the chairman of the Board of Directors) to exercise them in his place or may exercise them itself in his place.
- (b) The Board of Directors may instruct the General Manager how to act on a certain matter. If the General Manager does not fulfill the directive, the Board of Directors may exercise the requisite authority for the performance of the directive.
- (c) The general meeting may decide that the authorities given to the General Manager shall be transferred to the Board of Directors, whether on a certain matter or for a certain period of time.

18. Appointment and/or Dismissal of an Office Holder

- 18.1 A director shall be appointed and/or dismissed as specified in the section entitled "Board of Directors" above.
- 18.2 The General Manager shall be appointed and/or dismissed by the Board of Directors as specified in the section entitled "General Manager" above.
- 18.3 Any other office holder shall be appointed and/or dismissed by the Board of Directors. However, if the Board of Directors delegated and transferred this authority to the General Manager, the office holder shall be appointed and/or dismissed by the General Manager.

19. Internal Auditor

19.1 Appointment of an Internal Auditor and the Organizational Superior Thereof

The Board of Directors shall appoint an internal auditor in accordance with the law. The organizational superior of the internal auditor shall be the chairman of the Board of Directors or as the Board of Directors shall determine from time to time.

19.2 Qualifications for Appointment as Internal Auditor

Anyone who fulfills the conditions specified in the Articles of Association, in statute law and in any law, can be appointed as internal auditor. Any person who is a party at interest in the Company, an office holder in the Company, a relative of anyone of these, as well as the auditing accountant or anyone on behalf thereof shall not serve as internal auditor in the Company.

19.3 Functions and Authorities of the Internal Auditor

(a) The functions and authorities of the internal auditor shall be as specified in the Articles of Association, in statute law and in any law.

The internal auditor shall examine, *inter alia*, the propriety of Company acts in terms of complying with the law and proper business procedure.

(b) The internal auditor shall submit for authorization of the Board of Directors or for authorization of the Audit Board, as the Board of Directors shall determine, a proposal for an annual or periodic work plan and the Board of Directors or the Audit Board, as the case may be, shall authorize it with the alterations they deem fit.

(c) The chairman of the Board of Directors or the chairman of the Audit Committee may impose on the internal auditor the preparation of an internal audit in addition to the work plan on matters in which a need for urgent examination arises.

(d) The internal auditor shall submit a report on his findings to the chairman of the Board of Directors, the General Manager, and the chairman of the Audit Committee; a report pertaining to matters that the internal auditor examined in an urgent examination shall be delivered to the person who imposed the preparation of the audit on the internal auditor.

19.4 Cessation of the Term of Office of the Internal Auditor

The term of office of the internal auditor shall be halted and he shall be suspended or removed from office solely in accordance with that which is specified herein below:

- (a) By way of the resignation of the internal auditor;
- (b) With the agreement of the internal auditor;
- (c) By way of a decision of the Board of Directors, after it has accepted the position of the Audit Committee and after the Internal Auditor has been given a reasonable opportunity to voice his position before the Board of Directors and before the Audit Committee.

The legal quorum for opening a meeting of the Board of Directors to adopt a resolution as aforesaid shall be no less than a majority of the members of the Board of Directors.

20. **Auditing Accountant**

20.1 **Appointing an Auditing Accountant**

- (a) The Company shall appoint an auditing accountant.
The Company may appoint several auditing accountants who shall perform the auditing jointly.
- (b) The Company may determine at a general meeting that an auditing accountant not be appointed for the Company where the law allows this.
- (c) The auditing accountant shall be appointed at any annual general meeting and shall serve in his position until the conclusion of the annual general meeting that follows it or until the termination of a longer period, as the general meeting shall determine, provided that it does not extend the period beyond the conclusion of the third annual general meeting after the annual general meeting in which he was appointed.

If no general meeting is convened in the Company, an auditing accountant may be appointed until the date of completion of one audit or until the date of completion of 3 (three) audits.

The auditing accountant who completed a term in office, as aforesaid, may be reappointed.

- (d) If the position of auditing accountant is vacated, and the Company does not have an additional auditing accountant,

the Board of Directors shall convene a special meeting for a date as early as possible on the agenda of which shall be the appointment of an auditing accountant.

- (e) The Board of Directors, prior to the first annual general meeting, may appoint the first auditing accountant for the Company, who shall serve until the first annual general meeting and the Board of Directors may determine his salary as well.

20.2 Functions of the Auditing Accountant, and Authorities and Duties Thereof

The functions, authorities and duties of the Auditing Accountant shall be as specified in the law.

