

## Deed of Trust

Drawn up and signed in Tel Aviv on the 26 day of the month of May, 2008

**Between: Kardan N.V.<sup>1</sup>**  
Care of Kardan, 154 Menachem Begin Road, 4<sup>th</sup> floor, Tel Aviv 64921  
Telephone: 6083444-03  
Fax: 6083434-03  
(Hereinafter: "the Company" or "Kardan N. V.")

### As party of the first part:

**And: Hermetic Trust (1975) Ltd**  
Of 113 Hayarkon Street, Tel Aviv  
Telephone: 5274867-03  
Fax: 5271736-03  
(Hereinafter: "the Trustee")

### As party of the second part:

- Whereas:** The Company Board of Directors resolved on May 26, 2008 to publish a shelf prospectus whereby the Company might offer, *inter alia*, series of debentures **that shall be known as Series B to F and Series 1 to 2** (hereinafter jointly: "the Debentures"), in the manner described in this Deed of Trust; and
- Whereas:** The Trustee has declared that it is a company registered in Israel, engaged in trusteeships, and meets the terms of qualification for a trustee of the Debentures stipulated in the Securities Law, 5728-1968. The contact at the Trustee for the Debentures is Mrs. Meirav Ofer Oren, Adv., co-CEO, e-mail address: merav@hermetic.co.il; and
- Whereas:** The Company hereby declares that there is no impediment under any law or under any agreement to prevent it from contacting with the Trustee under this Deed of Trust; and
- Whereas:** The Trustee agrees to act as the trustee of the Debenture Holders, in accordance with the terms of the trust detailed in this Deed hereunder; and
- Whereas:** The Trustee has declared that there is no impediment under any law to prevent him from contacting with the Company under this Deed; and

**Therefore the following has been agreed, declared and stipulated between the Parties:**

### **1. Interpretation and Definitions**

- 1.1 The Preamble of this Deed of Trust and the Appendices and Addenda thereto constitute an integral part thereof.
- 1.2 The division of this Deed of Trust into sections and the provision of section headings have been performed for purposes of convenience and as references only, and are not to be used for purposes of interpretation.
- 1.3 All the foregoing in this Deed of Trust in the plural shall implicitly refer also to the singular and vice versa, all the foregoing in the masculine gender shall implicitly refer also to the feminine gender and vice versa, and any reference in the foregoing to a person shall also implicitly refer to a corporation, all insofar as there is no other explicit or implicit provision in this Deed of Trust or if the content of the foregoing or the context thereof does not demand otherwise.

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<sup>1</sup> The address of the Company in Israel, for the purpose of this Deed of Trust and for the purpose of service of process is care of Eilat Weller, Attorney at Law, 154 Menachem Begin Road, Tel Aviv or any other address in Israel that shall be announced in writing to the Trustee by the Company (hereinafter in this Deed: "the Company's Address in Israel").

1.4 In this Deed of Trust, the terms detailed hereunder shall have the meaning written alongside them, unless another meaning is implied from the content or context thereof, or unless explicitly stated otherwise hereunder:

<b>“This Deed” or “Deed of Trust”</b>	- This Deed of Trust, including the Appendices attached thereto and constituting an integral part thereof
<b>“The Prospectus” or “the Shelf Prospectus”</b>	- The Company’s Shelf Prospectus in respect of the Debentures, <i>inter alia</i>
<b>“The Shelf Offering Report” or “the Offering Report”</b>	- Shelf offering reports that will be published under the Shelf Prospectus, in accordance with the provisions of Section 23A(F) of the Securities Law, 5728-1968, in which all the details that are unique to the said offering will be completed, including the composition of the units offered, in accordance with the provisions of any law and in accordance with the regulations and instructions of the Tel Aviv Stock Exchange Ltd (the Stock Exchange), as they shall be at that time
<b>“The Debenture Series”</b>	- Series of registered Debentures unlimited in sum, which shall be called Series B to F, and/or Series 1 to 2, whose terms are in accordance with the Debenture Certificate, as defined hereunder, and the Shelf Offering Report under which they were first issued, which shall be issued from time to time by the Company at its sole discretion.
<b>“The Debentures” or “the Debenture”</b>	- Debentures of each of the Debenture Series
<b>“The Trustee”</b>	- Hermetic Trust Services (1975) Ltd and/or any party that shall serve from time to time as the trustee for the Debenture Holders under this Deed
<b>“Register”</b>	- The register of Debenture Holders as stated in Section 25 of this Deed
<b>“The Debenture Holders” and/or “the Debenture Owners” and/or “the Holders”</b>	- The people whose names are listed at the time in question in the Register of Debenture Holders of the Relevant Series and, in the case of a number of joint Holders, the joint Holder whose name appears first in the Register.
<b>“The Debenture Certificate”</b>	- A Debenture certificate whose wording appears in the First Addendum to this Deed
<b>“The Law” or “the Securities Law”</b>	- The Securities Law, 5728-1968 and the regulations promulgated thereunder, as they shall be from time to time
<b>“Principal”</b>	- The outstanding par value of Debentures of the Relevant Series
<b>“Trading Day” -</b>	- A day on which transactions are performed at the Tel Aviv Stock Exchange Ltd
<b>“Business Day” or “Bank Business Day”</b>	- Any day on which most of the banks in Israel are open for performing transactions
<b>“The Stock Exchange”</b>	- The Tel Aviv Stock Exchange Ltd
<b>“The Stock Exchange Clearinghouse”</b>	- The Clearinghouse of the Tel Aviv Stock Exchange Ltd

- “the Consumer Price Index or “the Index”**
- The price index known as the Consumer Price Index that includes fruit and vegetables and is published by the Central Bureau of Statistics and including the said index even if it is published by another official body or institution, and likewise including any other official index that shall replace it, whether or not the said index is based on the same data upon which the existing index is based. If it is replaced by another index that is published by a body or institution as stated, and if the said body or institution did not set the ratio between it and the Index that is replaced, the said ratio will be set by the Central Bureau of Statistics and, in the event that the said ratio is not set as stated, then it will be set by the Trustee, on consultation with economic experts who will be chosen thereby.
- “The Known Index” on any given date**
- The most recent known index
- “The Base Index”**
- The Consumer Price Index that is published before the date of publication of the offering report under which the Debentures of the Relevant Series are first offered (and which will be stated in the first offering report for the said series)
- “The Payment Index”**
- The last Index that is published before the due date of any payment whatsoever on account of the Principal and/or the Interest
- The offering report under which the Debentures of the Relevant Series are first offered, linked to the Index, will specify whether the Principal and/or National Insurance of the Index-linked Debentures will be protected (i.e. if the Known Index on the Effective Date for the relevant payment, the Payment Index will be the Base Index) or whether they will not be protected as stated (i.e. the Payment Index will be the Known Index on the due date of the relevant payment, even if this Index is lower than the Base Index). The manner for determining the Payment Index in the event that the Known Index on the relevant due date is lower than the Base Index will be detailed, as aforesaid, in the first offering report for the Debentures of the said Series.
- “the depositary Company”**
- The depositary Company of Bank Leumi Le-Israel Ltd
- “Dollar”**
- US dollars
- “The Dollar Rate”**
- The representative rate of exchange of the Dollar that is published by the Bank of Israel, or any official rate of exchange of the Dollar into Israeli currency that replaces the said representative rate and that applies at the time in the matter of government bonds that are linked to the Dollar.

<b>“The Known Dollar Rate” on any given date</b>	– The representative rate of the US dollar for a given day that was set by the Bank of Israel, provided during the period in which the Bank of Israel does not customarily set a representative rate, the known rate will be the last rate that was set by the Treasury together with the Governor of the Bank of Israel for government bonds linked to the US dollar.
<b>“The Base Dollar Rate”</b>	– The Dollar Rate that is known on a given day, as shall be determined in the First Prospectus report for the Debentures of the Relevant Series.
<b>“The Dollar Rate on the Payment Date”</b>	– The Dollar Rate that is known on the actual Payment Date
<b>“The Euro Rate”</b>	– The representative rate of exchange of the euro that is published by the Bank of Israel, or any official rate of exchange of the euro into Israeli currency that replaces the said representative rate.
<b>“The Known Euro Rate” on any given date</b>	– The representative rate of the euro for a given day, that was set by the Bank of Israel before the said day
<b>“The Base Euro Rate”</b>	– The Euro Rate that is known on a given day, as shall be determined in the First Prospectus report for the Debentures of the Relevant Series.
<b>“The Euro Rate on the Payment Date”</b>	– The Euro Rate that is known on the actual Payment Date
<b>“Libor Rate on any given Date”</b>	– The average interest rate on the said day in the Interbank market in London on deposits in US dollars for the period that is detailed in the first offering report for the Debentures of the Relevant Series (per week, per month, per six months etc), as it is quoted at 11:00 London time or shortly thereafter on the Libor01 page that is published by Reuters News Service or, if this page is replaced by another page, then as it is quoted at the said time or shortly thereafter on the other said page.

## **2. The Issuing of the Debentures and the Applicability of the Deed of Trust**

2.1 The Company shall be permitted to issue up to 5 Series of registered Debentures (Series B to F), with each of these Debenture Series having a total par value of up to NIS 3,000,000,000, and repayable (Principal) in a number of installments that shall be no less than one installment and no more than thirty (30) annual installments, or that shall be no less than one installment and no more than sixty (60) semiannual installments, or which shall not be less than one payment and shall not exceed one hundred and twenty (120) quarterly payments, with the installments being consecutive and equal (apart from the first installment or the last installment, which might be at a different rate), and shall be paid in each of the years, all as detailed in the Offering Report, as this term is defined above, under which the Debentures (Series B to F) are first offered (“Debentures (Series B to F)”). The basis for the linkage (or the lack of linkage) and the type of Interest that will be borne by the Principal of the Debentures in each of the Debentures (Series B to F) will be detailed in the Offering Report under which the Debentures (Series B to F) are first offered (for a breakdown of the possible linkage bases under this dot and for a breakdown of the possible types of Interest under this Deed of Trust, see Sections 2 and 3 of the Conditions Overleaf, respectively). The Interest Rate that will be borne by the Debentures (Series B to F) Principal that will be deposited in accordance with the Shelf Prospectus, or the margin above or below the Base Interest that will be borne by the Debentures (Series B to F) Principal, will be detailed in the Offering Report or determined by a tender under which the first offering of the Debentures (Series B to F) shall be conducted. The

Interest in respect of the Debentures (Series B to F) will be paid annually in one annual installment or in two semiannual installments or in four quarterly installments, all as shall be detailed in the Offering Report under which the Debentures (Series B to F) are first offered. The dates and number of installments of the Principal, the linkage basis (or lack of linkage), the type of Interest, the Interest Rate or the manner of determining the Interest Rate and the dates of payment of the Interest on the Debentures (Series B to F), as shall be detailed in the Offering Report under which the Debentures (Series B to F) are first offered as stated, will be determined by the Company on the eve of the first offering of the Debentures (Series B to F) ("the First Offering of the Debentures (Series B to F)"). With regard to the Company's right to the early redemption of the Debentures (Series B to F), see Section 6.2 of the Deed.

- 2.2 Up to 2 Series of registered Debentures (Series 1 to 2), with each of these Debenture Series having a total par value of up to NIS 3,000,000,000, and repayable (Principal) in a number of installments that shall be no less than one installment and no more than sixty (60) annual installments, or that shall be no less than one installment and no more than thirty (30) semiannual installments, or which shall not be less than one payment and shall not exceed one hundred and twenty (120) quarterly payments, with the installments being consecutive and equal (apart from the first installment or the last installment, which might be at a different rate), and shall be paid in each of the years, all as detailed in the Offering Report, as this term is defined above, ("Debentures (Series 1 to 2)") under which the said Debentures in each of the said are first offered. The basis for the linkage (or the lack of linkage) and the type of Interest that will be borne by the Principal of the Debentures in each of the Debentures (Series 1 to 2) will be detailed in the Offering Report under which the Debentures (Series 1 to 2) are first offered (for a breakdown of the possible linkage bases under this dot and for a breakdown of the possible types of Interest under this Deed of Trust, see Sections 2 and 3 of the Conditions Overleaf, respectively). The Interest Rate that will be borne by the Debentures (Series 1 to 2) Principal that will be issued in accordance with the Shelf Prospectus, or the margin above or below the Base Interest that will be borne by the each of the said Series, as applicable, will be detailed in the Offering Report or determined by a tender under which the first offering of the Debentures of the said Series shall be conducted. The Interest in respect of the Debentures of each of the said Series will be paid annually in one annual installment or in two semiannual installments or in four quarterly installments, all as shall be detailed in the Offering Report under which each of the said Series is first offered. The dates and number of installments of the Principal, the linkage basis (or lack of linkage), the type of Interest, the Interest Rate or the manner of determining the Interest Rate and the dates of payment of the Interest on the Debentures of each of the said, as shall be detailed in the Offering Report under which the each Series is first offered as stated, will be determined by the Company on the eve of the first offering of the Debentures of Relevant Series ("the First Offering of the Debentures (Series 1 to 2)"). The Debentures from Series 1 and 2 will be convertible into ordinary Company shares, par value €0.20 each, on every Trading Day that occurs from the date of registration for trade thereof at the Stock Exchange and until a number of days before the end of the period of the Debentures of the said Series, apart from a number of days before the Effective Date for partial redemption in accordance with the instructions of the Stock Exchange and until the date of performance of the partial redemption, and this in accordance with a conversion rate that shall be no less than the par value of the ordinary shares on the date of the First Offering Report of the Debentures (Series 1 to 2), subject to adjustments as stated in Section 10.3 of the Conditions Overleaf, in a manner and on terms, all as shall be detailed in the First Offering Report of the Debentures of the said Series, as these details are determined by the Company on the eve of the First Offering Report of the Debentures of the Relevant Series. For details see also Section 10 of the Conditions Overleaf. With regard to the Company's right to the early redemption of the Debentures (Series 1 to 2), see Section 6.2 of the Deed.
- 2.3 The Company intends to publish a Shelf Prospectus in May 2008, under which the Company shall be permitted to issue the Debentures to the public in Shelf Offering Reports (the foregoing in this Section is without prejudice to the Company's right to offer Debentures in other prospectuses and/or in private placements, or in any other manner whatsoever under any law).
- 2.4 The Company will be permitted, from time to time, without the need to obtain consent from the Trustee for the Relevant Series and/or from the existing Holders at the time, including a subsidiary of the Company, to increase the said Debenture Series and to issue additional Debentures in the same Series, including to a subsidiary of the Company (whether in the framework of a private placement, whether in the framework of a prospectus and whether in

accordance with a shelf offer report) at any price and in any manner as the Company sees fit, including a discounting rate or premium that are different from those of the other offerings that were made in the same Series, provided it notifies the Trustee for the said Series of same. The Debentures of the Relevant Series that are registered for trade and additional Debentures of the same Series that are issued (if any) in accordance with this Section will constitute (from the date of issue thereof) a single Series for all intents and purposes, and the Deed of Trust will also apply to the additional Debentures of the said Series, as stated, that are issued by the Company.

