

THE COMPANIES ORDINANCE (NEW VERSION) 5743 - 1983
ARTICLES OF ASSOCIATION OF A LIMITED COMPANY

OF _____.

CONSTRUCTION

1. The sample Articles of Association appearing in the Second Schedule of the Companies Ordinance (New Version) 5743-1983 (hereafter - "the Ordinance") shall not apply to this company.
2. The Section headings used in these Articles are for purposes of convenience only, and shall not be binding for any purpose whatsoever.

PRIVATE COMPANY

3. The company shall be a private company and accordingly :-
 - 3.1. The right to transfer shares shall be restricted in accordance with the provisions contained in these Articles.
 - 3.2. Any invitation to the public to subscribe for shares or debentures of the company is prohibited. ,
 - 3.3. The number of members is limited to fifty exclusive of company employees or persons having been formerly in the " employ of the company who were while in such employ have continued after termination of such employ to be, and members of the company. Where two or more members jointly hold one or more shares in the company they shall for purposes of this sub-Article be treated as a single member.

COMPANY CAPITAL

- 4.4.1 The share capital of the company is _____ NIS. divided into ordinary shares of _____ NIS. .- nominal value each.
- 4.2 Ordinary shares vest the holders thereof with the right to company profits and the right to the surplus assets of the company upon its winding-up.

SHARES

5. The company may issue preferred shares deferred shares redeemable shares or shares bearing other special right or any restriction with regard to the distribution of dividends voting rights return of capital or otherwise as the company may determine by special resolution subject to the provisions of its Memorandum of Association and without derogating from any special right previously granted to any shareholder.
- 6.6.1 Unless decided otherwise by special resolution, the company shall not issue or allot new shares except if same are first offered to all the shareholders of the company in proportion insofar as possible to the number of shares of the same class held by them.
- 6.2 An offer to the existing shareholders shall be made by way of written notice which shall indicate the number of shares which the shareholder is entitled to acquire and which shall fix the date - which shall not be less than 21 days from the date of delivery of the notice - for the acceptance of the offer by way of written notice. Should the offer not be accepted by the said date it shall be deemed as having been rejected. Should the said

date pass or a notice be received from the shareholder stating that he declines to accept the shares offered him the Board of Directors may allot the shares to whomever it deems fit subject to the provisions of these Articles relating to the allotment and/or transfer of shares in consideration of a price which shall not be less than that indicated in the offer, and in a manner which, in the opinion of the Board of Directors, is the most efficient for the, company. :

- 6.3 Shareholders of the company may waive their rights under these Articles by way of written notice to the company.
7. The company may pay a commission or brokerage fee to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally), or procuring or agreeing to procure subscriptions (whether absolutely or conditionally), to any shares in the company, provided that the rate or amount of the commission not exceed ten percent of the price of such shares, and the commission shall be paid in case or in fully or partially paid up shares of the company, or part in case and part in such shares.
8. Should it be decided to issue company shares for purposes of raising funds to cover the expenses of erecting a factory or building, or the purchase of equipment for any factory which will not produce profits for a long period the company may pay interest on the paid up share capital and credit such interest to the capital account as part of the erection expenses subject to the provisions of Section 140 of the Ordinance.
9. Subject to the terms of issue of the shares of a given class of shares the company may modify the rights of any class of shares with the consent in writing of the holders of three-fourths of the issued shares in that class or with the sanction of an extraordinary resolution passed at a separate General Meeting of the holders of the shares in that class. The provisions of these Articles relating to General Meetings shall apply mutatis mutandis to each such General Meeting of the holders of the shares of that class with the exception that the necessary quorum shall be at least two persons holding or representing by proxy one-third of the issued shares of that class.
10. Company funds may not be used for the purchase of company shares except if an instruction is given in accordance with Section 235 of the Ordinance but nothing in these Articles shall prohibit performance of the actions permitted by Sections 139 and 140 of the Ordinance.
11. Subject to the provisions of these Articles, or the terms of a resolution of the shareholders creating new shares, the shares shall be in the control of the directors, who may issue them at any time and to any person, in accordance with the restrictions, conditions and rights which they deem fit at such times whether at their nominal values above their nominal values or (subject to the provisions of the Ordinance) below their nominal value.
12. The company may deem the registered holder of any share as its absolute owners and shall not be obliged to recognize any holding of shares in trusts or any equitable right or dependent interests or any claim of right or benefit to the shares except for the rights vested to the registered holder of the share.
13. In accordance with the terms of issuance of any shares and subject to the provisions of these Articles every payment for the shares in whole or parts shall be made on the date fixed for such by the person who is the registered holder or one of the registered holders of the share at such time.