20.3 Independence

- (a) The Auditing Accountant shall be independent of the Company, both directly and indirectly.
- (b) If an auditing action was performed at a time when there was a dependent relationship as defined in the regulations according to the law, an additional auditing action shall be carried out by another auditing accountant unless 5 (five) years have passed since the time in which the aforesaid auditing action was performed.

20.4 Salary of the Auditing Accountant

- (a) The salary of the Auditing Accountant for an audit shall be determined by a general meeting or by the Board of Directors – if the general meeting authorized the Board of Directors to do so, and in accordance with the conditions of authorization.

If the Board of Directors determined the salary, it shall report to the annual general meeting on the salary of the Auditing Accountant.

- (b) The Company shall not stipulate the payment of the fees of the Auditing Accountant on conditions that restrict the manner of performance of the audit or that tie the results of the audit to the fees being paid for the audit. The Company or anyone on behalf thereof shall not indemnify the Auditing Accountant, directly or indirectly, due to an obligation that was imposed on him as the result of the breach of his professional liability in the provision of services that are required to be given by an accountant in

accordance with the law, or as the result of fulfilling another duty imposed thereon in accordance with the law.

- (c) The Board of Directors shall determine the salary of the Auditing Accountant in return for additional services to the Company, which are not audits. The Board of Directors shall report to the annual general meeting on the conditions of the engagement of the Auditing Accountant in return for additional services, including payments and undertakings of the Company vis-à-vis the Auditing Accountant, a partner, employee, or relative thereof, **including a company** under the control thereof.

20.5 Termination of the Term in Office of the Auditing Accountant

- (a) The term in office of the Auditing Accountant shall conclude in the following instances:

- (1) Upon the resignation of the Auditing Accountant;
- (2) Upon the termination of his term in office by a general meeting.

- (b) **Resignation of the Auditing Accountant**

- (1) An Auditing Accountant may resign from his term in office as Auditing Accountant of the Company by providing notice thereof to the Company.
- (2) If the Auditing Accountant resigned under circumstances which are of interest to the shareholders, he shall inform the Board of Directors thereof and the Board of Directors shall inform the shareholders of the grounds of the Auditing Accountant for the resignation thereof, in detail to an extent that it deems fit, and, in addition, if it decides to do so, of his position on the matter.

- (c) **Termination of Term in Office of the Auditing Accountant by a General Meeting**

- (1) A general meeting may terminate the term in office of an Auditing Accountant at any time.

At a general meeting, on the agenda whereof is the termination of the term in office of the Auditing Accountant or the non-renewal thereof, the position of the Audit Committee shall be presented, after the Audit Committee gave the Auditing Accountant a

reasonable opportunity to present his position to the Audit Committee.

- (2) If the Board of Directors learns that the Auditing Accountant is dependent on the Company, it shall inform the Auditing Accountant forthwith that he must cease this dependency immediately. If he does not halt the dependency, the Board of Directors shall convene, within a reasonable time, a special general meeting, on the agenda whereof shall be the termination of the term in office of the Auditing Accountant.

A general meeting that was convened, as aforesaid, shall decide on the termination of the term in office of the Auditing Accountant. However, it may decide not to accept the proposal of the Board of Directors to terminate the term in office after the Auditing Accountant's position has been presented to the general meeting, if it finds that the Auditing Accountant has no dependency on the Company.

- (3) The Board of Directors shall give the Auditing Accountant a reasonable opportunity to present his position to a general meeting on the agenda whereof is the termination of his term in office or the non-renewal thereof, inclusive of an invitation to the Auditing Accountant to participate in the meeting.

21. **Secretary**

21.1 The Board of Directors may appoint a secretary for the Company and it may dismiss him and appoint another in place thereof. The Board of Directors may also determine the salary and conditions of employment of the secretary.

21.2 The function of the secretary shall be to prepare and manage minutes of meetings, documents, account books, and registries and reports, which a Company must manage and/or to retain and/or to send and issue to the Registrar of Companies and/or to the Registrar of Endowments, as well as other authorities and functions to be determined and/or to be imposed thereon by the Board of Directors.

The Company secretary shall be authorized to sign a document or report that must be submitted to the Registrar of Companies and/or the Registrar of Endowments.