It is clarified that in the event of expanding the any of the Debenture Series in any manner (including by way of issuing option warrants exercisable into Debentures), the Company will be permitted to perform the offering of the Debentures in the framework of an expansion of the said Series by a discounting rate that is higher than the discounting rate of the Relevant Series prior to the expansion of the Relevant Series. Should the Company issue additional Debentures in the framework of the expansion of the Debenture Series, at a discounting rate that is different from the discounting rate that was set for the said Series, the Company will contact the Israel Tax Authority in order to obtain its authorization that in the matter of withholding tax from the Interest in respect of the Debentures of the Relevant Series, a uniform discounting rate will be set for the Debentures of the said Series, in accordance with a formula that weights the various discounting rates in the said Series (including a lack of discounting, insofar as such is relevant) if any. In the absence of an arrangement and/or other instruction from the Israel Tax Authority, the Company will withhold tax at source from the discounting fee on the redemption dates of the Series in accordance with the highest discounting rate that was created in respect of the Series.

It is clarified that in any instance of an expansion of the Debenture Series, for any reason whatsoever, if the discounting rate that is set in the framework of the expansion of the Series is higher than the discounting rate of the Series on the eve of the expansion of the Series, there might be cases in which the Company withholds tax at source in respect of the discounting fee at a rate that is higher than the discounting rate that was set for the Holders of the Debenture in the Series prior to the expansion of the Series, and this whether authorization was obtained from the Israel Tax Authority to set a uniform discounting rate for the Series and whether such authorization was not obtained. An assessee who held Debentures of the Relevant Series before the Series was expanded and until the repayment of the Debenture held thereby will be entitled to file a tax return to the Israel Tax Authority and to receive a tax rebate consisting of the tax that was withheld from the discounting fee, insofar as he is entitled to such a rebate as stated by law.

Without prejudice to the aforesaid, the Company reserves the right to issue, at all times, additional series of Debentures, whether they confer the right of conversion into Company shares and whether they do not confer the right as stated, and on terms of repayment, interest, linkage, collateral and other terms as the Company shall see fit, whether they are superior to the terms of the Debentures of any Relevant Series, equal thereto or inferior thereto.

- 2.5 The Bonds of each Relevant Series shall be *pari passu* among themselves, with no precedence or priority of one over the other.
- 2.6 The provisions of this Deed of Trust shall apply to the Debentures that are issued as stated in accordance with this Deed and that shall be held from time to time, to any purchaser of Debentures, including by the public, unless stated otherwise. **[Does not appear in the Hebrew]**
- 2.7 It is clarified that if, at the time of publication of any offering report whatsoever, the Trustee serves as a trustee for an additional Debenture Series of the Company and/or if the offering report pertains to more than one Debenture Series, the possibility of the Trustee serving as the trustee for the additional Debenture Series will be explored, in accordance with the guidelines of the Israel Securities Authority and/or the applicable law at that time. Should a different trustee be appointed for any given Debenture Series as a result of the aforesaid, the details of the said trustee will be published in the framework of the relevant offering report.

### **3. Purchase of Debentures by the Company and/or by a Company controlled thereby**

- 3.1 The Company reserves its right to purchase, at any time, Debentures from the Relevant Series that were issued out of the said Series of Debentures, at a price and on terms that it sees fit (and from sellers that are chosen at its sole discretion and without any obligation to approach all the Holders) and, in the case of a purchase as stated, the Debentures that are purchased will

expire automatically, and if they were registered for trade at the Stock Exchange, they will also be removed from trade, and the Company will not be permitted to reissue them. The Company will file an immediate report with regard to every purchase of Debentures, which is made thereby as stated, and will likewise notify the Trustee for the Relevant Series in writing of same.

A subsidiary of the Company and the controlling shareholders in the Company will be permitted to purchase and sell Debentures at the Stock Exchange from time to time, at their discretion (subject to any law). The Debentures that are held as stated by a subsidiary and by controlling shareholders in the Company shall be deemed an asset belonging to them, they shall not be removed from trade at the Stock Exchange, and they are transferable as are the remaining Debentures.

- 3.2 At the time the meeting of the Debenture Holders is held, the Trustee will examine the existence of conflicting interests among the Debenture Holders, as relevant. The Company and the Trustee will act to convene class meetings of Bondholders in accordance with the provisions of any law, case law, provisions of the Securities Law and the regulations and guidelines that are issued in the future by the power thereof, as shall be ordered by the Trustee.

#### **4. The Company's Undertakings**

The Company hereby undertakes vis-à-vis the Trustee to pay all the sums of the Principal, the Interest (including the arrears interest, if any) and the linkage differentials that are paid in accordance with the Debentures and to fulfill all the other terms and undertakings imposed thereon in accordance with the Debentures and in accordance with this Deed.

#### **5. No Securities**

The Debentures are not secured by a charge or in any other manner.

For the avoidance of any doubt it is hereby clarified that the Trustee is not obliged to examine, and in practice the Trustee will not examine, the need for putting up collateral to secure the payments to the debenture holders of any of the series. The Trustee is not required to conduct, and in practice the Trustee did not conduct financial, accounting or legal due diligence examination with respect to the business status of the Company or its subsidiaries. By his alliance with the Deed of Trust and by the Trustee's agreement to serve as trustee for the debenture holders of any series, the Trustee does not express any opinion in respect of the Company's capacity to comply with its obligations towards the holders of the debentures of any series. The foregoing does not derogate from the Trustee's obligation pursuant to any law and/or the Deed of Trust, including not derogating from the Trustee's obligation (in as far as such obligation applies to the Trustee in accordance with any law) to examine the effect of changes in the Company as of the date of the prospectus and onward, in as far as these may have a derogatory effect on the Company's ability to fulfill its obligations to the debenture holders of any of the series.

The Company will be permitted to mortgage all the assets thereof and/or any part thereof, in favor of anyone it shall see fit, without any limitation whatsoever, and to any degree whatsoever, including in order to guarantee Debenture Series or other liabilities, and without the need to obtain the consent of the Trustee or the Holders.

The Bonds of each Relevant Series shall be *pari passu* among themselves, with no precedence or priority of one over the other.

#### **6. Early Redemption**

##### **6.1 Early redemption on the Stock Exchange's initiative**

Should the Stock Exchange decide on the deletion of the Debentures in any of the Series B to F from trade because the value of the Series has fallen below the sum stipulated in the Stock Exchange guidelines with regard to deletion from trade, and/or if should the Stock Exchange decide on the deletion from trade of convertible Debentures in any of the Series 1 to 2 that are in circulation because the value of the public's holdings therein has fallen below the minimal sum stipulated in the Stock Exchange guidelines with regard to deletion from trade, the Company shall act as follows:

- 6.1.1 Within forty five (45) days from the date of the decision to delete the registration for trade at the Stock Exchange as stated, the Company will announce the date of early

redemption on which the Holder of the Debentures is permitted to redeem them. The announcement of the early redemption date will be published in two (2) widely circulated, Hebrew language daily newspapers in Israel.

- 6.1.2 The early redemption date with regard to the Debentures (Series B to F) for which a decision on deletion was made as aforesaid, will not take place before seventeen (17) days from the date of publication of the announcement and no later than forty five (45) days from the said date, but not during the period between the Effective Date for the payment of Interest and the actual date of payment thereof.
- 6.1.3 The early redemption date with regard to the convertible Debentures (Series 1 to 2) for which a decision on deletion was made as aforesaid, will not take place before thirty (30) days from the date of publication of the announcement and no later than forty five (45) days from the said date, but not during the period between the Effective Date for the payment of Interest and the actual date of payment thereof.
- 6.1.4 On the early redemption date, the Company will redeem the Debentures of the said Series whose Holders asked to redeem them, in accordance with the balance of the par value thereof and the addition of the linkage differentials, if any, and the Interest that have accumulated on the Principal, with the Interest being calculated proportionately for the period beginning on the day after the last day in respect whereof Interest was paid and until the actual said redemption date (the Interest for part of a year will be calculated on the basis of 365 days per year).
- 6.1.5 The setting of an early redemption date as aforesaid is without prejudice to the rights of redemption and/or the conversion rights, as applicable, stipulated in the convertible Debentures of the said Series, for those of the Holders of the Debentures who do not redeem them on the early redemption date as aforesaid, and, in the case of convertible Debentures, it is also without prejudice to the conversion rights, but the Debentures will be deleted from trade on the Stock Exchange, and the tax implications stemming therefrom will apply thereto, *inter alia*.
- 6.1.6 Early redemption of the Debentures as aforesaid will not grant a Holder of the Debentures of the said Series who redeems same as stated the right to the payment of the Interest in respect of the period after the redemption date.
- 6.2 The Company will be permitted to place the Debentures of each of the Series that were offered under the offer report in accordance with the Shelf Prospectus for early redemption, on the terms, at the price, in accordance with the mechanism and the schedule and on the remaining terms stipulated in the Stock Exchange's guidelines, as they shall be at the time, as shall be stipulated in the first offer report of the Debentures in the Relevant Series.

## **7. Immediate Redemption**

### **7.1 Call for immediate repayment by the Trustee:**

In the event of the occurrence of one or more of the following circumstances:

- 7.1.1 If the Company fails to repay any sum that it is obligated to pay in connection with the Debentures from the said Series within 45 days after the due date thereof arrives;
- 7.1.2 If the court has appointed a temporary liquidator for the Company or a valid resolution is adopted to dissolve the Company (except for dissolution for the purpose of merger with another company and/or restructuring) and such appointment or resolution is not canceled within ninety (90) Business Days from the date on which they were given, only in the case where the said decision is final and decisive.
- 7.1.3 If an attachment is imposed on the Company's material assets, or a receiver has been appointed for the assets and the attachment is not lifted or the appointment of the receiver is not cancelled 90 business days after the attachment is imposed or the encumbrance is realized or the action is taken, and the Trustee considers that such attachment, realization or encumbrance or action constitutes a real risk of the possibility for redemption of an amount due from the Company in respect of the Debenture;
- 7.1.4 if a permanent or temporary receiver is appointed for the Company's material assets, and the appointment is not revoked within 90 days, and the Trustee considers the



appointment to constitute a real risk of the possibility of payment of any amount due from the Company in respect of the Debentures;

- 7.1.5 If the Company ceases or announces its intention to cease the payment of its debts and the Trustee deems any of these events as a danger to the rights of the Debenture Holders.
- 7.1.6 If the Company ceases to carry out its business affairs and/or to manage its affairs as they shall be from time to time and/or gives notice of its intention to cease carrying on its business affairs as they shall be from time to time and/or manage them and/or intends to cease to carry out its business affairs as they shall be from time to time.
- 7.1.7 If the Company breaches or does not fulfill all the terms or undertakings included in the Debentures or in the Deed of Trust, in a manner which poses a material danger to the rights of the Debenture Holders.

(In this Section, "the Company's main assets" means assets constituting the majority of the assets out of the Company's total consolidated balance).

In such an event, the provisions in Sections 7.2 of this Deed, as relevant, shall apply.

## 7.2

- (a) In the event of any of the instances stated in the aforesaid Sections 7.1.1 through 7.1.6 (inclusive) the Trustee shall be obligated to convene a general meeting of the debenture holders; or
  - (b) In the occurrence of the instance stated in the aforesaid Section 7.1.7 the Trustee shall be entitled (but is not obligated to) and any of the debenture holders who hold 10% or more of the debentures of a certain series shall be entitled, to convene a general meeting of the debenture holders.
- 7.2.1 The meeting shall take place thirty (30) days from the notice (or any such shorter time in accordance with the provisions of Section 7.2.4 of this Deed). The agenda of such meeting shall be a resolution to immediately repay the entire outstanding balance of the Debentures of the Relevant Series due to the occurrence of any of the events detailed in Section 7.1.1 of this Deed.
  - 7.2.2 In the event that by the time the meeting convenes, any of the events described in Section 7.1.1 of this Deed has not expired, and the meeting of Debenture Holders has adopted the resolution described above by majority of 75% of the participating votes for or against the said resolution ("extraordinary resolution"), the Trustee shall be obligated, within a reasonable time, declare all of the outstanding balance of the debentures of the Relevant Series immediately due and payable.
  - 7.2.3 A copy of the notice for the aforesaid meeting will be sent by the convener of the meeting to the Company immediately upon publication of the notice and shall constitute written notice to the Company of its intention to act in that way.
  - 7.2.4 The Trustee may, at its discretion, shorten the 30 day period (in Section 7.2.1 of the Deed) in the event that the Trustee is of the opinion that any delay in calling the immediate repayment of the Debentures might adversely affect the rights of holders of Debentures of that Series, but in any event the Trustee may not do so without prior notice to the Company and all according to the circumstances of the matter.
- 7.3 The Trustee, upon notification, shall be responsible for advising the Debenture Holders of the occurrence of any of the events set forth in Section 7.1.1 above, whether by public announcements by the Company or by notice sent to the Trustee by the Company.

For the removal of any doubt, it is hereby clarified that the Trustee shall not be obligated and/or responsible to monitor the issue of the Company's reports which will be published in the Netherlands and the Trustee shall not be obligated to monitor the information published on the websites with the exception of the information published on the website of the Securities Authority or of the TASE. The Trustee shall not be deemed as having received information with respect to the fact that information has been published by the Company abroad.

## 8. Claims and Proceedings by the Trustee

- 8.1 At any time once the debentures have been called for immediate redemption as stated in Section 7.1 of this Deed, the Trustee shall be entitled, at its discretion, to take any of said actions, including legal action as it deems fit and subject to the provisions of any law, to enforce the Company's obligations pursuant to the Deed of Trust and to exercise the rights of the debenture holders of the relevant series, pursuant to the Deed of Trust.

Subject to the provisions of this section, once the debentures of the relevant series are called for immediate redemption as stipulated in Section 7.1 of this Deed, the Trustee shall be obligated to act according to the aforesaid if it is required to do so by extraordinary resolution passed by the general meeting of the debenture holders, unless if the Trustee deems that under the circumstances, such action is unjust and/or unreasonable, and applies to the appropriate court with a petition to receive instructions in the matter, at the earliest possible time.