CALLS ON SHARES

14. The Directors may make calls upon the members - by way of notice delivered to the members at least 14 days in advance - in respect of any moneys unpaid on their shares. Each member shall pay the amount demanded of him at the time and place so specified by the directors. The directors may demand that the said payments be made by installments at such times and places as shall be fixed by them.
15. If pursuant to the terms of issuance of company shares, no date is fixed for payment of the amount to be paid for them, the directors may from time to time make calls on any member for payments on account of such amount, and fix the date and place for the making of such payments.
16. The directors may, by way of written notice to the members, cancel any call on shares or postpone the dates for payment therefor.
17. The directors may, with the approval of the General Meeting by special resolution, at the time of the issuance of any shares, differentiate between the holders as to the amounts of calls to be paid and the times of payment therefor.
18. If, by the terms of issue of a share, or by any other manner, any sum must be paid at any fixed date, or installments paid at fixed dates, whether on account of the nominal value of the share or by way of premium, any such sum or installment shall be paid as if made payable by virtue of a call duly made and notified by the directors. All the provisions of these Articles as to demands for payment on account of the shares shall apply to such sum or installment.
19. The joint holders of a share shall be jointly and severally liable to pay every installment and every call in respect of such share.
20. If the amount of a call or installment or sum to become payable at a fixed date pursuant to the terms of issuance by the date for its payment is not paid, the person to whom the share has been allotted, or the person who at such time is the holder of the share in respect of the call, shall pay interest at a rate determined by the directors, which shall be close to the amount of bank interest prevailing at such time on unauthorized overdrafts, or at a lower rate, or may instead be required by the board of directors to pay linkage differentials to any official index published by State agencies, or linkage differentials to the rate of a foreign currency, plus the prevailing bank interest for loans linked to the index or a foreign currency (hereinafter - "the interest" Including the above-said linkage differentials), as the directors shall determine from time to time. The interest shall be paid for the period commencing with the date fixed for payment until the date of actual payments but the directors may waive the payment of linkage differentials and/or interest in whole or part.
21. A shareholder shall not be entitled to receive a dividend from the companies and may not exercise any right whatsoever as a company shareholders Unless he has paid all calls received and all Interest If so required as provided in Article 20 above) for each of the shares held by him whether by himself or jointly with another person.
22. The directors may if they deem fit receive from any member so willing advance payments in whole or parts on account of unpaid shares which have not yet become payable. The directors may pay interest on such amounts or on such part thereof exceeding the amount which at that time the member was required to pay on account of the shares for which the advance was made at a rate to be agreed upon between the

directors and the members and for a period not exceeding the period between the date of payment and the date on which this amount would have become payable.

LIEN

23. The company shall have lien on every shares not being a fully paid up shares for all monies whether presently payable or not called or payable at a fixed time in respect of that share. The company shall also have a lien on all shares registered in the name of a single person or corporation (even if the shares have been fully paid) for all moneys payable by the individual or his estate or the corporation to the company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The company's lien shall extend to all dividends payable thereon.
24. The company may sells in such manner as the directors see fits a share subject to a liens but no sale shall be made unless a sum in respect of which the lien exists is presently payable not until the expiration of 14 days after a notice in writings stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the shares or to one of its holders or the person entitled to the share in consequence of his death or bankruptcy.
25. The proceeds of any such sale shall, after deduction of sale expenses, be used to repay the debts of said member. Any residue from the proceeds after repayment of the debts shall be paid to the member, or to his heirs, executors or administrators, subject to a lien against the amounts.
26. Should shares to which the company has a lien be sold in accordance with the above-described authorities, the board of directors may register the purchaser as the holder of the shares. The purchaser shall not be bound to examine the validity of application or manner of use of the purchase money, and his title to the share shall not be affected by any irregularity or invalidity in the sales proceedings; after said shares are registered in the register of shareholders in the name of the purchaser, the validity of the sale may not be called into question.
27. A sworn declaration by a director of the company stating that a share, on which the company had a lien, was duly sold on a date set forth in the declaration, shall serve as conclusive evidence of the facts thereof against any person claiming to be entitled to the share. Such declaration, together with the receipt of the company, if any, for the proceeds from sale of the share, shall vest title in the share, and the purchase of the share shall be registered as the holder thereof.

FORFEITURE OF SHARES

28. If any member fails to fully pay any call on or before the date appointed therefor, the directors may serve a written notice on him requiring him to pay the amount as yet unpaid, together with interest thereon, and other expenses incurred as the result of such nonpayment. '
29. The notice described in Article 28 shall set forth a further date, which shall not be earlier than 14 days from the date of the notice, and shall state that if the subject amount is not paid on or before this date, the share in respect of the call shall be forfeited,
30. If the requirements of such notice are not compelled with, the directors may, at any time thereafter, and before the payment is made, adopt a resolution effecting forfeiture of the

share for which the said notice was given. Forfeiture of the share shall also extend to the dividends regarding such share which were not paid prior to the forfeiture.

31. A forfeited share may be sold or transferred upon such terms as the directors shall deem proper, with or without any amount paid or deemed as paid for the share.
32. The board of directors may, at any time before the forfeited share has been sold, reissued or transferred, annul the forfeiture upon terms as it shall see fit.
33. A person whose shares have been forfeited shall cease to be a member in regard thereof, but notwithstanding shall remain liable to the company for all moneys which, on the date of forfeiture, were payable by him to the company in respect of the shares. This liability shall cease if and when the company receives payment in full of all such moneys in respect of the forfeited shares.
34. Upon the forfeiture of a share as provided in Article 30 above, every right and every demand or claim of the member towards the company with regard to the share shall be annulled.
35. A sworn declaration by a director of the company stating that a share has been duly forfeited on the date set forth in the declaration shall be conclusive evidence of the facts therein against all persons claiming to be entitled to the share. The said declaration, together with the receipt of the company for the proceeds, if any, given for the share upon sale or transfer thereof shall vest title to the share, and such person to whom the share is sold or transferred shall be registered as the holder of the share, and he shall not be liable for the use of the purchase money, if any, and his right to the share shall not be affected by any irregularity or invalidity of the forfeiture, sale or transfer proceedings.
36. The provisions of these Articles regarding the forfeiture of shares shall apply to the nonpayment of any amount which becomes payable by the terms of issue of the share, whether on account of the share or by way of a premium, as if the same had been payable by virtue of a call duly made and notified.
37. Nothing in these Articles regarding the forfeiture of shares shall derogate from any remedy which the company may have against the member under the Contracts (Remedies for Breach of Contract) Law, 5731-1971, or under any other law.