22. **Members Forum**

22.1 **Accepting Members**

- (1) The Company shall set up a forum of members. Membership in the Members' Forum shall be open to individuals, companies and institutions.
- (2) The Board of Directors shall determine the manner of submitting an application to join by a candidate who would like to be a member of the Members' Forum, and the conditions and requirements for acceptance of new members to the Members' Forum, including determining the amount of annual membership dues, and determining dates for payment of membership dues and for the collection thereof.
- (3) The Board of Directors may exempt a member from payment of membership dues, partially or fully.
- (4) An individual or a company, who wishes to be a member of the Members' Forum of the Company, may fill out and submit an application to join.
- (5) If an application to join as aforesaid is submitted, the Board of Directors shall decide with respect to the acceptance or non-acceptance of the applicant as a member in the Members' Forum.
- (6) The Company shall maintain a Members' Register in a manner to be determined by the Board of Directors. The Members' Register shall serve as *prima facie* evidence of the accuracy of that which has been recorded therein.

22.2 **Rights and Duties of Members of the Members' Forum**

- (1) A member of the Members' Forum shall be entitled to participate in Company activities and to benefit from the services thereof, provided that he arranged payment of membership dues prior to the passing of the date determined by the Company in accordance with the arrangement of payments that was determined for payment.
- (2) A member of the Members' Forum who is not a shareholder in the Company may not participate in and vote at a general meeting of shareholders and/or at meetings of the Board of Directors of the Company.

22.3 Expiration of Membership in the Members' Forum

Membership in the Members' Forum shall expire in each one of the following instances:

- (a) Upon the death of the member, and with regard to a member that is a company – upon the conclusion of the liquidation thereof;
- (b) Upon his retirement from the Members' Forum;
- (c) Upon his removal from the Members' Forum.

22.4 Removal of a Member from the Members' Forum

(1) The Board of Directors of the Company may decide on the removal of a member from the Members' Forum for each of the reasons following herein below:

- (a) The member did not pay membership dues, in full or in part, prior to the passing of the date determined by the Company in accordance with the arrangement for payments determined for payment;
- (b) The member did not fulfill the provisions of the Articles of Association;
- (c) The member acts or acted contrary to the objectives of the Company;
- (d) The member was convicted of an offense with moral turpitude.

(2) The decision to removal a member from the Members' Forum, as aforesaid in subsection 22.4 above shall be made subsequent to giving the member an opportunity to contend his contentions before the Board of Directors; in addition, the Company Board of Directors shall decide on the removal of a member from the Members' Forum for the reasons aforesaid in sub-Section 22.4 (a) and (b) solely after warning the member and giving him reasonable time to rectify the wrongdoing.

23. Board of Governors

23.1 A general meeting may appoint a Board of Governors (“**Board of Governors**”) comprised of members of the Members' Forum and shall appoint a chairman and deputy chairman of the Board of Governors from among them. The deputy chairman of the Board of Governors

shall fulfill the position of the chairman of the Board of Governors providing that the chairman is absent from his position temporarily.

23.2 The Board of Governors shall advise the Board of Directors on any matter that pertains to the functions of the Company, which is brought before it by the Board of Directors or is raised on the agenda thereof by one of the members thereof.

23.3 The Board of Governors shall determine the work arrangements and dates of meetings thereof. Provided that it has not been determined otherwise, the Board of Governors shall be convened by the chairman thereof at least once annually and any time that this is requested by the chairman of the Board of Directors or seven members of the Board of Governors.

23.4 A majority of members of the Board of Governors, including among them the chairman, shall constitute a legal quorum at Board of Governor meetings.

23.5 The chairman of the Board of Directors may be present at Board of Governor meetings.

23.6 The chairman of the Board of Governors shall present to a general meeting and to the Board of Directors, proximately after each Board of Governors meeting, a report of the deliberations and resolutions of the Board of Governors and the steps taken as a consequence thereof.

23.7 The Board of Governors may appoint committees from among the members thereof and not from among the members thereof on any matter whatsoever that it deems fit. It may delegate from the authorities thereof to the committees that have been appointed thereby, as aforesaid, and each committee shall exercise the authorities thereof according to the letter of appointment of the Board of Governors. The Board of Governors may cancel at any time any committee that it has appointed and revoke, restrict or alter the authorities thereof, all or in part.

24. **Signatory Rights and Stamp of the Company**

24.1 The Board of Directors shall determine the stamp or seal of the Company.

24.2 The Board of Directors shall determine the approved signatory or signatories to sign on behalf of the Company, including from among those who are not a director, as well as the form of the signature.

24.3 Without derogating from the aforesaid, the Secretary may also sign documents and/or reports and/or notices to the Registrar of Companies.