- 8.2 The Trustee may, prior to taking foregoing actions, to convene a meeting of the debenture holders in order for said debenture holders to decide which actions to take to exercise their rights in accordance with the Deed of Trust, provided that such meeting is convened at the earliest possible date and that such delay of the proceedings shall not place the rights of the holders at risk. And in addition, the Trustee will be entitled to reconvene such meeting of the holders in order to receive instructions in respect of the aforesaid proceedings, in accordance with the aforesaid.
- 8.3 Subject to the provisions of the Deed of Trust, the Trustee may, but is not obliged to, convene at any time a general meeting of the holders of the debentures in order to discuss and/or receive its instructions on any matter pertaining to the Deed of Trust provided that such meeting shall be convened at the earliest possible date and that such delay of the proceedings shall not place the rights of the holders at risk. The Trustee shall be obligated to convene a meeting at the request of the holders of at least ten percent (10%) of the principal of the debentures of the series in circulation, at the earliest possible date.
- 8.4 The Trustee is entitled, at its sole discretion, to delay the performance of any act by it in accordance with the Deed of Trust, for the purpose of turning to the general meeting of holders of the debentures of the relevant series and/or to the court until it receives instructions from the general meeting of the holders of debentures of the relevant series and/or instructions from the court as to how to act, provided that the convening of the meeting or the petition to the court shall be carried out at the earliest possible date.
- 8.5 For the avoidance of any doubt, it is hereby clarified that nothing contained in the aforesaid provisions will prejudice and/or derogate from the rights of the Trustee, which are hereby conferred on it, to apply, at its sole discretion, to judicial instances, even before the debentures of the Relevant Series are called for immediate payment and afterwards, for purposes of the grant of any order relating to matters of the trust.

## **9. Trust of Receipts**

All the receipts that the Trustee receives as a result of proceedings it institutes, if any, against the Company will be held by it in trust and will be used for the purposes according to the following order of priority:

First, for the payment of expenses, payments, levies and obligations incurred by the Trustee, imposed upon it or caused in the course of or as a result of the execution of the trust or in any other manner in connection with this Deed, including the Trustee's fee, all in connection with the Debentures of a specific Series, and will use the balance, first – for payment to Debenture Holders of the Relevant Series of the late interest (including interest in arrears, if any) owing to them in accordance with the terms of the Debentures of the Relevant Series and subject to the linkage terms of the Debentures, *pari passu* and proportionally to the amount of interest in arrears owing to each, without priority or preference for any of them and second, for payment to the Debenture Holders of the amounts of the Principal owing to them according to the Debentures that they hold, *pari passu* and subject to the linkage terms therein, whether or not such amounts have become due, and proportionally to the amounts owing to each, without any priority in connection with the preference at the time the Debentures were issued by the Company or otherwise, and any remainder shall be paid to the Company or its alternates.

Payment of such amounts to Debenture Holders shall be subject to the rights of other creditors of the Company, to the extent that there are any, under the provisions of the law.

## 10. Authority to Delay Distribution of Monies

10.1 Notwithstanding the provisions of Section 9 above, in the event that the monies obtained as a result of the aforementioned proceedings that is distributable at any time, in accordance with the said provisions of Section 9, equals less than the amount of interest payable based on the Relevant Series, the Trustee shall not be obligated to pay such amount and shall be entitled to invest any or all of it in such investments as permitted under this Deed.

If and when such investments and any yields accruing thereon, together with any other monies that the Trustee receives for payment to the holders of the Relevant Series, equal an amount sufficient to pay at least the amount of the interest for the next payment set under the Relevant Series, the Trustee shall pay these amounts to the Debenture Holders at the next payment date of the principal or the interest.

Notwithstanding the foregoing in this Section 10 above, the Debenture Holders, according to the extraordinary resolution adopted by them, may instruct the Trustee to pay them the distributable monies obtained by the Trustee as set forth in Section 9 above, even if the amounts equal less than the amount of interest payable on the debentures from that series.

## 11. Notice of Distribution

11.1 The Trustee will notify the Debenture Holders of the time and place where they will receive any of the payments mentioned in Sections 10 and 11 of above, doing so by means of 14 days advance notice that will be sent to them in the manner stipulated in Section 23 hereunder.

11.2 After the day stipulated in the notice, the Holders will be entitled to receive Interest for said Debentures according to the rate stipulated in the Debentures of the said Series, but solely for the Principal sum balance (insofar as there is one), following deduction of the sum that has been paid or has been offered to them for the aforementioned payment.

### 11.3 Failure to pay for reasons out of the Company's control

11.3.1 Any sum that is due to a Holder of the Relevant Series and which was not actually paid on the Effective Date for the payment thereof, for a reason beyond the Company's control, while the Company was willing to pay it ("**the Preclusion**"), will stop bearing interest and linkage differentials as of the said date, and the said Holder will only be entitled to the said sums to which he was be entitled on the date stipulated for making the said payment on account of the Principal, linkage differentials or Interest.

11.3.2 Should a sum as stated not be paid within 14 days from the date that was specified for the payment thereof, on the 15<sup>th</sup> day after the Effective Date for the payment (and, in the event that this is not a Business Day, then on the first Business Day thereafter), the Company will transfer the said sum to the Trustee for the Relevant Series, who will hold the sum in trust for the Debenture Holder, and the holding as stated shall be deemed payment of the said sum to the Holder, subject to the foregoing in Section 11.3.3 of this Deed. Should the said sum be the last payment – the holding in trust shall be deemed the redemption of the Debenture, subject to the foregoing in Section 11.3.3 of this Deed. The Trustee for the Relevant Series will deposit any sum that is held thereby in trust for the Holders of the said Series at the bank and will invest, in his name or on demand thereby, at his sole discretion, in government bonds or daily bank deposits at one of the five major banks. After the Holder receives notice of the removal of the Preclusion, the Trustee for the Relevant Series will transfer the monies that have accumulated in respect of the deposit and stemming from the exercise of the investment thereof to the Holder, net all the expenses and trust fund management expenses and net any tax required by law. Payment will be made against the presentation of the proof that is acceptable to the Trustee for the Relevant Series, with regard to the Holder's entitlement to receive same.

11.3.3 At the end of one year from the final due date of the Debenture, the Trustee for the Relevant Series will transfer the sums that he has accumulated to the Company, net his expenses, and the Company will retain them in trust and will invest them, as stated in Section 11.3.2 of this Deed, for the Holder for a period of six (6) years from the date on which they were transferred thereto as stated, and will not make any use thereof during this period. In all matters pertaining to sums that are transferred to the

Company by the Trustee as aforesaid, the aforesaid in Section 11.3 of this Deed will apply, *mutatis mutandis*. After transferring the sums to the Company, the Trustee for the Relevant Series will not owe the Holders of the Debentures of the said Series any payment whatsoever in respect of the sums were held thereby as stated.

- 11.3.4 The Company will furnish the Trustee for the Relevant Series with written confirmation that the aforementioned sums have been transferred thereto by the Trustee and received in trust for the Holders of the Debentures of the said Series, as stated, and will indemnify the Trustee for the Relevant Series in respect of any loss of any type and kind that he incurred in respect of the transfer of the monies as stated, provided he behaved in a reasonable manner. Monies as stated that are not demanded from the Company by a Holder of a Debenture of the Relevant Series by the end of seven (7) years from the final due date of the Debentures will be transferred to the Company and the latter shall be permitted to use the remaining monies for any purpose whatsoever.

## **12. Receipt from the Debenture Holders**

- 12.1 A receipt from a Holder in respect of the sums of the Principal and/or the Interest that were paid thereto by the Trustee in respect of the Debentures of his Relevant Series will release the Trustee absolutely from anything related to the payment of the sums stated in the receipt.
- 12.2 A receipt from the Trustee with regard to the deposit of the sums of the Principal and the Interest with him to the credit of the Debenture Holders, as stated in Section 11.3 above, will be regarded as a receipt from the Holder of a Debenture from the Relevant Series for the purpose of the foregoing in Section 12.1 above.

The monies that have been distributed as stated in Section 11 above will be regarded as a payment on the account of the repayment.

## **13. Applicability of the Securities Law**

In any matter not mentioned in this Deed and, in the event of a contradiction between the provisions of the Securities Law (that are unconditional) and this Deed, the Parties shall act in accordance with the provisions of the Securities Law.

## **14. Investment of monies**

All the monies that the Trustee is permitted to invest under this Deed will be invested thereby, in the Trustee's name or on demand thereby, at the Trustee's discretion, in government bonds or daily bank deposits at one of the five major banks.

## **15. The Company's Undertakings vis-à-vis the Trustee**

The Company hereby undertakes as follows vis-à-vis the Trustee, for as long as the Debentures from the Relevant Series have not yet been repaid in full:

- 15.1 To continue to conducting the Company's business in a regular, proper manner
- 15.2 To keep and maintain its assets (as they shall be from time to time) in good, proper condition
- 15.3 To permit and instruct its CPAs to give the Trustee and the CPAs, attorneys or other advisors on its behalf, all the information that is reasonably required for the purpose of protecting the Holders with regard to all the data pertaining to its business affairs or assets (subject to the provisions of any law and to their signing a confidentiality agreement).
- 15.4 To keep regular account books in accordance with commonly accepted accounting principles, and keep the books, including the documents that are used as references for the books, in its offices.
- 15.5 To notify the Trustee in writing, immediately when such becomes known to the Company, should one or more of the cases conferring the right to call in the Debentures for immediate repayment occur, as stated in Section 7 of the Deed of Trust.

- 15.6 To enable the Trustee to be present at the general meetings of the Company's shareholders (without participation or voting rights).
- 15.7 To provide the Trustee with confirmation, at its request, that all the payments to the Holders of the Debentures of the said Series have been made on time.
- 15.8 To act so that the Debentures of the Relevant Series will be rated by a rating company that has been approved by the Supervisor of the Capital Market, Insurance and Savings at the Finance Ministry throughout the period of the Debentures of the said Series.
- 15.9 To provide the Trustee with the statements and reports as detailed in Section 28 of the Deed of Trust.
- 15.10 To provide the Trustee, upon its request, with affidavit and/or declarations and/or documents and/or items and/or information, as shall be required by the Trustee, at its exclusive discretion, for the purpose of executing and exercising the authority and powers invested in the Trustee and/or its representative, pursuant the Deed of Trust.

The Trustee hereby undertakes to maintain the confidentiality of any information that it receives from the Company as aforesaid, with the exception of the need to convey information to the general meeting of the holders which is convened for the purpose of reporting and/or for the purpose of adopting a resolution with respect to their rights in accordance with the debentures of the relevant series, and provided that the said conveyance of information will be subject to the provisions of any law and that the said conveyance of information shall not harm the legitimate interests of the Company.

For the avoidance of any doubt, it is hereby clarified that the Trustee shall not be obligated and/or responsible to monitor the issue of the Company's reports which will be published in the Netherlands and the Trustee shall not be obligated to monitor the information published on the websites with the exception of the information published on the website of the Securities Authority or of the TASE. The Trustee shall not be deemed as having received information with respect to the fact that information has been published by the Company abroad.

## **16. Additional undertakings**

After the Debentures of the said Series are called in for immediate repayment, as defined in Section 7 above, the Company will, from time to time and at any time as the Trustee so demands, perform all the reasonable actions in order to enable the implementation of all the powers vested in the Trustee and, in particular, the Company will perform the following actions:

- 16.1 It will make all the declarations and will sign all the documents and will perform or will see to the performance of all the actions that are necessary and/or required in accordance with the law in order to validate the implementation of the powers, authority and authorizations of the Trustee.
- 16.2 It will issue all the notices, orders and instructions that the Trustee deems beneficial and demands for the purpose of the implementation of the provisions of this Deed.

## **17. Other Agreements**

Subject to the provisions of the law, the Trustee's execution of its job under this Deed, or the very status thereof as a trustee, shall not prevent the Trustee from entering into various contracts with the Company or from carrying out transactions with the Company during the Trustee's ordinary course of business.

## **18. Applications to the Court**

The Trustee will be permitted at all times, even after the Debentures from the Relevant Series are due in accordance with the foregoing in Section 7 of the Deed of Trust, to apply to the court for an execution order of the trust described in this Deed and for the issuing of any other order with regard to the matters of the trust that are included in this Deed.

## **19. The Trustee's Remuneration**

The Company will pay the Trustee the salary and expenses thereof in connection with this Deed in accordance to what is set forth in appendix 19 attached to this Deed.

## **20. Special Powers**

- 20.1 The Trustee will be entitled to deposit all the deeds and documents which evidence, represent and/or specify its right in connection with any asset held by it at the time, in a safe and/or at another place it may choose, with any banker and/or bank and/or with an attorney.
- 20.2 The Trustee may, within the scope of carrying out the affairs of the trust pursuant to the Deed of Trust, request an opinion and/or advice of any attorney, accountant, chartered appraiser, assessor, surveyor, broker or other expert, and to act in accordance with their conclusions, whether such opinion and/or advice was prepared at the request of the Trustee and/or by the Company.
- 20.3 Any such advice and/or opinion may be given, sent or received by letter, telegram, fax and/or any other electronic means for the transmission of information.
- 20.4 Subject to the provisions of the Deed of Trust, the Trustee may, but is not obliged to, convene at any time a general meeting of the holders of Debentures (Series A) in order to discuss and/or receive its instructions on any matter pertaining to the Deed of Trust and will be entitled to reconvene such meeting.
- 20.5 The Trustee will not be obligated to notify any party about the signing of the Deed of Trust and will not be entitled to interfere in any manner whatsoever in the management of the business of the Company or its affairs, except pursuant to the powers and authorities conferred on the Trustee under the Deed of Trust.
- 20.6 The Trustee will faithfully exercise the powers, authorizations and authorities conferred on it under the Deed of Trust, at its absolute discretion.

## **21. The Trustee's Authority to Employ Agents**

The Trustee for the Relevant Series may, as part of the management of the trust transactions, appoint an agent or agents to act in its stead, whether an attorney or other, in order to perform or participate in the performance of special actions required in connection with the trust and provided that the Trustee gives notice to the Company of the appointment of said agent. The appointment of said agent shall not release the Trustee from any responsibility imposed upon it were it not for the delegation of the authority and/or derogate from the responsibility of the Trustee for its actions and the actions of its agent. The Company may oppose the appointment of such agent for any reasonable cause, including if the agent is a direct or indirect competitor of the Company's business.

## **22. Indemnification of the Trustee**

- 22.1 The Trustee will be entitled to receive indemnification for its expenses from the holders of debentures of any series separately or from the Company as the case may be, for reasonable expenses incurred in respect of the actions performed or to be performed by virtue of its duties under the terms and conditions of the Deed of Trust and/or according the law and/or the instructions of a certified authority and/orand the law and/or according to the requirements of the debenture holders and/or the requirements of the Company. Notwithstanding the aforesaid, it is hereby clarified and agreed upon that:
  - 22.1.1 The Trustee shall not be entitled to demand such indemnification in advance in a matter that cannot be delayed.
  - 22.1.2 The Trustee shall be entitled to receive indemnification for liability for damages in a case in which such liability is required according to a final court order or according to a comprise towards a third party who is not one of the debenture holders of any series separately.
- 22.2 The right to indemnification as stipulated in Section 22.1 above is subject to the following conditions::
  - 22.2.1 The expenses for the liability of damages are reasonable.
  - 22.2.2 The Trustee acted in good faith and such act was effected as part of the fulfilment of its duties; Pursuant to the provisions of the law and in accordance with the Deed of Trust..