TRANSFER OF SHARES

38. Subject to the restrictions included in these Articles, shares of the
39. Every transfer of shares in the companies subject to the restrictions of these Articles shall require the approval of the board of directors of the companies which may not unreasonably refuse to register the transfer of shares.
40. The instrument of transfer of shares shall be in the following form or in a form as similar as possible thereto or in any other form which the directors shall approve:

"I, A.B.s ID No. s Of s (hereinafter - "the transferor") hereby transfer to Mr _____ ID No _____, (hereinafter - "the transferee") in consideration of the sum of _____ paid to me the share numbered _____ of the _____ Company Ltd., to be held by the transferrers his administrators or assigns in accordance with the terms upon which I held the share at the time of execution of this instrument, and Is the transferee, consent to take the share subject to the said conditions.

As witness our hands this _____ day of _____, 19..

(Signature of transferor) _____ (Signature of transferee)

(Witness to signature of _____ (Witness to signature of transferor)
_____ transferee)"

41. The directors may decline to recognize an instrument of transfer until the instrument has been deposited with the office of the company for purposes of registrations together with the certificate of the shares set to be transferred, and until the transferor provides evidence, at the request of the directors, of his right to transfer his shares. A registered transfer instrument shall remain in the possession of the company, but every transfer instrument which the directors decline to register shall be returned to the person delivering same.
42. Deleted.
43. The restrictions imposed by the provisions of these Articles regarding the transfer of shares shall not apply when the transferrers of the shares are the wife or offspring, in the event of transfer by virtue of inheritancy or descent, or when the transfer is to a company controlled by the transferee, i.e. at least 75% of its ownership is held by him.
44. Without derogating from any other restriction imposed on the transfer of shares included in these Articles, the directors may refuse to register a transfer of shares, not being fully paid up shares, and they may also refuse to register a transfer of shares on which the company has a lien.
45. The company may demand a payment for covering the expenses of registering the transfer in an amount to be fixed by the board of directors from time to time.
46. As long as the board of directors of the company has not otherwise resolved, the company books shall be closed to registration of a transfer for a period of 14 days preceding an Ordinary General Meeting of the company, and on other dates and for such periods as the board of directors shall decide from time to time, provided that the company books shall not be closed for more than 30 days in any year.

TRANSMISSION OF SHARES

47. The executors of the will or administrators of the estate of a share- holder who has deceased (who is not a joint holder of a share) or, when there is no such executor or administrator, those persons having a beneficial right as survivors of the deceased shareholder, shall be. the only persons recognized by the company as having rights to the share.
48. Where a share is registered in the name of two or more persons, the company shall recognize only the surviving holders as having full rights to the share.
49. Any person becoming the holder of shares in consequence of the death of a member may be registered himself as the holder the share, upon proffering to the directors a Succession Order, Probate Order, Letters of Administration, or any other proof satisfactory to the directors in evidence of his right to appear as shareholder in accordance with these Articles or evidencing his proprietary right in the said shares, The directors may refuse registration thereof or the placing of a lien thereon in such manner as they would have been entitled to do had the deceased member transferred the share prior to his death, or in accordance with the provisions of these Articles as regards the transfer and/or sale of shares.

50. The Receiver or Liquidator of a member which is a company, partnership or cooperative society or the Trustee in Bankruptcy or Official Receiver of a bankrupt member upon the producing of appropriate evidence which the directors deem satisfactory in evidence of his right to appear in their role or in evidence of his right of possession and if the directors see fit to consent to same may be registered as the holder of such shares or may transfer such shares subject to the restrictions imposed on transfers included in these Articles.
51. A person entitled to shares in consequence of a transfer under this Chapter shall be entitled to receive dividends and all other moneys paid for shares but he shall not be entitled to receive notices of General Meetings or participate or vote therein or - subject to the provisions of these Articles - exercise any right conferred by membership until he is registered as the holder of these shares In the register of company members.

CONVERSION OF SHARES INTO STOCK

52. The directors may, with the advance consent of 75% of the holders of voting shares of the company and by resolution of the General Meetings:
 - 52.1 Convert paid up shares into stock;
 - 52.2 Reconvert any stock Into fully paid up shares of any denomination.
53. The holders of stock may transfer the same or any part thereof, in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as the circumstances admit; and the directors may fix the minimum amount of stock transferable and prohibit or restrict the transfer of parts of such amount provided that the minimum shall not exceed the nominal value of the shares from which the stock arose.
54. The holders of stock shall according to the amount of stock held by them, have the same rights and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose but no such privilege except for participation in the dividends and profits of the company, shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege.
55. Such of the Articles of the company as are applicable to paid up shares, except for the Articles regarding share certificates, shall apply to stock, and the words "share" and "shareholder" appearing therein shall include "stock" and "stockholder".