25. **Financial Statements**

25.1 The Company shall maintain accounts and shall prepare financial statements as to be specified herein below.

25.2 The financial statements shall include a balance sheet for the date December 31 each year (**the Determining Date**), a profit and loss report for the period of a year, which concluded on the same date, and additional financial statements required in accordance with customary accounting rules as well as additional details to be determined in law. A general meeting may determine that the financial statements shall be due on a date different from the aforesaid (**the Special Date**).

25.3 The financial statements shall be prepared according to customary accounting rules and shall reflect properly that which these are intended to reflect in accordance with these rules and shall be audited by the auditing accountant.

25.4 The financial statements shall be prepared within 6 (six) months of the Determining Date or of the Special Date, as the case may be.

25.5 The financial statements shall be approved by the Board of Directors and signed in the name thereof by at least one director to be determined by the Board of Directors or as the Board of Directors shall determine otherwise, or as to be determined in law, and these financial statements shall be presented to the annual general meeting.

25.6 If the Company is not obligated to appoint an auditing accountant, the general meeting may decide that the Company is not obligated to prepare financial statements, as aforesaid.

26. **Merger**

Merger shall require authorization as specified in the Articles of Association, in statute law and/or in any other law. The Company may merge solely with another public benefit company, which has the status on the matter of Section 46 of the Income Tax Ordinance, provided that in addition to the authorizations required for the purpose of the merger according to law, the merger has been given the authorization of a court.

27. **Company Liquidation**

27.1 In the event that the Company is liquidated or dissolved, and after all debts, obligations and undertakings thereof are paid off in full, any excess assets, property and monies of the Company shall be transmitted to another public institution with objectives that are similar or close to the public objectives of the Company, as defined in Section 9(2) of the Income Tax Ordinance,. The shareholders of the Company at the time of liquidation of the Company shall not be entitled to a share in the assets thereof solely due to their being shareholders therein.

27.2 The Company may undergo voluntary liquidation according to the provisions of the Companies Ordinance (New Version) 5743-1983 (hereinafter: **the Ordinance**), provided that in addition to the conditions required according to the said Ordinance, the conditions specified in law shall also be fulfilled.

28. **Office**

28.1 The Company must maintain a registered office in Israel, to which any notice to the Company may be referred ("**the Office**").

28.2 The address of the Office shall be determined by the Board of Directors and the Company may alter the address of the Office as the Board of Directors shall determine.

28.2 Documents specified in law shall be retained in the Office.

28.3 The Company may retain the aforesaid documents by electronic means provided that those entitled to see them shall have the possibility of obtaining copies of the documents.

29. **Shareholders' Register**

29.1 The Company shall maintain a Shareholders' Register in accordance with the law.

29.2 The Shareholders' Register shall constitute *prima facie* evidence of the accuracy of the contents recorded therein.

29.3 In the event of a contradiction between the contents of the Shareholders' Register and a Share Certificate, the evidentiary value of the Shareholders' Register shall be preferred to the evidentiary value of the Share Certificate.

30. **Directors' Register**

The Company shall maintain a Directors' Register of the Company directors and the alternates thereof, in accordance with the law.

31. **Account Book (Register) of Liens**

The Company shall maintain an account book (register) of liens in accordance with the law and any law.

32. **Notices**

32.1 **Notices to Shareholders**

- (a) A notice or any other document (hereinafter: **the Notice**) shall be issued to shareholders by way of personal delivery or by dispatch by mail or by fax or by electronic mail, according to the address registered in the Shares Registry.
- (b) A Notice that is delivered by personal delivery shall be deemed as received by the Shareholder on the delivery thereof. A Notice that is sent by fax or by electronic mail shall be deemed as received by the Shareholder on the nearest business day following dispatch thereof. A Notice that is sent by mail shall be deemed as received by the Shareholder whose address is in Israel within 72 hours and if his address is abroad within 120 hours after the delivery thereof for dispatch at the Post Office in Israel.

32.2 **Notices to Directors**

- (a) A Notice to Directors shall be issued by way of personal delivery or by dispatch by mail or by fax or by electronic mail, according to the address registered in the Directors' Register.

In urgent cases, a Notice to Directors may also be given verbally and/or by telephone.
- (b) The aforesaid in Article 33.1 (b) shall apply to the issuance of a Notice to a Director, *mutatis mutandis*, as the case may be.

33. **The Initial Shareholders (the Founders)**

Total No. of Shares Taken: 12 Ordinary shares

Confirmation of Attorney

I, the undersigned, Einat Davidson, Attorney, License No. 50500, do hereby confirm the identity and signatures of the aforesaid Initial Shareholders.

Date: September 11, 2011

(-)

Signature

Stamp:

Einat Davidson, Attorney
License No. 50500