22.3 Without prejudice to the rights to indemnification granted to the Trustee in accordance with the law and/or to the Company's and the debenture holders' obligations pursuant to the deed, the Trustee, its representative, manager, agent or other person appointed by the Trustee in accordance with this deed, are entitled to receive indemnification from the moneys that will be received by the Trustee as a consequence of proceedings it has instituted and/or otherwise in accordance with this Deed of Trust, with respect to obligations they have assumed, in respect to expenses they have incurred in the course of performing the trust and in connection with such actions which in their opinion were required for the performance of the above, and/or in connection with the exercise of the authority conferred to them by virtue of the Deed of Trust, and also in connection with all kinds of legal proceedings, opinions from attorneys and other experts, negotiations, discussions, expenses, claims and demands relating to any matter and/or things that have been done and have not been done in any manner in relation to the foregoing, and the Trustee may withhold moneys in its possession and make payment out of them in the amounts necessary for payment of the aforesaid indemnification. All the aforesaid amounts will rank preferentially to the debenture holders and subject to the provisions of any law, provided that the Trustee has acted in good faith and in accordance with the obligations imposed upon it in accordance with any law and according to the Deed of Trust.

22.4 Wherever the Trustee will be obliged, pursuant to the terms and conditions of the Deed of Trust and/or according to statute and/or a directive from a competent authority and/or any law and/or on demand by the debenture holders of any series separately, and/or on demand by the Company, to perform any act, including but without limitation, the commencing of proceedings or institution of claims on a demand by the debenture holders of any series separately, as stated in the Deed of Trust, the Trustee will be entitled to refrain from taking any such action, until it has received, to its satisfaction, a deed of indemnity from the debenture holders of any series separately or from any of them, and if the act is performed by virtue of a demand from the Company, in respect of any liability for damages and/or expenses that may be incurred by the Trustee and the Company or either of them, as a consequence of performing the aforesaid act. It is hereby clarified that the foregoing does not exempt the Trustee from taking urgent action required to prevent material damage derogating the rights of the debenture holders of any series separately.

Notwithstanding the foregoing in this Section 22 above, whenever the Trustee shall see fit to commence legal proceedings, for the purpose of protecting and/or exercising the rights of the Debenture Holders, and/or shall be obligated, under the terms of this Deed of Trust and/or by law and/or by a provision of a competent authority and/or under any law and/or on demand by the Company and/or the Debenture Holders, the Company shall deposit with the Trustee a sum that shall be determined by the Trustee as the anticipated sum of the Trustee's expenses in connection with the proceedings. Should the Company not deposit the aforementioned sum at the time it was asked to do so by the Trustee, and in the opinion of the Trustee, there is a doubt in connection with the Company's ability to cover the expenses involved in the commencement of the legal proceedings by the Trustee, the Trustee will immediately convene a meeting of the Debenture Holders in order to confirm their liability for covering the expenses involved in the proceedings that the Trustee shall commence. Should the Debenture Holders refuse to bear the expenses involved in the commencement of legal proceedings by the Trustee, the Trustee shall not be obligated to commence the proceedings as stated. It is hereby clarified that the consent of the Debenture Holders as stated shall not release the Company from its undertaking to bear and cover all the expenses involved in the commencement of proceedings as stated. Additionally, all the monies that are received from the proceedings will be used to repay and to cover the expenses that the Debenture Holders undertook to bear, as stated. It is clarified that the foregoing does not exempt the Trustee from taking an urgent action that is required in order to prevent material damage to the rights of the Debenture Holders.

## **23. Notices**

Any notice sent by the Company and/or the Trustee for the Relevant Series to the Holders of the said Series will be made by means of a notice published in two (2) widespread daily Hebrew language newspapers in Israel and in an immediate report. A notice published in the newspapers shall be deemed to have been delivered to the Holder on the date of publication thereof.

Copies of the notices that are given by the Company to the Holders of the Relevant Series will be sent thereby to the Trustee for the said Series as well, and copies of the notices that are given by the

Trustee for the Relevant Series to the Holders of the said Series will be sent thereby to the Company as well.

Any notice or demand from the Trustee for the Relevant Series to the Company can be made by means of a registered letter or by means of a messenger to the address thereof that is detailed in the Deed of Trust for the said Series, or to another address as the Company shall inform the Trustee for the said Series in writing. Any notice or demand sent by registered mail shall be deemed to have been received by the Company five (5) Business Days from the date on which it was mailed at the post office. Any notice or demand sent by means of a messenger shall be deemed to have been received by the Company on the first Business Day after the date of delivery thereof to the Company.

Any notice or demand from the Company to the Trustee for the Relevant Series can be made by means of a registered letter or by means of a messenger to the address thereof that is detailed in the Deed of Trust for the said Series, or to another address as the Trustee for the said Series shall inform the Company in writing. Any notice or demand sent by registered mail shall be deemed to have been received by the Trustee for the said Series five (5) Business Days from the date on which it was mailed at the post office. Any notice or demand sent by means of a messenger shall be deemed to have been received by the Trustee for the said Series on the first Business Day after the date of delivery thereof to the Trustee for the said Series.

The address of the Company for the purposes of this Deed is as stipulated in the Preamble to this Deed and the Trustee and/or the Holders will be required to submit communications and documents as stated only to the address as stated and not to any other address in Israel or abroad.

#### **24. Settlements and/or Changes Relating to the Deed of Trust**

24.1 Subject to the provisions of the law, the Trustee and the Company may, whether before or after the principal of the debentures of the Relevant Series is redeemable, amend the Deed of Trust and/or the terms of the debentures of that series, provided that any of the following circumstances has occurred:

24.1.1 With the exception of a change in the payment dates under the Debentures, the interest rate, by cause of calling for immediate repayment and reports that the Company is required to submit to the Trustee, if the Trustee is satisfied that the change does not have a materially adverse effect on the Holders.

24.1.2 The Holders of that Series have consented to the change by an extraordinary resolution.

24.2 In addition to the foregoing in Section 24.1 and subject to the provisions of any law:

24.2.1 With the exception of the payment dates under the Debentures, the interest rate, by cause of calling for immediate repayment and reports that the Company is required to submit to the Trustee, the Trustee may, from time to time and at any time, being satisfied that the change does not have an adverse effect on the holders of that series, waive any breach or failure to fulfill any of the terms in the Deed of Trust for that series by the Company.

24.2.2 The Trustee may, with prior approval received by an extraordinary resolution adopted by the Holders of that Series, enter any settlement with the Company in connection with any right or claim, and waive any right or claim against the Company under the Deed of Trust and the Debentures of the Relevant Series.

24.3 The Company and/or the Trustee shall give all the Holders of Debentures of the Relevant Series written notice of any change and/or waiver as stated in subsections 24.1.1 or 24.2.1 in the Prospectus in connection with that series, shortly after these are effected.

24.4 In any event that the Trustee exercises its right under this Section above, in connection with any Relevant Series, the Trustee may demand that holders of Debentures of that Series deliver to it or to the Company the certificate of the Debentures from that Series, in order to record notice of any such settlement, waiver, amendment or change as stated above, and, at the Trustee's request, the Company shall record such a note on the certificates submitted to it.



24.5 In addition to the foregoing, the terms of the debentures may be modified as part of the arrangement or settlement approved by the court, under Section 350 of the Companies Law, or according to a parallel clause in any law applicable to the Company.

24.6 Replacement of the Debentures of each Series with Debentures of another traded company, in the framework of a merger, spin-off or reorganization of the Company, must be approved by an extraordinary resolution of the Debenture Holders of each Series.

## **25. Register of Debenture Holders**

The Company will maintain a Register of Debenture Holders at its registered office in the Netherlands with regard to each Relevant Series (“**the Register**”), in which the registered Holders of the Debentures of the said Series will be listed, as will be their addresses, the details of their bank accounts to which the payments on account of the Principal and the Interest will be transferred and the par value of the Debentures of the said Series that are registered in their names, as they shall be from time to time. Other Holders will also be listed in the Holders register, insofar as any such Holders exist due to a split or transfer of ownership of the Debentures, should such actions as stated be performed in accordance with Sections 11 and 12 of the Conditions Overleaf that is attached to this Deed. A copy of the Debenture register will be available at the Company’s address in Israel.

The Company is permitted to close the Register from time to time for a period or periods that shall not exceed a cumulative total of 30 days per annum.

A Holder of Debentures of the Relevant Series will be permitted to peruse the Register with regard to the said Series at any reasonable time, as long as he remains the Holder of Debentures of the said Series. The Trustee for the Relevant Series will likewise be permitted to peruse the Register at any reasonable time.

The Company will not be obligated to record any note in the Register with regard to explicit, implicit or estimated trusteeship or a charge or lien of any kind whatsoever or any equity right, claim, offset or other right whatsoever in connection with the Debentures. The Company will recognize only the ownership of the person in whose name the Debentures are registered, always provided the legal heirs and the executors of the registered Holder and any person who is entitled to the Debentures in consequence of bankruptcy on the part of a registered Holder (and if the registered Holder is a corporation – in consequence of the liquidation thereof) of a registered Holder shall be entitled to be registered as the Holder thereof after furnishing sufficient proof that satisfies the members of the Company’s Executive Board of Directors with regard to his right to be registered as the Holder of the said Debentures.

## **26. Appointing a new trustee and the expiration of the Trustee’s term as trustee**

26.1 The Trustee’s tenure ends in the cases stated in Section 35 (14) of the Securities Law and in accordance with the terms thereof.

26.2 In the event of the expiration of the Trustee’s tenure, or in the event that the Trustee is replaced as a result of a demand from the Israel Securities Authority that he not serve as trustee for a number of series of the Company’s Debentures, the Company will act to appoint a new trustee, which will be the trust company of one of the four major banks in Israel, or any other trustee that is approved at a meeting of the Debenture Holders of the Relevant Series. For any appointment of a new trustee that is not a nominee company of the Bank of Israel, submitted for approval to the meeting of holders of the Relevant Series, the Company shall be required to provide, when convening the meeting, details of its equity and insurance arrangements in respect of fulfilling its duties as a Trustee for the Relevant Series.

26.3 The Trustee shall transfer to the new trustee all the documents and amounts it accumulated in respect of the Deed of Trust for the Relevant Series, and shall sign each document required for that purpose. Any new Trustee shall have the same powers and authorities and shall be able to take any and all action as though such Trustee was appointed from the outset.

## **27. Holdings Meetings**

The meetings of the Holders of each Relevant Series will be conducted as stated in the **Second Addendum** to this Deed.

**28. Reporting to the Trustee**

The Company will furnish the Trustee for the Relevant Series, as long as the Debentures from the said Series have not yet been repaid in full:

28.1 The Company's audited annual financial statements, and the Company's reviewed quarterly financial statements, immediately on publication thereof. It is hereby agreed that even if the Company ceases to be a reporting corporation in the matter of the Securities Law, it will continue to prepare financial statements, whether in the format required from a reporting corporation under Chapter Six of the Securities Law and whether in the format required from a reporting corporation under Chapter Five 3 of the Securities Law, and will deliver them to the Trustee for the Relevant Series on the dates required in accordance with the relevant provisions applicable to reporting corporations as stated, and will likewise send them to any Holder of the Debentures of the Relevant Series who so requests, on request thereby.

28.2 A copy of every document that the Company sends to all of its shareholders or to all of the Holders of the Debentures, and the details of any information that the Company sends thereto in any other manner.

**29. Applicable Law and Jurisdiction**

The law applicable to this Deed of Trust and the Appendices thereto, is Israeli law. The courts in the city of Tel Aviv-Yafo will have the sole and exclusive jurisdiction in any dispute pertaining to this Deed of Trust.

**30. MAGNA Certification**

By signing this Deed, the Trustee authorizes each of the Company's authorized signatories to report in the Trustee's name in the MAGNA system with regard to the Trustee's contracting in the framework of this Deed and signing it.

**In witness whereof the parties have set their hands hereunto:**

\_\_\_\_\_  
**Kardan N.V.**

\_\_\_\_\_  
**Hermetic Trust (1975) Ltd**

Signed by: \_\_\_\_\_

**Attorney's Confirmation**

I, the undersigned, Advocate Ayelet Weller, counsel for Kardan N.V., confirm that this Deed was duly signed by the authorized signatories of Kardan N.V., Messrs. \_\_\_\_\_

\_\_\_\_\_  
Advocate Ayelet Weller

**Kardan N.V.**

**First Addendum**

**Debentures (Series B to F) and Debentures (Series 1 to 2) Certificate**

A Debenture repayable in \_\_\_\_\_\* installments in the years \_\_\_\_\_\* to \_\_\_\_\_\*(inclusive) and bearing annual interest and linkage differentials as stated hereunder is hereby issued.

**Registered Debentures**

Certificate Number: \_\_\_\_\_

Annual interest rate: \_\_\_\_\_%

Par value of this Debenture: NIS \_\_\_\_\_

Registered owner of this Debenture: \_\_\_\_\_

1. This Certificate indicates that Kardan N.V. ("the Company") will pay [on \_\_\_\_\_\* / on \_\_\_\_\_\*] of each of the years of \_\_\_\_\_\* to \_\_\_\_\_\* (inclusive), \_\_\_\_\_% of the par value of this Debenture to the party who is the Registered Holder (as defined in the Conditions Overleaf) of the Debenture on the Effective Date for the said payment, and all subject to the foregoing in the Conditions Overleaf and to the Deed of Trust.
2. This Debenture bears interest at the annual interest rate specified above, which shall be paid on the dates, and all as detailed in the Conditions Overleaf. The Debenture [shall be / shall not be] linked (interest and principal), and all as detailed in the Conditions Overleaf.
3. The last payment will be made against delivery of the Debenture Certificate to the address of the Company in Israel or in any other place that the Company shall announce, no later than fifty Business Days before the date of payment thereof in accordance with the terms of the Debenture.
4. This Debenture is issued as part of a series of debentures on terms identical to the terms of this Debenture ("the Debenture Series"), that is issued in accordance with a deed of trust ("the Deed of Trust") dated \_\_\_\_\_, \_\_\_\_\_ 2008, which was signed between the Company, as party of the first part, and Hermetic Trust (1975) Ltd and/or any party that serves from time to time as the trustee of the holds of the Debentures under the Deed of Trust ("the Trustee"). It is clarified that the provisions of the Deed of Trust will constitute an integral part of the provisions of this Debenture, and will be binding on the Company and on the Holders of the Debentures that are included in the aforementioned Series.
5. The Debentures are not secured by a charge or in any other manner. The Company will be permitted to mortgage all the assets thereof and/or any part thereof, in favor of anyone it shall see fit, without any limitation whatsoever, and to any degree whatsoever, including in order to guarantee Debenture Series or other liabilities, and without the need to obtain the consent of the Trustee or the Holders. The Bonds of each Relevant Series shall be *pari passu* among themselves, with no precedence or priority of one over the other.
6. This Debenture is issued subject to the conditions detailed overleaf and in the Deed of Trust, and constitutes an integral part of the Debenture.