SHARE CERTIFICATES

56. Every member is entitled to receive from the company, within two months from date of his written demand, one share certificate for all the shares of the same class registered in his name, except in the event that the terms of issue of the shares state otherwise. The directors may consent to issuance of single certificates, each having regard to a specific amount of shares.
57. Each share certificate shall set forth the quantity and serial numbers of the shares for which it was issued, as well as the amount paid therefor.
58. Each share certificate shall bear the seal of the company and the signatures of at least two directors, except if at such time the company shall have only one director, in which case his signature alone shall suffice.
59. A share certificate registered in the name of two or more members shall be delivered to the person whose name appears first in the register relating to the joint ownership, and

the delivery of a certificate to one of the joint holders shall be deemed as delivery to all of them.

60. (a) A share certificate which shall be damaged, worn out, destroyed or lost may be renewed, and the company shall issue a new certificate in place of one which has been so damaged, worn out, destroyed or lost, subject to the conditions regarding evidence and compensation to be fixed by the directors at their sole discretion being fulfilled.
- (b) Nothing in the non-issuance of a share certificate to members shall negate the status of such members as shareholders in the company.
61. Stamp tax or any other tax or mandatory payment required for the transfer of shares shall apply to the person requesting the transfer and be paid by him, in accordance with the decision of the directors.

REDEEMABLE SHARES

62. The company may, subject to the provisions of the Ordinance, issue redeemable shares and may redeem the same.

ALTERATION OF SHARE CAPITAL

63. The company may, by special resolution, perform any action provided for in Section 144 of the Ordinance, including:-
 - 63.1 Consolidate its share capital, or any part thereof, and divide the same into shares of amounts larger than its existing shares.
 - 63.2 Divide its share capital, or any part thereof, by subdivision into shares of amounts smaller than its existing shares, subject to the provisions of the Ordinance.
 - 63.3 Cancel any shares not issued or agreed to be issued to any person.
64. The company may by special resolution, and subject to the provisions of the Ordinance, decrease its share capital, the fund for redemption of its shares, and any account of premiums received for shares.
65. The company may, by special resolution, increase its share capital in an amount to be divided into shares of such amounts and classes as set forth in the special resolution, subject, however, to the following provisions:-
 - 65.1 All new shares shall be issued under the same conditions and restrictions and with regard to the same rights and privileges as determined by the special resolution providing for their creation and, in the absence of such determination - as decided upon by the directors.
 - 65.2 subject to any other provision of the special resolution providing for the increase of capital, shares shall be issued from the original or increased capital of the company to such persons and under such conditions as shall be decided by the directors, at their sole and absolute discretion.
75. The Chairman of the General Meeting shall be the Chairman of the Board of Directors or another person appointed by the General Meeting Itself. If there shall be no such Chairman's or if at any meeting the person so appointed shall be unwilling to serve as Charlatans or Is not present within fifteen minutes of the time appointed for such meetings the members present shall elect a Chairman from among themselves.
76. The Chairman may with the consent of any meeting at which a quorum is presents and shall if so directed by the meetings adjourn any meeting to another time or place. No

business shall be transacted at such adjourned meeting other than for uncompleted business from the meeting from which the adjournment took place. No notice need be given regarding the adjournment and the matters on the agenda of the adjourned meetings but if a meeting is adjourned for ten or more days notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting.

77. Any resolution adopted other than in General Meetings which is signed by a majority of the shareholders of the company entitled to receive notices of General Meetings and to vote therein shall have the force of an Ordinary Resolutions Or Extraordinary resolutions Or special Resolutions adopted at an ordinary meeting or an extraordinary meetings as the case may be and shall be considered as having been adopted by the General Meeting of the company.

VOTES OF MEMBERS

78. A resolution put to a vote of a General Meeting shall be decided on a show of hands unless at least one of the members before the vote - or upon the declaration of its result - demands a poll. Unless a poll is so demanded the declaration by the Chairman that a resolution on a show of hands has been carried or defeated unanimously or by a particular majorities shall be conclusive proof of such provided that an entry to that effect has been made in the minutes of the meetings and there shall be no need for proof of the number or proportion of the votes.
79. If a poll is duly demanded it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
80. In the case of an equality of votes whether on a show of hands or on a polls the proposal shall be considered as defeated and the Chairman of the meeting at which the vote is taken shall not have an additional or casting vote.
81. A poll demanded on the election of a Chairman or on a question of adjournment shall be held forthwith; and a poll demanded for any other question shall be taken at such time as the Chairman of the meeting shall determine.
82. subject to any right or restriction on voting connected with the class of shares, upon the taking of a vote by show of hands every member present in person or by proxy shall have one vote for each share of which he is the holders or such number of votes vested him by the class or classes of the shares held by him. In a vote on a poll, a shareholder or his proxy may vote by virtue of the shares which he holds or represents and he may vote some of the shares one way and others in another way.
83. In the case of joint holders of a share, the vote of the senior who tenders his vote in person or by proxy shall be accepted to the exclusion of the votes of the other holders of the share. For these purposes seniority shall be determined by the order in which the names are listed in the register of members.
84. A member who has been Judicially declared to be under a disability may vote, whether by a show of hands or on a poll, by his guardian or other person judicially appointed, and the latter persons may, on a poll, vote by proxy.
85. No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him in respect of His shares in the company have been fully paid.
86. Members may vote in person or by proxy, or if the member is a corporation, by a proxy appointed for such purpose by the corporation.

87. The instrument appointing a proxy shall be in writing under the hand of the appointee or his attorney duly authorized in writing, and if such appointee is a corporation, under its seal or under the hand of an officer duly authorized in that behalf.
88. The instrument appointing a proxy, together with the power of attorney or other authority, or copies thereof confirmed by a notary or in another manner satisfactory of the directors shall be deposited at the registered office of the company at least 48 hours before the time appointed for convening of the meeting at which such person named in the instrument proposes to vote: otherwise, said instrument shall be invalid as regards the said meeting, unless all the participants in the vote consent otherwise.
89. The instrument appointing a proxy shall be in the following form, a similar form, or another form as the directors shall determine:-

" _____ . Company Ltd., number

I, _____ , holder of ID No _____ of _____ , a member of _____ Company Ltd., hereby appoint _____ , holder of ID No _____ of _____ , to vote in my place and stead in the General Meeting (Ordinary/Extraordinary) of the company, to be held on the day of _____ , 19___, and at every adjournment thereof.

As witness my hand this _____ day of _____ , 19___

Signature

90. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or transfer of the share in respect of which the vote is given, unless a written notice of such occurrence is received at the office before the meeting. If a vote by poll is taken, a notice revoking an instrument of proxy shall be effective if received under the hand of the appointee and received at the office not later than ? one hour before the commencement of the poll. :

DIRECTORS

91. The number of directors shall not be less than 1 and not more than 3. The company may increase the number of directors above 3 by way of ordinary resolution adopted by a majority of 51% of the holders of the ordinary shares.
- 92A. A director does not have to be a shareholder in the company or to hold any shares in the company.
- 92B. The company's first directors will be appointed by the signers to the Memorandum of Association and will hold office until the first General Meeting. If no directors are elected in any General Meeting the same directors who were holding their office until that General Meeting will remain in office until new directors are elected in a General Meeting or an Extraordinary General Meeting is summoned for this purposes inter alai. One who holds office as director may be re-elected. The company may dismiss a director at any time by a regular decision of the General Meeting.
93. The directors shall manage the business of the company s and they may pay all such expenses incurred in promoting and registering the company's and may exercise all such

powers of the company as are not by the Ordinance or by these Articles s required to be exercised by the company in General Meetings subject to any of these Articles the provisions of the Ordinance and to such regulations not being inconsistent with the aforementioned Articles or provisions as may be prescribed by the company in General Meeting; but no regulation made by the company in General meeting shall invalidate any prior act of the directors which would have been valid had such regulation not been made.

94. The directors may appoint one or more of their body to the office of managing director for such term and at such remuneration s whether by way of salary or commission or participation in profits or partly in one way and partly in another as they deem fit.
95. The directors may receive remuneration from company funds for fulfillment of their roles as members of the board of directors as shall be fixed if at all from time to time by the General Meeting by way of special resolution.
96. A director may receive his reasonable expenses for trips food and board and other expenses connected with his participation in meetings of the board of directors and in fulfillment of his role as director, Should a director be asked to fulfill special tasks for the company or make special efforts for purposes of executing any of the objects of the company's including traveling abroad or staying there and he agrees to such requests the company shall pay him remuneration in an amount and manner as shall be determined by the board of directors.
97. The office of director shall be vacated upon the occurrence of one of the following:-
 - 97.1 At his death: and in the event that the director is a company - upon it being wound-up or deleted:
 - 97.2 If he is found of unsound mind or lunatic:
 - 97.3 If he becomes bankrupt;
 - 97.4 If he resigns by way of written notice to the company;
 - 97.5 If he is removed from his position or is not reelected, subject to the provisions of these Articles.
98. If the office of a director or directors becomes vacant as provided in Article 97 above, the remaining members of the Board of Directors may continue to function as directors until the election of directors at the next General Meeting of the company. If the number of directors falls below the minimum number set forth in Article 91 above, the remaining directors may continue to act in their then present number until the minimum number is re-established,
99. Any resolution regarding the provisions of Part "D" of the Companies Ordinance shall be adopted by the General Meeting of the company.
100. Deleted.

SUBSTITUTED DIRECTORS

- 101.A director may, by written notice delivered to the board of directors, appoint another person to act as his substitute, and cancel such appointment and appoint another in his stead. A substitute director shall have all the same rights and authorities - relating to participation in the running of the company, signatures, and the like - as the director who appointed him. The office of a substitute director shall become vacant if and when the director appointing him vacates his office. The

appointment of a substitute director is subject to the approval of the board of directors.

GENERAL MANAGERS AND BUSINESS MANAGERS

102. The directors may from time to time appoint one or more persons (whether or not a director) as General Manager or General Managers, Business Manager or Business Managers of the company, for a fixed or unlimited term, and they may from time to time release him/them from His/their office/s and appoint another or others in His or their stead
103. Subject to the provisions of the Companies Ordinance, the remuneration of a General Manager or Business Manager shall be fixed from time to time by the board of directors. Such remuneration may be fixed in the form of salary) commission, participation In profits or any other manner which the board of directors shall deem fit.
104. The board of directors may from time to time entrust to or confer upon a General Manager or Business Manager such of the authorities vested in it as it deems fit. The delegation of such authorities shall be for such time, and to be exercised for such objects and purposes, and upon such conditions and with such restrictions as the board of directors sees fit, and it may confer such authorities collaterally with the authorities of the board of directors in a given area. The board of directors may from time to time cancel, negate, modify and substitute any or all such authorities.