**Signed by the Company on \_\_\_\_\_**

\_\_\_\_\_  
**Kardan N.V.**

Signed by: \_\_\_\_\_

## **The Conditions Overleaf**

### **1. General**

In this Debenture (Series \_\_\_\_ ) the following terms shall have the following meanings, unless another intention is implicit in the context thereof:

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| <b>“The Deed of Trust”</b>  | – The Deed of Trust that was signed between the Company and the Trustee on May 26, 2008, including the Appendices attached thereto and constituting an integral part thereof   |
| <b>“The Prospectus” or “the Shelf Prospectus”</b>                                 | – The Company’s Shelf Prospectus in respect of the Debentures, <i>inter alia</i>   |
| <b>“The Shelf Offering Report” or “the Offering Reports”</b>                      | – Shelf offering reports that will be published under the Shelf Prospectus, in accordance with the provisions of Section 23A(F) of the Securities Law, 5728-1968, in which all the details that are unique to the said offering will be completed, including the composition of the units offered, in accordance with the provisions of any law and in accordance with the regulations and instructions of the Tel Aviv Stock Exchange Ltd (the Stock Exchange), as they shall be at that time |
| <b>“The Debenture Series”</b>   | – Series of registered Debentures unlimited in sum, which shall be called Series B to F, and/or Series 1 to 2, whose terms are in accordance with the Debenture Certificate for the said Series, as defined hereunder, and the Shelf Offering Report under which they were first issued, which shall be issued from time to time by the Company at its sole discretion.  |
| <b>“The Debentures” or “the Debenture”</b>  | – Debentures of each of the Debenture Series   |
| <b>“The Trustee”</b>  | – Hermetic Trust Services (1975) Ltd and/or any party that shall serve from time to time as the trustee for the Debenture Holders under the Deed of Trust  |
| <b>“Register”</b>   | – The register of Debenture Holders as stated in Section 25 of the Deed of Trust   |
| <b>“The Debenture Holders” and/or “the Debenture Owners” and/or “the Holders”</b> | – The people whose names are listed at the time in question in the Register of Debenture Holders of the Relevant Series and, in the case of a number of joint Holders, the joint Holder whose name appears first in the Register.  |
| <b>“The Debenture Certificate”</b>  | – A Debenture certificate whose wording appears in the First Addendum to the Deed of Trust   |
| <b>“The Law” or “the Securities Law”</b>  | – The Securities Law, 5728-1968 and the regulations promulgated thereunder, as they shall be from time to time   |
| <b>“Principal”</b>  | – The outstanding par value of Debentures of the Relevant Series   |
| <b>“Trading Day”</b>  | – A day on which transactions are performed at the Tel Aviv Stock Exchange Ltd   |
| <b>“Business Day” or “Bank Business Day”</b>                                      | – Any day on which most of the banks in Israel are open for performing transactions  |
| <b>“The Stock Exchange”</b>   | – The Tel Aviv Stock Exchange Ltd  |
| <b>“The Stock Exchange Clearinghouse”</b>   | – The Clearinghouse of the Tel Aviv Stock Exchange Ltd   |

- “the Consumer Price Index or “the Index”**
- The price index known as the Consumer Price Index that includes fruit and vegetables and is published by the Central Bureau of Statistics and including the said index even if it is published by another official body or institution, and likewise including any other official index that shall replace it, whether or not the said index is based on the same data upon which the existing index is based. If it is replaced by another index that is published by a body or institution as stated, and if the said body or institution did not set the ratio between it and the Index that is replaced, the said ratio will be set by the Central Bureau of Statistics and, in the event that the said ratio is not set as stated, then it will be set by the Trustee, on consultation with economic experts who will be chosen thereby.
- “The Known Index” on any given date**
- The most recent known index
- “The Base Index”**
- The last Consumer Price Index that is published before the date of publication of the offering report under which the Debentures of the Relevant Series are first offered (and which will be stated in the first offering report for the said series)
- “The Payment Index”**
- The last Index that is published before the due date of any payment whatsoever on account of the Principal and/or the Interest
- The offering report under which the Debentures of the Relevant Series are first offered, linked to the Index, will specify whether the Principal and/or National Insurance of the Index-linked Debentures will be protected (i.e. if the Known Index on the Effective Date for the relevant payment, the Payment Index will be the Base Index) or whether they will not be protected as stated (i.e. the Payment Index will be the Known Index on the due date of the relevant payment, even if this Index is lower than the Base Index). The manner for determining the Payment Index in the event that the Known Index on the relevant due date is lower than the Base Index will be detailed, as aforesaid, in the first offering report for the Debentures of the said Series.
- “The depositary Company”**
- The depositary Company of Bank Leumi Le-Israel Ltd
- “Dollar”**
- US dollars
- “The Dollar Rate”**
- The representative rate of exchange of the Dollar that is published by the Bank of Israel, or any official rate of exchange of the Dollar into Israeli currency that replaces the said representative rate and that applies at the time in the matter of government bonds that are linked to the Dollar.
- “The Known Dollar Rate” on any given date**
- The representative rate of the US dollar for a given day that was set by the Bank of Israel, provided during the period in which the Bank of Israel does not customarily set a representative rate, the known rate will be the last rate that was set by the Treasury together with the Governor of the Bank of Israel for government bonds linked to the US dollar.
- “The Base Dollar Rate”**
- The Dollar Rate that is known on a given day, as shall be determined in the First Prospectus report for the Debentures of the Relevant Series.

- “The Dollar Rate on the Date of Payment”** – The Dollar Rate that is known on the actual Payment Date
- “The Euro Rate”** – The representative rate of exchange of the euro that is published by the Bank of Israel, or any official rate of exchange of the euro into Israeli currency that replaces the said representative rate.
- “The Known Euro Rate” on any given date** – The representative rate of the euro for a given day, that was set by the Bank of Israel before the said day
- “The Base Euro Rate”** – The Euro Rate that is known on a given day, as shall be determined in the First Prospectus report for the Debentures of the Relevant Series.
- “The Euro Rate on the Payment Date”** – The Euro Rate that is known on the actual Payment Date
- “Libor Rate on any given Date”** – The average interest rate on the said day in the Interbank market in London on deposits in US dollars for the period that is detailed in the first offering report for the Debentures of the Relevant Series (per week, per month, per six months etc), as it is quoted at 11:00 London time or shortly thereafter on the Libor01 page that is published by Reuters News Service or, if this page is replaced by another page, then as it is quoted at the said time or shortly thereafter on the other said page.

This Debenture is one of a Series of registered Debentures (Series B to F) Debenture with a total par value of up to NIS 3,000,000,000 or registered Debentures (Series 1 to 2) with a total par value of up to NIS 3,000,000,000. The Debentures in this Series shall be *pari passu* among themselves with no precedence or priority of one over the other.

The Debentures are repayable in \_\_\_\_\_ \*\*\* [annual / semiannual / quarterly] installments, with the installments being consecutive and equal (apart from the first installment or the last installment, which might be at a different rate), and shall be paid [on \_\_\_\_\_ / on \_\_\_\_\_], of each of the years of \_\_\_\_\_ \* to \_\_\_\_\_ \*, as detailed in Section 2 hereunder, and bears Interest at an annual rate as stated in Section 3 hereunder. The Principal of the Debentures and the Interest thereon are [linked to the Index / linked to the Dollar / unlinked], as stated in Section 4 hereunder.

## **2. Date of Repayment of the Debenture Principal**

On \_\_\_\_\_ \* / on \_\_\_\_\_ \* of each of the years of \_\_\_\_\_ \* to \_\_\_\_\_ \* (inclusive), the Company will repay \_\_\_\_\_ % of the par value of this Debenture, and all subject to the linkage terms detailed in Section 4 hereunder.

The Debenture Principal in each of the Series that is offered in accordance with the Shelf Prospectus may be linked to one of the linkage bases detailed hereunder, or without linkage, all as shall be detailed in the offering report under which the said Debenture Series is first offered to the public, with a reference to the definition of the linkage bases detailed in Sections 2.1 to 2.4 hereunder.

### **2.1 Index-linked**

Should it be defined in the terms of the Relevant Series of Debentures that the Principal and the Interest of the Debentures of the said Series are linked to the Index, then the linkage of the Principal and the Interest will be performed in such a manner that, should it become apparent on any Payment Date on account of the Principal and/or the Interest in respect of these Debentures that the Payment Index has risen in relation to the Base Index, the said payment of the Principal and/or the Interest made by the Company will be increased proportionately in accordance with the change in the Payment Index versus the Base Index. If the Payment Index is lower than the Base Index, see the definition of Payment Index in Section 1.4 of the Deed of Trust.

The Interest rate on Index linked Debentures will be a fixed rate – see Section 3.1 hereunder.

## 2.2 Linkage to the Dollar

Should it be defined in the terms of the Relevant Series of Debentures that the Principal and the Interest of the said Series are linked to the Dollar, then the linkage of the Principal and the Interest to the Dollar will be performed in such a manner that, should it become apparent on any Payment Date on account of the Principal and/or the Interest in respect of these Debentures that the Payment Rate has risen in relation to the Base Dollar Rate, the said payment of the Principal and/or the Interest made by the Company will be increased proportionately in accordance with the rise in the Dollar Rate on the Payment Date versus the Base Dollar Rate.

If the Payment Rate is lower than the Base Dollar Rate, the Company will be permitted to stipulate in the offering report that the Principal and/or the Interest of the Dollar linked Debentures will be protected (i.e., if the Known Dollar Rate on the Payment Date is lower than the Base Dollar Rate, the Dollar Rate on the Payment Date will be the Base Dollar Rate), or whether protection as stated will not apply (i.e., the Dollar Rate on the Payment Date will be the Dollar Rate on the Payment Date even if this rate is lower than the Base Dollar Rate). The existence of protection as stated in connection with a drop in the Dollar Rate in the event that the Dollar Rate on the Payment Date is lower than the Base Dollar Rate will be detailed as aforesaid in the first offering report.

The Interest that will be paid in respect of the Debentures of the said Series will be Interest at a fixed rate, as sated in Section 3.3.1 hereunder or interest at a variable rate (the Libor interest with the addition or deduction of a margin that will be detailed in the first offering report or determined by tender), as stated in Section 3.3.2 hereunder.

## 2.3 Linkage to the Euro

Should it be defined in the terms of the Relevant Series of Debentures that the Principal and the Interest of the said Series are linked to the euro, then the linkage of the Principal and the Interest to the euro will be performed in such a manner that, should it become apparent on any Payment Date on account of the Principal and/or the Interest in respect of these Debentures that the Payment Rate has risen in relation to the Base Euro Rate, the said payment of the Principal and/or the Interest made by the Company will be increased proportionately in accordance with the rise in the Euro Rate on the Payment Date versus the Base Euro Rate. If the Payment Rate is lower than the Base Euro Rate, the Company will be permitted to stipulate in the offering report that the Principal and/or the Interest of the Euro linked Debentures will be protected (i.e., if the Known Euro Rate on the Payment Date is lower than the Base Euro Rate, the Euro Rate on the Payment Date will be the Base Euro Rate), or whether protection as stated will not apply (i.e., the Euro Rate on the Payment Date will be the Euro Rate on the Payment Date even if this rate is lower than the Base Euro Rate). The existence of protection as stated in connection with a drop in the Euro Rate in the event that the Euro Rate on the Payment Date is lower than the Base Euro Rate will be detailed as aforesaid in the first offering report.

The Interest that will be paid in respect of the Debentures of the said Series will be Interest at a fixed rate, as sated in Section 3.4.1 hereunder or interest at a variable rate (the Libor interest with the addition or deduction of a margin that will be detailed in the first offering report or determined by tender), as stated in Section 3.4.2 hereunder.

## 2.4 Unlinked Debentures

If a linkage base was not determined in the terms of any given Relevant Series of Debentures for the Debenture Principal of the said Series, the Principal will be stated in NIS and not linked to any index whatsoever or to any currency whatsoever. In such a case, the Interest in respect of the Debentures of the said Series will also not be linked to any index whatsoever or to any currency whatsoever.

The Interest that will be paid in respect of the Index-linked Debentures of the said Series will be Interest at a rate, as stated in Section 3.1.1 hereunder or interest at a variable rate, as stated in Section 3.1.2 hereunder.

## 2.5 Subject to the foregoing in the guidelines of the Stock Exchange, the linkage method will not be changed during the Debenture period.

### 3. The Interest

The outstanding balance of the Debenture Principal (as it shall be from time to time) will bear annual interest at the Interest Rate specified on the title page of the Debenture Certificate. The Interest is subject to the linkage terms detailed in Section 4 hereunder.

The Interest will be paid in \_\_\_\_\_ \* [annual / semiannual / quarterly] installments, on \_\_\_\_\_ \* / on \_\_\_\_\_ \* of each of the years of \_\_\_\_\_ \* to \_\_\_\_\_ \* for the period of [three months / six months / twelve months] ending on the day before the date of payment (hereinafter: "the Interest Period"), with the installments being consecutive and equal (apart from the first installment or the last installment, which might be at a different rate).

Every payment on account of the principal and/or interest that is paid late, i.e. more than seven (7) Business Days from the date stipulated for the payment thereof in accordance with the terms of this Debenture, and this for reasons under the Company's control, will bear arrears interest as defined hereunder, beginning on the date stipulated for the payment thereof and until the actual date of payment thereof. In this regard, the arrears Interest Rate will be the Interest Rate on the Debentures, as stated in this Section 3 above, as applicable, with the addition of 2%, and all on an annual basis ("**the Arrears Interest**"). The Company will announce the Arrears Interest Rate and the Payment Date as stated in an immediate report, two (2) Trading Days before the actual Payment Date.

To remove all doubt, it is clarified that any future change in the rating of the Debentures (whether upward or downward) shall not alter the Interest Rate on the Debentures or any other term thereof.

The Principal of each of the said Series of Debentures that are offered in accordance with the shelf offer report and in accordance with the Shelf Prospectus will bear Interest as shall be defined in the shelf offering report under which the said Debenture Series is first offered to the public, and according to which of the Interest calculation mechanisms as detailed hereunder as shall be defined in the said offering report, with a reference to the definition of the interest mechanisms detailed hereunder:

#### 3.1 Interest on a Principal that is Index Linked

The Principal of the Relevant Series of Debentures, if they are linked to the Consumer Price Index, will bear linked Interest as stated, with the Interest being at a fixed rate or a variable rate, that will be set in the offering tender under which the Debentures of the said Series are first offered, and/or in the Offering Report, as detailed hereunder:

[A] Interest at a fixed rate – interest at a fixed rate that will be set in the first offering tender of the Debentures of the said Series and/or in the Offering Report.

[B] Interest at a variable rate – interest at a variable rate, where the margin above or below the Base Interest shall be detailed in the Offering Report or set in the tender under which the said Series is first offered, and where the Base Interest is the interest that is set in the First Offering Report of the Relevant Series – an interest rate in respect of the entire interest period of the Debentures will be set in accordance with the Prime interest rate that is detailed in the First Offering Report of the said Series as it is quoted on the Bank Business Day that takes place two Business Days before the first day of the said interest period ("the Sampling Day"). The Company will submit an immediate report on the interest rate that is set as stated within four (4) days from the Sampling Day.

#### 3.2 Interest on an Unlinked Principal

The Principal of the Relevant Series of Debentures, if they are not linked to any index whatsoever or to any currency whatsoever, will bear fixed Interest at a fixed rate or interest at a variable rate that will be set by tender when the said Debentures of the said Series are first offered and/or in the offering report, as detailed hereunder.

[A] Shekel interest at a fixed rate – interest at a fixed rate that will be set in the first offering tender of the Debentures of the said Series and/or in the Offering Report.

[B] Interest at a variable rate – interest at a variable rate, where the margin above or below the Base Interest shall be detailed in the Offering Report or set in the tender under which the said Series is first offered, and where the Base Interest is the interest that is set in the First Offering Report of the Relevant Series – an interest rate in respect of the entire interest period of the Debentures will be set in accordance with the Prime interest rate that is detailed in the First



Offering Report of the said Series as it is quoted on the Bank Business Day that takes place two Business Days before the first day of the said interest period (“the Sampling Day”). The Company will submit an immediate report on the interest rate that is set as stated within four (4) days from the Sampling Day.

### 3.3 Interest on a Principal that is Linked to the Dollar

The Principal of the Relevant Series of Debentures, if they are linked to the Dollar, will bear fixed Interest or variable interest that will be set by tender when the said Debentures of the said Series are first offered and/or in the Offering Report , as detailed hereunder:

3.3.1 Fixed interest linked to the Dollar – interest linked to the Dollar is at a fixed rate that will be set in the tender for the first offering of the said Series and/or in the offering report.

3.3.2 Variable rate interest when the margin above or below the Base Interest will be detailed in the offering report or stipulated by tender whereby the said Series is first offered and when the Base Interest is Libor Interest – the Interest rate in respect of the entire Interest period of the Debentures will be determined in accordance with the Libor interest rate that shall be detailed in the first offering report for the said Series as it shall be quoted on the Bank Business Day that takes place two Business Days before the first day of the said Interest Period (“**the Sampling Date**”). The Company will submit an immediate report within four (4) days from the Sampling Date regarding the interest rate that is set as stated.

### 3.4 Interest on a Principal that is Linked to the Euro

The Principal of the Relevant Series of Debentures, if they are linked to the euro, will bear fixed Interest and/or variable interest that will be set by tender when the said Debentures of the said Series are first offered and/or in the offering Report, as detailed hereunder:

3.4.1 Fixed interest linked to the Euro – interest linked to the Euro is at a fixed rate that will be set in the tender for the first offering of the said Series.

3.4.2 Variable rate interest when the margin above or below the Base Interest will be detailed in the offering report or stipulated by tender whereby the said Series is first offered and when the Base Interest is Libor Interest – the Interest rate in respect of the entire Interest period of the Debentures will be determined in accordance with the Libor interest rate that shall be detailed in the first offering report for the said Series as it shall be quoted on the Bank Business Day that takes place two Business Days before the first day of the said Interest Period (“**the Sampling Date**”). The Company will submit an immediate report within four (4) days from the Sampling Date regarding the interest rate that is set as stated.

3.5 The Interest Rate in respect of the first Interest period of the Debentures from the Relevant Series will be detailed in the shelf offer report under which the said Series of Debentures is first offered.

3.6 It is clarified that with regard to Debentures bearing Interest at a variable rate, as stated in Sections 3.3.2 and 3.4.2 above, the Interest Rate that will be paid in respect of each Interest period will be a different Interest Rate as detailed above.

3.7 The Interest Rate that will be set in respect of each Relevant Series will be an annual rate. The Interest in respect of each Relevant Series of Debentures will be paid annually in a single annual payment or in two semiannual installments or in four quarterly installments as shall be detailed in the first offering report of the said Series (“**the Interest Period**”) for the entire Interest Period that ended on the last day before the Payment Date, apart from the first payment, with regard whereto:

3.7.1 When the Interest Rate is fixed – the Interest will be calculated in respect of the first Interest Period according to the number of days in this period, on the basis of 365 days in a year.

- 3.7.2 When the Interest Rate is variable – the Interest will be calculated in respect of the first Interest Period according to the number of days in this period, on the basis of 365 days in a year.
- 3.8 The Interest in respect of the Relevant Series of Debentures will be calculated beginning on the clearing date (the first Trading Day after the date of the closing of the list of signatures that will be detailed in the first offering report of the said Series). On the clearing day, the Company will file an immediate report detailing the Interest Rate that will be paid in respect of the first Interest Period, calculated as aforesaid.
- 3.9 The last payment of Interest in respect of the Relevant Series of Debentures will be paid together with the last payment on account of the Principal of the said Series, and this against delivery of the Debenture certificates of the said Series to the Company, no later than five Business Days previously.
- 3.10 Subject to the foregoing in the guidelines of the Stock Exchange, the linkage method will not be changed during the Debenture period.

#### **4. Linkage Conditions for the Principal and Interest**

The principal of the debentures and the interest thereon [will not be linked/ will be linked [to the Consumer Price Index based on the base index / the dollar exchange rate based on the base dollar exchange rate / the euro exchange rate based on the base exchange rate]]. If it is found on any payment date on account of the principal and/or interest for the debentures that the payment [index/ exchange rate] is [higher/different] when compared to the base [index/ dollar exchange rate/ euro exchange rate] then the company will make the said payment of principal and/or interest [increased/ adjusted] proportionally to the [increase/ change] in the [index/ dollar exchange rate/ euro exchange rate] of payment compared to the base [index/ dollar exchange rate/ euro exchange rate]. It is clarified that if the payment [index/ dollar exchange rate/ euro exchange rate] is lower than the base [index/ dollar exchange rate/ euro exchange rate] the [payment [index/ dollar exchange rate/ euro exchange rate] will be the base [index/ dollar exchange rate/ euro exchange rate]/ will be the payment [index/ dollar exchange rate/ euro exchange rate]/ will be the known [index/ dollar exchange rate/ euro exchange rate] on the determining date for the relevant payment, even if this [index/exchange rate] is lower than the base [index/ dollar exchange rate/ euro exchange rate]].

#### **5. Debenture Principal and Interest Payments**

- 5.1 The payments on account of the interest and/or the principal in respect of the Debentures offered under the Shelf Offering Memorandum and in accordance with the Shelf Prospectus, will be paid to the people whose names are listed in the register of the Debenture Holders of the Relevant Series on the dates as shall be listed in the initial offering of the Relevant Series in accordance with the provisions of the Articles of the Stock Exchange as may be at that time (“**the Effective Date for the Relevant Series**”), apart from the last payment of the principal and the interest, which will be made against delivery of the Debenture certificates of said Series to the Company, at the Company’s address in Israel or anywhere else that the Company shall announce, no later than five (5) Business Days before the final Payment Date.

It is clarified that anyone who is not listed in the Company’s Debenture register in respect of the Relevant Series on any of the said dates in this Section, shall not be entitled to the payment of Interest in respect of the Interest Period that begins on said date.

- 5.2 Should the due date for a payment on account of the principal and/or interest occur on a day that is not a Business Day, the payment date will be postponed to the next Business Day, without an additional payment and the Effective Date for the purpose of determining entitlement for redemption or Interest will not change in consequence thereof.
- 5.3 Payment of the principal and interest will be made subject to the linkage terms as stated in Section 4, above.
- 5.4 Every payment on account of the principal and/or interest that is paid later than seven (7) Business Days from the date stipulated for the payment thereof in accordance with the terms of the Debentures, and this for reasons under the Company’s control, will bear arrears interest, beginning on the date stipulated for the payment thereof and until the actual date of payment thereof. In this regard, the arrears Interest Rate shall be the Interest Rate on the Debentures, as

stated in Section 3, above, as applicable, with the addition of 2%, and all on an annual basis. The Company will announce the Arrears Interest Rate and the said Payment Date in an immediate report, two (2) Trading Days before the actual Payment Date.

- 5.5 Payments to entitled parties will be made by check or bank transfer to the bank account of the persons whose names are listed in the register of the Debentures of the Relevant Series and which is noted in the details that are given to the Company in writing in good time, in accordance with Section 5.1, above. Should the Company be unable to pay any sum whatsoever to those entitled to receive it, for any reason whatsoever that is out of the Company's control, the provisions of Section 6, below, apply.
- 5.6 The Holder of a Debenture from the Relevant Series will inform the Company of the bank account details for crediting the payments to said Holder in accordance with the Debentures of said Series as stated above, or of any change in the details of said account or in the Holder's address, as applicable, by a notice sent to the Company by registered mail. The Company will be obligated to act in accordance with the Holder's notice with regard to a change as stated once fifteen (15) Business Days have passed from the date on which the Holder's notice arrived at the Company.
- 5.7 Should a Debenture Holder fail to furnish the Company with the details of his bank account to which payments in accordance with the Debentures held by said Holder are to be transferred in good time, each such payment will be made by check, which will be sent by registered mail to his most recent address that is listed in the Register of Debenture Holders. Sending a check to an entitled party by registered mail as stated will be deemed, for all intents and purposes, as the payment of the sum cited therein on the date on which it was sent by mail as stated, subject to the check being deposited at the bank and duly paid.

## **6. Failure to pay for reasons beyond the Company's control**

- 6.1 Any sum that is due to a Holder of the Relevant Series and which was not actually paid on the Effective Date for the payment thereof, for a reason beyond the Company's control, while the Company was willing to pay it ("the Preclusion"), will stop bearing interest and linkage differentials as of said date, and said Holder will only be entitled to said sums to which he was be entitled on the date stipulated for making said payment on account of the principal, linkage differentials or interest.
- 6.2 Should a sum as stated not be paid within 14 days from the date that was specified for the payment thereof, on the 15th day after the Effective Date for the payment (and, in the event that this is not a Business Day, then on the first Business Day thereafter), the Company will transfer said sum to the Trustee for the Relevant Series, who will hold the sum in trust for the Debenture Holder, and the holding as stated shall be deemed payment of said sum to the Holder, subject to the foregoing in Section 6.3, below. Should said sum be the last payment – the holding in trust shall be deemed the redemption of the Debenture, subject to the foregoing in Section 6.3, below. The Trustee for the Relevant Series will deposit any sum that is held thereby in trust for the Holders of said Series in a bank and will invest, in his name or on his instructions, at his sole discretion, in government debentures or daily bank deposits at one of the five major banks. After notice is received from the Holder of the removal of the Preclusion, the Trustee for the Relevant Series will transfer the monies that have accumulated in respect of the deposit and stemming from the exercise of the investment thereof to the Holder, net all the expenses and trust fund management expenses and net any tax required by law. Payment will be made against the presentation of the proof that is acceptable to the Trustee for the Relevant Series, with regard to the Holder's entitlement to receive same.
- 6.3 At the end of one year from the final due date of the Debenture, the Trustee for the Relevant Series will transfer the sums that he has accumulated to the Company, net his expenses, and the Company will retain them in trust and will invest them, as stated in Section 6.2, above, for the Holder for a period of six (6) years from the date on which they were transferred thereto as stated, and will not make any use thereof during this period. In all matters pertaining to sums that are transferred to the Company by the Trustee as aforesaid, the aforesaid in this Section 6 will apply, *mutatis mutandis*. After transferring the sums to the Company, the Trustee for the Relevant Series will not owe the Holders of the Debentures of said Series any payment whatsoever in respect of the sums were held thereby as stated.

6.4 The Company will furnish the Trustee for the Relevant Series with written confirmation that the aforementioned sums have been transferred thereto by the Trustee and received in trust for the Holders of the Debentures of said Series, as stated, and will indemnify the Trustee for the Relevant Series in respect of any loss of any type and kind that he incurred in respect of the transfer of the monies as stated, provided he behaved in a reasonable manner. Monies as stated that are not demanded from the Company by the Holder of a Debenture of the Relevant Series by the end of seven (7) years from the final due date of the Debentures will be transferred to the Company and the latter shall be permitted to use the remaining monies for any purpose whatsoever.

## **7. Register of Debenture Holders**

For details concerning the Register of Debenture Holders, please see section 25 of the Trust Deed.

## **8. General Instructions**

8.1 Amounts due for the principal and the interest will be paid to all Holders of Debentures without consideration of any equity right or offset right or counter claim that might exist presently or in the future between the Company and the aforementioned Holder.

8.2 The Company will not be obligated to record any note in the Register with regard to explicit, implicit or estimated trusteeship or a charge or lien of any kind whatsoever or any equity right, claim, offset or other right whatsoever in connection with the Debentures.

8.3 Any person who is entitled to the Debentures in consequence of bankruptcy or liquidation proceedings of a registered Holder shall be entitled to be registered as the Holder thereof after furnishing sufficient proof that satisfies the Company's managers.

8.4 The instructions of the Trust Deed shall be considered an inseparable part of this debenture.

## **9. No Securities**

The Debentures are not secured by a charge or in any other manner.

For the avoidance of any doubt it is hereby clarified that the Trustee is not obliged to examine, and in practice the Trustee will not examine, the need for putting up collateral to secure the payments to the debenture holders of any of the series. The Trustee is not required to conduct, and in practice the Trustee did not conduct financial, accounting or legal due diligence examination with respect to the business status of the Company or its subsidiaries. By his alliance with the Deed of Trust and by the Trustee's agreement to serve as trustee for the debenture holders of any series, the Trustee does not express any opinion in respect of the Company's capacity to comply with its obligations towards the holders of the debentures of any series. The foregoing does not derogate from the Trustee's obligation pursuant to any law and/or the Deed of Trust, including not derogating from the Trustee's obligation (in as far as such obligation applies to the Trustee in accordance with any law) to examine the effect of changes in the Company as of the date of the prospectus and onward, in as far as these may have a derogatory effect on the Company's ability to fulfill its obligations to the debenture holders of any of the series.

The Company will be permitted to mortgage all the assets thereof and/or any part thereof, in favor of anyone it shall see fit, without any limitation whatsoever, and to any degree whatsoever, including in order to guarantee Debenture Series or other liabilities, and without the need to obtain the consent of the Trustee or the Holders.

The Bonds of each Relevant Series shall be *pari passu* among themselves, with no precedence or priority of one over the other.

## **10. Right to Convert the Debentures (Series 1 to 2) to Shares ("Convertible Debentures")**

### **10.1 Conditions for Conversion**

[A] On any trading day, beginning from the day that each one of the series of Convertible Debentures is first listed for trading until several days before the end of the Debenture period for that series, in accordance with the instructions of the Stock Exchange that are

in effect at the time of the first offering for that series and as described in the said offering (“**conversion period**,” and each said trading day shall be called hereinafter the “**conversion date**” and the last of the conversion period shall be called hereinafter the “**end of the conversion period**”), with the exception of several days before the date set for partial redemption in accordance with instructions of the Stock Exchange that are in effect at the time of the said offering until the date of the said partial redemption, the remaining capital of the Convertible Debentures of that series that are in circulation at that time are convertible into registered common shares, with a nominal value of € 0.2 each, fully redeemable by the company (“**conversion shares**”), according to the conversion rate that shall be no less than the nominal value of the common shares of the company on the day of the said offering (“**conversion price**”), subject to the adjustments listed below, as well as the method and conditions, as described in the said offering.