AUTHORITIES OF THE DIRECTORS

105. The directors shall manage the business of the company, and may pay all the expenses incurred in the founding and registering of the company, and may exercise all such powers of the company as are not, by the Ordinance or by these Articles, given to the General Meeting of the company. No regulation made by the company in General Meeting shall invalidate any prior action of the directors made within the scope of their authorities.
106. The directors may at any time commence and continue to act in any business or field or type of business, or act according to an object which the company is expressly or indirectly permitted to act therein. The directors, at their discretion, may also not act in such businesses, or refrain from acting therein.
107. The board of directors may from time to time, at its discretion, obtain, borrow or guarantee the payment of moneys for the objects of the company. The board of directors may obtain or guarantee the payment or repayment of such moneys in such manner and under such conditions as it deems fit in accordance with its discretion.
108. The directors may guarantee the repayment of such moneys in such manner and under such conditions as it deems fit, and in particular by the issuance of promissory notes, debentures or debenture stock against a current charge on all or part of the present or future assets of the company, including uncalled capital and against charges and other securities of any other kind. The directors may issue promissory notes, debentures, debenture stock or other securities in discount, premium or other manner, and with privileges relating to redemption, enlargement and conversion to shares.
109. Without derogating from the general authorities vested it by Article 105 and from the other authorities vested it under these Articles, and without restricting or limiting in any way any or all of the said authorities, it is expressly stipulated herein that the board of directors shall have the following authorities:-

- 109.1 To appoint any person or persons (whether or not associated), for purposes of receiving and holding in trust for the company, any property belonging to the company, or in which the company has an interest, or for any other purpose, and to do any action, deed and thing required for any such trusteeship, and to ensure - the payment of the remuneration of such trustee or trustees.
- 109.2 To commence, prosecute, defend, compromise or abandon any legal proceeding by or against the company or against its officers or otherwise relating to its interests, and to compromise and extend the time for repayment of any debt owed to the company or its creditors, and to compromise regarding legal claims or demands by the company or which were submitted against it.
- 109.3 To consent to arbitration of any legal claim or demand of the company or against it, and to discontinue such arbitration proceeding.
- 109.4 To appoint on behalf of the company attorneys in Israel or abroad to represent the company before any court, legal and quasi-legal bodies, governmental, municipal or other bodies or ministries in Israel or abroad, and to vest any such attorney with such authorities which the directors shall deem fit, including the authority to delegate their authorities in whole or part to another or others.

PROCEEDINGS OF THE DIRECTORS

- 110. The directors may meet together for the transaction of business and adjourn their meetings and regulate their actions and deliberations as they deem fit. They may also determine the quorum necessary for the transaction of business, Unless otherwise determined by the directors, a legal quorum shall be constituted by the presence (in person or by proxy), if the company has one director - of such director, and if the company has two directors - both, and in any other event, by a majority of the directors.
- 111.A director may at any time - and the secretary of the company (if one is appointed) shall, at the demand of a director - summon a meeting of the board of directors.
- 112.A notice of a meeting of the board of directors may be oral, by telephone, in writing or by telegram, telex or facsimile, provided that the notice is given at least 24 hours before the time fixed for the meeting, except if all the directors entitled to receive notices have agreed to a shorter or longer notice. i
- 113.A director who is absent from Israel at any time shall not be entitled (to receive notice of the convening of a board of directors during his ' absence, but notice shall be delivered to his substitute, if any.
- 114.A director and any substitute director may attend and vote at meetings of the board of directors by proxy. A proxy shall be appointed by a written instrument under the hand of the appointed, whether or not for a specifically indicated meeting. A proxy may not vote in place of his appointee at a meeting at which the appointed is present.
- 115. Questions arising at meetings of the board of directors shall be decided by majority vote.
- 116. The directors may elect one of their body as Chairman of the board of directors and determine the period for which he is to hold office. The directors may also dismiss a Chairman and appoint another in his stead. Should the Chairman not be present at any meeting of the board of directors within i5 minutes of the time fixed for commencement of such meeting, the directors may select another Chairman for such meeting.

117. In the case of an equality of votes, the proposal shall be deemed as defeated and the Chairman shall not have an additional or casting vote.
118. Any meeting of the board of directors at which a legal quorum is present may exercise any of the authorities, powers and discretion possessed at such time by the board of directors, or which are generally exercised by it.
119. The board of directors may, for any specific matter, delegate their authorities to committees composed of one or more directors, as it sees fit, and it may from time to time cancel any such delegation of authority. Every committee must, at the time of exercising its authorities, fulfill all the directions of the board of directors. The meetings and actions of such a committee which is composed of two or more persons shall be held and taken in accordance with the provisions of these Articles relating to meetings and actions of the board of directors, mutatis mutandis, and insofar as other directions are not given by the board of directors at the time of appointment of the committees or from time to time thereafter.
120. The directors shall cause proper minutes to be taken of every General Meeting of the shareholders and of every meeting of the board of directors and of the committees of the company. Such minutes shall indicate the names of the members present and shall describe all the matters considered at such meetings and the resolutions adopted therein. The minutes of the meetings of shareholders or directors shall be under the hand of the Chairman of such meeting, and shall serve as proof that the said meeting was duly convened and held, and as proof of the correctness of the facts set forth therein, without need for any additional evidence .
121. No act done by any meeting of the board of directors or of a directors' committee or by any person acting as substitute director shall be voided solely because there was a defect in the appointment of such person or persons acting as aforesaid, or that they or any of them were disqualified.
122. A resolution in writing and signed by all the directors at a given time shall be valid for all purposes as a resolution passed at a meeting of the board of directors duly convened and held. Every such resolution may be comprised of a number of documents of a similar text, each one signed by one or more directors. For purposes of this Article, two or more directors may be represented by the same substitute, and two or more directors or substitutes may be represented by the same proxy, and every such proxy is entitled to one vote for each director or substitute which he represents, in addition to his own vote (if any).
123. The board of directors shall from time to time determine which person or persons is or are entitled to act and/or execute documents on behalf of the company, either generally or for purposes of executing specific documents or undertakings, and it may restrict and/or limit the extent of their authorities. The board of directors may grant rights of action and/or rights to execute documents to one director or several directors jointly, to a manager or managers, and to an officer and/or other persons as the board of directors shall determine. The board of directors shall, in its discretion, also determine the combination of signatures necessary to bind the company.
124. The company may have a seal and/or rubber stamp bearing the name of the company, and if the board of directors shall so decide, documents binding the company shall be affixed with the seal or rubber stamp together with the signatures pursuant to Article 123 above. Except for those events specifically decided upon as requiring the affixing of the said seal or rubber stamp, the signatures of those persons decided upon pursuant to

Article 123 above shall bind the company, together with the printed or written name of the company.

125. The directors are obliged to observe the provisions of the Ordinance, and especially those regarding the registration of the details of a lien on the assets of the company and the keeping of the register of directors. The directors must also observe the provisions regarding the delivery of documents to the Companies Registrar, including all of the following documents: annual report of the company, notice of consolidation of or increase in share capital or conversion of shares into stock, copies of special resolutions, a copy of the register of directors, and notice of every change therein.

MEMORANDUM OF ASSOCIATION, OFFICERS AND REPRESENTATIVES :

126. The directors may from time to time appoint a secretary(s) for the company as well as officers, employees and agents to permanent, temporary or special positions, as the directors see fit from time to time, and the directors may also from time to time terminate the services of one or more of the aforementioned at any time, at their absolute discretion.
127. The directors may determine the authorities and roles of the persons referred to in Article 126 above, as well as their salaries and conditions of employment, and demand securities in such events and amount at their discretion.
128. The directors may at any time authorize any person to be the representative of the company for such purposes and with such authorities and for such period and under such conditions as the directors shall deem fit, provided that such authorities shall not exceed those of the board of directors itself. The directors may authorize the said representative to transfer the authorities given him to another person.

DIVIDENDS

129. The company in General Meeting may declare dividends, and may determine the date and conditions for the payment thereof. Provided that no dividend shall exceed that recommended or suggested by the board of directors.
130. No dividend shall be paid other than out of profits.
- 131.A General Meeting declaring a dividend may decide that such dividend be paid in full or part by way of distribution of specific assets and in particular by way of distribution of fully paid up shares or debentures or debenture stock of the company or shares or debentures or debenture stock of any other company's or by a combination of these methods.
132. The company shall not pay interest on dividends.
133. subject to the rights of the holders of shares with special rights as to dividends all dividends shall be paid to holders of ordinary shares in proportion to the amounts paid up or credited as paid up on account of the nominal value of their shares irrespective of premiums paid on the shares, An amount paid up on account of a share in advance of a call which has not yet become payable and on which the company is paying interest to the shareholder shall not be considered for purposes of this Article as an amount paid up on account of the share. If the rights attached to any shares or the terms of their issue do not provide otherwise the holder of shares which have been fully or partially paid up or credited as paid up in any period for which dividends are paid shall be credited in proportion to the amount paid up or credited as paid up on the nominal value of such shares and for the time of such payment.

134. Where several persons are registered as the Joint holders of a share s any of them may give a receipt for payment of dividends paid for such share.
135. Notice of the declaration of a dividend shall be delivered in the manner provided in the "Notices" Chapter bellow to every person entitled to receive a part thereof.
136. The directors may pay to the members such interim dividends in such amounts as appear to the directors as justified by the profits of the company.
137. Unless the board of directors decides otherwise, any dividend shall be paid by cheque or warrant sent by post to the registered address of the member or the person entitled thereto and, in the case of joint registered holders, to that member first named in the register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The directors may invest any dividend not claimed during the year after being declared, or otherwise use same for the benefit of the company until claimed.

FUNDS

138. The directors may, in any year and before recommending a dividend, set aside out of the profits of the company such sums as they think proper as a reserve or other fund. Such funds shall) at the discretion of the directors, be applicable for any unforeseen contingencies or for the equalization of dividends or for any purpose to which the profits of the company may properly be applied, and pending such application may either be employed in the business of the company or be invested in such investments as the directors from time to time thank fit.