- [B] Any Holder of Convertible Debentures of any series who wishes to convert the remaining nominal value of the capital in Convertible Debentures from the said series that he holds into conversion shares (the “**converter**”), shall submit a written request on a form, as determined by the Company, accompanied by the debenture certificates to which the request refers, directly to the company’s address in Israel (if the debentures are registered in the name of the converter in the registry of the said series) or through the offices of a member of the Stock Exchange (if the converter holds the debentures through the said member of the Stock Exchange) on the conversion date and, in any case, before the end of the conversion period for the said series (“**notification of conversion**”).
- [C] In one notification of conversion, it is possible to the request the conversion of the remaining nominal value of several Convertible Debentures from the same series that are registered on the name of the same Holder. In this instance, all of the debenture certificates to which the request refers shall be attached to the conversion request.
- [D] In the event that the conversion of Convertible Debentures according to this section relates to only a portion of the nominal value listed on a single certificate, the convertible debenture certificate must first be divided into several debenture certificates as necessary, so that the total nominal capital of all the debenture certificates is equal to the total of nominal capital of the debenture certificate that was divided, as stated.
- [E] Conversion request forms may be obtained at the address of the Company in Israel and also at any other location that the Company announces.
- [F] The Converter shall sign at any time on any document that is required by law and according to the Company’s instructions for the purpose of allocating the conversion shares. Without detracting from the above, the Managing Board of Directors of the Company is authorized to grant power of attorney to a member of the Managing Board of Directors to sign, as a trustee, in the name of the converter, any request, agreement and/or document that is required to complete the allocation of the conversion shares. The day on which the Company receives the notification of conversion directly from the converter (for debentures that the converter holds directly) or the stock exchange clearing house receives the notification of the conversion of Convertible Debentures from a member of the stock exchange (for debentures held by the depositary company) that complies with all of the conditions listed in this prospectus and in the offering, as relevant, will be considered the day of conversion (“**conversion date**”).
- [G] In the event that the converter does not comply with all of the conditions for conversion of the debentures in their entirety and the matter cannot be corrected by the person appointed by the Managing Board Of Directors, as described above, the notification of conversion shall be considered void and the certificates for the Convertible Debentures shall be returned to the applicant.
- [H] A notification of conversion submitted to the Company cannot be cancelled or changed.
- [I] The converter shall not be entitled to a partial allocation of a single conversion share however all fractional conversion shares that are created at the time of conversion, if any are created, shall be sold on the stock exchange by a trustee, who will be appointed by the Company for this purpose, within thirty (30) days after the fractions accrue to whole shares in a quantity that is reasonable to offer for sale on the stock exchange, taking the costs inherent therein into account, and the net revenue from their sale shall be divided proportionally among the beneficiaries within fifteen (15) days after the date of sale. A

check will not be sent to a single beneficiary for an amount of less than NIS 50 and these amounts may be received in cash at the address of the Company in Israel.

- [J] Conversion shares will entitle their owners to full rights to share in dividends and other distributions in their entirety, for which the determining date for receiving them is the conversion date or thereafter, and will have equal rights in all respects to the common shares with a nominal value of € 0.2 that are part of the Company's capital at the time.
- [K] The Convertible Debentures that are converted will be removed circulation on the date of their conversion and will be completely void, retroactively to the date of their conversion, from the day on which conversion shares were allocated for them and they will not be entitled to any right for any interest after the last date for payment of interest that the determining date thereof occurs before the conversion date and, likewise, will not be entitled to any right for linkage differentials that might accrue on the capital according to the linkage conditions stated in Section 4, above (and which were to have been paid together with the capital of the debentures, if the converter did not realize his right to convert the Convertible Debentures to shares, as described above).
- [L] Any part of the Convertible Debentures from any series that is not converted by the end of the conversion period relevant to the said series, shall no longer entitle its Holder to any right to convert it into conversion shares and the right of its conversion shall be null and void after the said date.
- [M] In the event that a share Holder who holds at least 95% of the shares in the Company initiates legal proceedings against the remaining shareholders for the purpose of causing the other share Holders to transfer their shares to himself, at the price and complying with the conditions set by the court, according to the process described in section 4.2.14 of the Prospectus, the said Holder of 95% of the shares in the company will not be obligated to purchase the Convertible Debentures that are in circulation at that time. Nonetheless, the right of the Holders of Convertible Debentures to convert their debentures into shares will be preserved even after a forced sale of the said type.

## 10.2 Timetable for Conversion

The known bylaws of the Stock Exchange Clearing House, on the day that this shelf prospectus is published, regarding the timetable for implementing instructions to convert Convertible Debentures held by members of the stock exchange, state the following:

- 10.2.1 The notification of a client regarding a conversion that is received by 12:00 noon in the office of a member of the stock exchange, will be transmitted by the said member of the stock exchange to the clearing house no later than 12:00 noon on the following trading day.
- 10.2.2 If the clearing house receives a notification of conversion from a member of the stock exchange by 12:00 noon, the clearing house will debit the member of the stock exchange and credit the Company according, on the record, no later than 12:00 noon on the following trading day.
- 10.2.3 If the depositary company receives the credit notification stated in section 10.2.2, above, by 12:00 noon, it will transmit the notification of conversion to the offices of the issuing company no later than 12:00 noon on the following trading day thereafter.
- 10.2.4 Any of the notifications listed in these sections 10.2.1 through 10.2.3, above, that is received after 12:00 noon on any trading day, will be considered as if it had been received before 12:00 noon on the following trading day.
- 10.2.5 Despite the aforementioned, on the last conversion day before final redemption or before ex-partial redemption, as applicable, the member of the stock exchange must transfer the final conversion requests to the clearing house before 12:00 noon. The conversion will be done that same day. A member of the stock exchange who does not submit the request by the stated hour, will be considered as if he did not realize his right.

When the last conversion day for any series of Convertible Debentures or the last conversion day before partial redemption occurs on a day that is not a trading day, the said date will be postponed to the following day.

It is hereby emphasized that the bylaws of the Clearing House that are in effect on the date of the actual conversion will be applied to all conversions of Convertible Debentures.

Within one trading day of the conversion date, the Company will register the conversion shares using electronic registration book entries and after the registration for trading the allocated conversion shares on the stock exchange is confirmed, the Company will act to register the conversion shares for trading on the stock exchange within three (3) days after that date.

### 10.3 Instructions for the Protection of Holders of Convertible Debentures during the Conversion Period

#### [A] Distribution of bonus shares

If the Company distributes bonus shares, the rights of Convertible Debenture Holders will be protected as follows:

- [1] If the Company distributes bonus shares from the date of the first offering of any series of Convertible Debentures until the end of the conversion period for that series, the rights of Holders of Convertible Debenture in that series will be protected so that immediately after the determining date for eligibility to participate in the said distribution, the number of conversion shares to which the Holder of Convertible Debentures from the series is entitled upon conversion of the debentures will be increased by adding the number of shares to which the said Holder would have been entitled to receive as bonus shares if he had converted that Convertible Debentures immediately prior to the said determination date.
- [2] Bonus shares that were allocated as stated above, will entitle their owners to a full share in cash dividends and other distributions for which the determining date for receiving them is the conversion date or thereafter, and will have equal rights in all respects to the common shares with a nominal value of € 0.20 that are part of the Company's capital at the time.
- [3] A Holder of Convertible Debentures will not be entitled to allocation of part of an aforementioned bonus share, however any partial bonus shares that might be created during the allocation and accrue to form complete shares will be sold on the stock exchange by a trustee appointed by the Company for this purpose within thirty (30) days from date of the said allocation, and the net proceeds (after deduction of sale costs and obligatory payments and fees) will be divided among the eligible people within fifteen (15) days after the date of sale. A check will not be sent to a single beneficiary for an amount of less than NIS 50 and these amounts may be received in cash at the address of the Company in Israel.
- [4] The method of adjustment is not subject to change.
- [5] The quantity of shares to which Holders of Convertible Debentures shall be entitled will be adjusted only in the event of a distribution of bonus shares as described above and not in the event of any other type of issue (including issues to interested parties), other than the issuance of as rights described in subsection B, below.

#### [B] Issuing Rights

From the date of the first offering of any series of Convertible Debentures until the end of the conversion period for that series or holders of the convertible securities of the Company, if the Company offers Holders of common shares in the Company securities of any type, by issuing rights, for which the determining date for receiving the right is prior to conversion date, the conversion rate for that series shall be adjusted to the bonus component in the rights as expressed by the relationship between the shares rate on the stock exchange on the said determining date and the base rate ("ex-rights"). The method of adjustment is not subject to change.

#### [C] Adjustment for Distributions of a Dividend

If the Company distributes a dividend, in cash only ("distribution") and the determining date for the distribution occurs before the end of the conversion period, the provisions of one of the subsections 1-3, below, will apply, as stated by the company in the first shelf offering according to which the Convertible Debentures offered on the basis of this deed are first issued. In the shelf offering, the Company will publish, in detail, the method for adjusting the conversion rate as a result of the distribution of a cash dividend, however much it shall be, at its discretion from among the following three options:

- (1) The conversion rate will not be adjusted as a result of the distribution of a cash dividend by the company.
- (2) Beginning on the first trading day on which the Company's shares are traded after the determining date for the distribution, ex-dividend, the conversion rate of the Convertible Debentures that are in circulation will be adjusted by multiplying it by difference between the share rate of the Company at the end of the trading day ex-dividend and the share rate of the Company at the end of the day for determining eligibility for the dividend. The Company will give immediate notification of the said adjusted conversion factor no later than the time when the Company's shares are to be traded ex-dividend.
- (3) Immediately after the determining day, the conversion rate for each share will be reduced by an amount equal to the ex value, as defined in the trading regulations of the stock exchange and the guidelines that it issues. The Company will give notification of the said adjusted conversion rate no later than the time when the Company's shares are to be traded ex-dividend.

#### 10.4 Additional Instructions for the Protection of Holders of Convertible Debentures during the Conversion Period

From the date of publication of the offering regarding any series of the Convertible Debentures and as long some of the Convertible Debentures from that series remain unconverted, but in any case no later than the end of the conversion period for the said series, the following instructions shall apply.

- [1] The Company will keep a sufficient quantity of common shares with a nominal value of € 0.20 as part of its registered share capital to ensure allocation of all shares that might be derived from conversion of all Convertible Debentures in that series that are in circulation at any time and, if necessary, will increase its registered share capital accordingly.
- [2] If the company consolidates the common shares with a nominal value of € 0.20 that are part of its issued capital into shares with a larger nominal value or divides them into shares with a smaller nominal value, the number of conversion shares allocated following the conversion of Convertible Debentures from that series, after that action, shall be decreased or increased, as applicable. In that case, the provisions of this section are to followed, subject to the necessary changes.
- [3] The Company shall make a copy of the Company's periodic reports and interim financial statements available to Holders of Convertible Debentures of the said series, at the Company's address in Israel during ordinary business hours. At the written request of a registered Holder of Convertible Debentures of the said series, the Company will send the Holder a copy of the said reports.
- [4] Within ten (10) days after any adjustment in the conversion rate or the number of conversion shares for the said series of Convertible Debentures, the Company will publish notification in two widely-distributed daily newspapers published in Israel, in Hebrew, regarding the right of Holders of Convertible Debentures in the said series to convert them to shares, stating the conversion period, the conversion rate and the number of conversion share to which the Holder of Convertible Debentures would be entitled as the result of conversion at the time, as applicable to the said series.
- [5] In addition to the aforementioned notification, no later than three (3) weeks and no earlier than four (4) weeks before the end of the conversion period for the said series, the Company will publish notification in two widely-distributed daily newspapers published in Israel, in Hebrew, and send notice in writing, with copies to the stock exchange and the trustee for the said series, to the Holders listed in the register of Holders of Convertible Debentures for the said series, one month before the end of the said conversion period, of the last day for converting Convertible Debentures of that series. Said notice shall include the conversion rate, the number of conversion shares and the number of bonus shares to which a Holder of Convertible Debentures would be entitled at the time of conversion, during this period, all with regard to the said series.
- [6] The Company shall not distribute and shall not offer a cash dividend or bonus shares or an offering of rights any securities to Holders of the common shares with a nominal value of € 0.20 unless the determining date for the right to receive them is at least ten trading



days after publication of the Company's notification regarding the distribution or offer of rights, as relevant.

- [7] The Company shall abstain from any distribution to Holders of its shares of capital funds, funds or profits derived from capital gains that it realized as the result of selling fixed assets or derived from said capital gains realized by one of its subsidiary companies as the result of such a sale, other than capitalizing these gains and distributing bonus shares from the profits that were available for distribution according to the financial reports and were capitalized as stated. The aforementioned is in addition to the limitations on the company regarding said distributions, as described in section 5.10 of the Prospectus.
- [8] The character of the said funds, profits and assets shall be determined by auditor of the Company and a document signed by him on these matters shall be final and conclusive.
- [9] The company shall abstain from any actions, including the distribution of bonus shares, that might lead to a reduction in the value of the Convertible Debentures to a level lower than their nominal value.
- [10] The conditions of the Convertible Debentures are not subject to changes related to the conversion rate, conversion dates or method of linkage but the Company may change the conversion period and/or conversion rate, on the condition that it done as part of an arrangement or comprise that is approved by the court, in accordance with section 350 of the Companies Law or according to a parallel section in another law applicable to the Company. In addition, the Company is may change the conversion rate as part of a process of splitting the Company or the process of merging the Company provided that the change includes only adjustments necessary because of the said process.

For this purpose, a "splitting process" is defined as a process through which the Company transfers to its shareowners shares that it holds in another company or a process in which the Company transfers assets and obligations to a new company that was established for the purpose of the split and the shareowners of the new company are also shareowners in the company that is transferring the assets and obligations, on the condition that the splitting process is accomplished with equal conditions for the Company's shareowners. A "merger process," for this purpose, is defined as a process in which all shares in the Company are transferred to the ownership of a new company or to the ownership of another registered company whose shares are registered for trading on the stock exchange or a process by which the Company transfers all of its assets and obligations to another company, as stated, on the condition that the securities of the company whose shares or assets are transferred, as stated, is delisted for trading on the stock exchange and the process is accomplished with equal conditions for the Company's shareowners.

Despite the aforementioned, the company may change the conversion rate provided that it is done as part of a privileged offering in the company or as part of a distribution of the bonus shares in the company or as part of a process of distributing a dividend in the company and that the change includes only the adjustments necessitated by the said process, as described ins section 10.3 of the conditions listed on the reverse of the page.