CAPITALIZATION

139. Any General Meeting may, upon the recommendation of the directors, resolve to capitalize any undistributed profits standing to the credit of the funds, or any moneys or surpluses which may lawfully be distributed as dividends or which constitute premiums on shares or asset evaluated funds; and for their application towards paying up amounts on shares or debentures of the company, whether at nominal value or at premium. The said shares or debentures shall be distributed among the members in such proportion as they are entitled to the distribution of dividends. Bonus shares distributed for any shares shall be of the same class as the shares for which they were allocated, except if the same General Meeting decides to distribute to all the shareholders bonus shares of a different class.
140. For purposes of executing a resolution adopted by the General Meeting as provided in Article i39 above, the directors may at their discretion resolve any difficulty relating to the distribution in any manner they see fit, and in particular may issue certificates for fractions or parts of shares or pay in cash or otherwise for such fractions or parts, or determine that fractions valued at less than the nominal value of the share in the company having the lowest nominal value shall not be taken into account for purposes of adjusting the rights of the members. The directors may also, as they see fit, transfer any moneys in trust for the benefit of those entitled thereto. Given the need, an appropriate contract in accordance with Section 129 of the Ordinance shall be submitted for registration, and the directors may appoint any person to enter into the contract on behalf of those entitled to dividends or capitalized reserves or shares or debentures to be distributed as a bonus as described above.

ACCOUNT BOOKS

141. The directors shall cause proper account books to be kept in accordance with the provisions of the Ordinance and in accordance with the provisions of any law.
142. The account books shall be maintained at the registered office of the company or in any other place resolved upon by the directors, and shall be open to inspection at all times by the directors. The directors may resolve from time to time whether, to what extent, at what time and place, and under what other conditions, the company books and accounts - or any of them - shall be open to inspection by the members. A member who is not a director shall have no right to inspect the company books accounts or documents, except If he is entitled to such by virtue of law or If authorized for such by the directors or by the company in General Meeting.
143. The directors shall cause copies of the accounts and of the balance sheet referred to in Sections 203 and 204 of the Ordinance to be provided, 7 days prior to an Ordinary General Meeting, to each of the shareholders entitled to vote at the General Meetings who so request. The said documents shall be provided in the manner provided for in the "Notices" Chapter below.

AUDIT OF ACCOUNTS AND AUDITOR

144. At least once a year the profit and loss statement of the company and its balance sheet shall be audited by an Auditor, who shall present to the members a report of the accounts so audited in accordance with the provisions of the Ordinance.
145. The appointment of the company Auditor shall be made with the consent of the holders of the voting and ordinary shares of the company, and the authorities duties rights remuneration and role of the auditor shall be fixed according to the provisions of the Ordinance and of any law in effect from time to time.

REGISTERED OFFICE

146. The directors shall determine from time to time the location of the registered office of the company and shall cause the provisions of the Ordinance relating to the registered office to be observed.

NOTICES

147. The company may deliver a notice to a member either personally or by posting it to him at his registered address in Israel s and if he has no such address at the address in Israel of which he has given notice to the company for purposes of delivery of notices. A notice sent by post shall be deemed as having been duly and timely delivered to the member unless otherwise proven. Should a member not have a registered address in Israel and has not notified the company of an address in Israel to which notices are to be sent he shall not be entitled to receive notices.
148.
 - 148.1 The company may give notice to joint holders of a share by way of delivery thereto to the person first named in the register of members in respect of the share.
 - 148.2 When notice is given by a holder of a share which is held by - more than one persons such notice from the holder first named in the register of members shall be deemed as a notice from all the Joint holders.
149. Notice regarding a General Meeting shall be delivered to every share- holder except for those who's under these Articles or In accordance with the terms of issue of the shares are not entitled to participate in a votes and except for those who have no registered address in Israel and have not notified the company of an address in Israel for purposes

of delivery of notices. Said notice shall also be delivered to any person entitled to a share in consequence of the death or bankruptcy of a member who's but for such death or bankruptcy s would have been entitled to notice of the meeting. No other person shall be entitled to receive notice of General Meetings.

150. The fact that a member has not received notice shall not invalidate the proceedings or resolutions of the General Meeting which was convened in His absence.

INDEMNIFICATION AND INSURING OF OFFICE HOLDERS

- 151.(a) "Office holder" shall mean a director, General Manager, Chief Business Managers Deputy General Manager s Other Manager directly subject to the General Manager s the substitute of any such position holders even if described differently or any other person whom the company has determined is an office holder.
- (b) The company may enter into a contract for ensuring all or part of the liability of an office holder arising from any of the : following events : -
1. Breach of duty of care towards the company or other person.
 2. Breach of duty of trust towards the company's provided that the office holder acted in good faith and had a reasonable basis for assuming that the action would not be injurious to the interests of the company.
 3. A financial obligation imposed on him in favor of another person due to an action taken by virtue of his holding an office in the company,
- (c) The company may indemnify an office holder due to any of the following events:-
1. A financial obligation is imposed on him in favor of another person pursuant to court judgments including a judgment given in compromise or an arbitration judgment confirmed by a court due to an action taken by virtue of his holding an office in the company.
 2. Reasonable litigation expenses including legal fees which the office holder incurred or was ordered to pay by a court in a legal proceeding commenced against him by the company or on its behalf or by another persons or in a criminal investigation of which he was acquitted due to an action taken by virtue of his holding an office in the company,

WINDING-UP