#### 10.5 Voluntary Liquidation

- [1] If it is decided to voluntarily liquidate the Company, the Company will give written notice of this to all Holders of Convertible Debentures that are in circulation at the time who are listed in the registry and publish notification in two widely-distributed daily newspapers published in Israel, in Hebrew. Every owner of Convertible Debentures will have the right, at his discretion, to be considered as if he had realized the right to convert them prior to the decision, on the condition that he informs the Company of his request in writing within three months of the said decision of the Company.
- [2] In this event, the Holder of Convertible Debentures will have the right to participate in the distribution of the excess assets of the Company (after payment of all its obligations) amongst the shareowners, in the amount that he would have received if he had been a shareowner in the company prior to the decision to liquidate the company as the result of converting the Convertible Debentures in his possession, about which he gave notice to company as stated, after deducting the amount of interest paid him for those Convertible Debentures on the date of the decision, or thereafter, (with the exception of interest for which the date of payment occurred before the date of the decision even if it was paid on

the date of the decision, or thereafter); and the owner of the Convertible Debentures will not be entitled to any payment for them that came due after the date of the decision.

**11. Transfer of the Debentures of any Series**

The Debentures of any Series are transferable for the full sum of the nominal the Principal, and likewise with regard to part thereof, provided it is in whole new shekels. Any transfer of the Debentures will be made in accordance with a deed of transfer worded as is customary, duly signed by the registered Holder or the legal representatives thereof, and by the transfer recipient and the legal representatives thereof, which will be submitted to the Company at the Company's address in Israel, with the addition of the Certificates for the Debentures that are being transferred thereunder and any other reasonable proof that is required by the Company in order to prove the transferor's entitlement to transfer them. Should tax or any other compulsory payment whatsoever apply to the deed of transfer of the Debentures, proof of the payment thereof that is deemed satisfactory by the Company shall be submitted to the Company. The Articles of Incorporation of the Company that applies to the transfer of fully paid up shares and on the conversion thereof shall apply, *mutatis mutandis* as applicable, to the manner of transferring the Debentures and to the conversion thereof. In the event of the transfer of only part of the sum of the nominal Principal of the Debentures, the Debenture Certificates shall first be split, in accordance with the provisions of this Section 12, below, into a number of Debenture Certificates, as is required thereby, in a manner that the sum total of all the Principals stated therein will be equal to the sum of the nominal Principal of said Debenture Certificate. After all these terms have been met, the transfer will be recorded in the Register, and the Company will be permitted to demand that a note with regard to the transfer as stated is recorded on the transferred Debenture that is given to the transfer recipient or that he is issued with a new Debenture Certificate in its stead, and all the terms detailed in the transferred Debenture Certificate will apply to the transferee, such that wherever "the Holder" is mentioned, this shall be deemed mention of "the transferee," and he will be considered the "Holder" for the purposes of the Deed of Trust for the Relevant Series.

**12. The Debenture Certificates and Splitting thereof**

In respect of the Debentures registered in the name of a single owner, he will be issued a single certificate or, at his request, he will be issued a number of certificates (the certificates mentioned in this Section shall be referred to hereinafter as: "the Certificates").

Each Debenture Certificate can be split into Debenture Certificates whose total par value is equal to the sum of the par value of the Certificate for which a split has been requested, provided the Certificates as stated are not issued save in a reasonable quantity. The split will be performed against delivery of said Debenture Certificate to the Company at the Company's address in Israel, in order to perform the split. All the expenses involved in the split, including taxes and levies, if any, will apply to the party requesting the split.

**13. Early Redemption**

For details concerning the early redemption of Debentures by the Stock Exchange, please see section 6 of the Trust Deed.

**14. Abdication, Compromise and Changes in the Conditions of the Debentures**

For details concerning the authority of the Company and/or the Trustee to abdicate, compromise or make changes in the conditions of the Debentures, please see section 24 of the Trust Deed.

**15. General Meeting of Debenture Holders**

The General Meeting of Holders of Debentures from the relevant series shall be convened and conducted according to the provisions of the Second Addendum to the Trust Deed.

**16. Receipts as Proof**

Without detracting from any other condition of the these conditions, a receipt signed by the Debenture Holder shall be considered full proof of any payment made by the company in respect of the Debentures.

**17. Replacing the Debenture Certificates**

If this Debenture Certificate becomes worn, is lost or is destroyed, the Company will issue a new Certificate in its stead, on the same terms. Taxes and other levies, as well as other expenses involved in the issuing of the new Certificate, will apply to the party requesting the Certificate as stated (including expenses in connection with proof of ownership of the Debenture, and in connection with the indemnification and/or insurance coverage that is requested by the Company, should the Company so request, in connection therewith. In the event of wear, the worn Certificate will be returned to the Company along with and against the issuing of the new Certificate.

**18. Applicable Law and Judicial Authority**

The courts in the City of Tel Aviv-Jaffa shall be the sole and exclusive authority in any dispute regarding the Debentures, the Trust Deed and the agreements by virtue of which the Debentures are issued and the Law of the State of Israel shall be the only applicable law.

**19. Notification**

Any notice sent by the Company and/or the Trustee for the Relevant Series to the Holders of the said Series will be made by means of a notice published in two (2) widespread daily Hebrew language newspapers in Israel and in an immediate report. A notice published in the newspapers shall be deemed to have been delivered to the Holder on the date of publication thereof.

Copies of the notices that are given by the Company to the Holders of the Relevant Series will be sent thereby to the Trustee for the said Series as well, and copies of the notices that are given by the Trustee for the Relevant Series to the Holders of the said Series will be sent thereby to the Company as well.

Any notice or demand from the Trustee for the Relevant Series to the Company can be made by means of a registered letter or by means of a messenger to the address thereof that is detailed in the Deed of Trust for the said Series, or to another address as the Company shall inform the Trustee for the said Series in writing. Any notice or demand sent by registered mail shall be deemed to have been received by the Company five (5) Business Days from the date on which it was mailed at the post office. Any notice or demand sent by means of a messenger shall be deemed to have been received by the Company on the first Business Day after the date of delivery thereof to the Company.

Any notice or demand from the Company to the Trustee for the Relevant Series can be made by means of a registered letter or by means of a messenger to the address thereof that is detailed in the Deed of Trust for the said Series, or to another address as the Trustee for the said Series shall inform the Company in writing. Any notice or demand sent by registered mail shall be deemed to have been received by the Trustee for the said Series five (5) Business Days from the date on which it was mailed at the post office. Any notice or demand sent by means of a messenger shall be deemed to have been received by the Trustee for the said Series on the first Business Day after the date of delivery thereof to the Trustee for the said Series.

The address of the Company for the purposes of this Deed is as stipulated in the Preamble to this Deed and the Trustee and/or the Holders will be required to submit communications and documents as stated only to the address as stated and not to any other address in Israel or abroad.

**20. Taxation**

For details concerning taxation, please see Chapter 2 of the Prospectus.

**Kardan N.V.**

**Second Addendum**

**General Meeting of the Holders of Debentures (Series B to E) & Holders of Debentures (Series 1 to 2)**

**Convening of General Meetings of Debenture Holders**

1. The Trustee or the Company may convene general meetings for the holders of debentures of the Relevant Series. Should the Company convene such a meeting, it shall immediately give the Trustee written notice of the place, date and time for the meeting and of the agenda.
2. The Company will be required to convene such a general meeting at the written request of the Trustee or of holders of at least ten percent (10%) of the unpaid balance of the par value of the debentures of the series in circulation.. The Trustee will be required to convene such a general meeting at the request of the holders of at least ten percent (10%) of the unpaid balance of the par value of the debentures of the series in circulation. In the event that those wishing to convene a general meeting are the holders of the debentures, the Company and/or the Trustee, accordingly, will be entitled to demand indemnification for the reasonable expenses involved in such.
3. Notice of at least 14 days specifying the place, date and time of the meeting and providing a general description of the agenda for the meeting shall be given to the holders of the series, the Trustee and the Company. If the purpose of the meeting is to discuss and adopt an extraordinary resolution, notice of such meeting shall be delivered at least 21 days prior to the date fixed for the meeting. The notice will also state the day and time of the meeting and a summary of the proposed resolution. The Trustee may shorten the notice period if it considers that delaying the meeting may adversely affect the rights of holders of that series or the legitimate interest of the Company.
4. The accidental omission to give notice of a meeting convened in accordance with the foregoing, or if the notice was not received by all holders of debentures of that series, shall not invalidate the meeting.
5. Meetings of holders of Debentures shall be held at such address in Israel as notified by the Company, unless the Trustee gives notice of a different venue.
6. The Company shall set a Date of Record for eligibility to participate and vote in any general meeting, whether convened by the Company or at the request of the Trustee or the holders as stated in this Section above.

**Proof of title to the Debentures**

7. The debenture holders shall present to the Company, at its address in Israel, no later than 48 hours prior to convening of a general meeting of debenture holders, verification from the stock exchange member through which their debentures are held, regarding the number of debentures they hold, as stated above. The debenture holders shall be entitled to vote in the general meeting of debenture holders in respect of the debentures included in the aforesaid verification from the stock exchange member, as long as at the time of the vote they still hold the number of debentures for which the verification was given by the stock exchange member. Should there be a change in the holdings of the debenture holders from the time of presenting the said verification to the Company until the date of the general meeting of debenture holders, the holders shall be entitled to present verification of proof of title from the stock exchange member reflecting the holdings of the debenture holders as at the date of the general meeting.

**General Meeting of Holders of Debentures**

8. The chairman of the general meeting will be a person appointed by the Trustee. If the Trustee does not appoint a chairman or if the chairman is not present at the meeting, the holders of the Relevant Series present at the meeting shall elect one of their number to serve as chairman of the meeting. The general meeting of the Debenture Holders will commence once it is proven that a quorum is present for the meeting to begin.

9. A quorum for meetings of holders of the Relevant Series, with the exception of an extraordinary resolution, shall include holders of the Relevant Series, present themselves or by proxy, holding or representing at least ten percent (10%) of the par value of the balance of the debentures in circulation of the Relevant Series.
10. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to the same day in the following week (and if this is not a Business Day, to the first Business Day thereafter) at the same time and place (without need for further notice) or at another day, place and time, as set by the Trustee or the Company (at the request of the Convener), provided that notice of the convening of the meeting is given to the holders of the Relative Series at the original meeting or by notice published in the newspapers at least 3 days in advance in the manner stated above.

At an adjourned meeting, the required quorum shall be any holder of the Relevant Series, present in person or by proxy, regardless of the par value represented by the holder's Debentures in the Relevant Series.

11. The quorum for a meeting convened for the purpose of adopting an extraordinary resolution shall be holders of the Relevant Series, present in person or by proxy, who together hold or represent at least fifty five percent (55%) of the par value of the balance of the Debentures in circulation of the Relevant Series. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to the same day in the following week, as noted above in Section 10, above. If a quorum is not present at a meeting that was adjourned due to an absence of a quorum to adopt an extraordinary resolution, the quorum shall include the presence, in person or by proxy, of holders of the Relevant Series holding or representing together at least one tenth (1/10) of the par value of the balance of Debentures in circulation of the Relevant Series.
12. Debentures of the Relevant Series owned by a subsidiary of the Company or by an affiliated corporation, shall not grant the subsidiary or affiliated corporation voting rights at meetings of holders of the Relevant Series and shall not be included in a quorum or for exercising any other right granted to holders subject to their meeting the minimum aggregate percentage of holdings.
13. The legal quorum for a general meeting of holders of the Relevant Series convened to adopt a resolution for the matter of a call for immediate repayment (as stated in Section 7.1 of the Deed), for the matter of change in the terms of the Deed of Trust or the Debentures, or for the matter of waiver of the right to claim or settle (as stated in Section 24 of the Trust Deed) for the Relevant Series, and in the quorum of voters in favor of any of such resolutions, the following votes will not be taken into account: Holders of the Relevant Series that are controlling shareholders in the Company, affiliated companies and investee companies, as defined in the Securities Law, with the exception of any of the above that is one of the investor listed in the First Addendum of the Securities Law (Section 15 A(b)(1) of the Securities Law), whose vote will be counted.
14. With the consent of the majority in the principal of the Relevant Series, at a meeting at which a quorum is present, the chairman may, and shall be obligated to if so directed by the meeting, adjourn the meeting from time to time and from place to place, as the meeting may resolve. In this event, notice of the adjournment will be given in the same manner required for the original meeting. The adjourned meeting will discuss only those issues which could have been discussed at the meeting at which the adjournment was resolved.
15. At any meeting of holders of the Relevant Series, any holder of the Relevant Series present in person or by proxy, shall be entitled to one vote for every NIS 1 par value of the total unpaid principal of the debentures, by virtue of which they are entitled to vote. A Trustee participating in the general meeting shall do so without the right to vote.
16. In the case of joint holders of Debentures from the Relevant Series, the right to vote shall be given exclusivity to the senior holder attending the meeting, in person or by proxy, based on the order in which the names are listed in the register of holders of the Relevant Series.
17. Any proposal that was raised for resolution in the general meeting of the debenture holders of the relevant series shall be decided by the participating votes.
18. The majority required to pass an ordinary resolution will be a simple majority of the number of voters voting for or against the resolution. The majority required to pass an extraordinary resolution will be a

majority of at least seventy five percent (75%) of the number of voters voting for or against the resolution.

19. The chairman's declaration that a proposal has been adopted or rejected, and the recording of this matter in the record of minutes of meetings, shall constitute conclusive evidence of this fact.
20. The appointment of a proxy shall be in writing and signed by the holder appointing the proxy or by a representative authorized in writing to do so. If the appointing holder is a corporation, the appointment will be effected in writing and signed by an officer holder in the corporation or the corporation's authorized representative. The written appointment of the proxy shall be drafted in any generally accepted format. The proxy need not be a debenture holder.
21. The appointment and power of attorney or other certificate under which the appointment is effected, or a certified copy of such power of attorney, shall be deposited at the Company's address in Israel or at any other address that the Company shall give notice of prior to the general meeting, no less than 48 hours prior to the date of the general meeting for which the power of attorney is given, unless otherwise stated in the notice convening the meeting.
22. A vote cast in accordance with the terms in the proxy certificate shall be valid even if the appointing holder died or was declared legally incompetent, or the proxy certificate was cancelled or the debenture in respect of which the vote was cast was transferred, unless written notice is received at the Company's address in Israel or at any other address that the Company shall give notice of prior to the general meeting, stating said death, declaration of incompetence, cancellation or transfer, as the case may be.
23. A debenture holder or his appointed proxy may vote some of such holder's debentures in favor of the resolution being voted on, some of them against it, and may use some to abstain, at his discretion.
24. The Trustee will ensure that minutes are taken of all the discussions and resolutions at any general meeting of the holders of the Relevant Series, and will ensure their record in the register of minutes for meetings of holders of the Relevant Series.
25. The debenture holders shall be entitled to vote in the general meeting of debenture holders by way of voting ballots, the format of which the Trustee shall provide at the time of summoning the general meeting of the debenture holders. The voting ballots shall be sent to the Company at its address in Israel, no less than 48 hours prior to the convening of the general meeting of the debenture holders.
26. An individual or individuals appointed by the Trustee, Company Secretary or any other individual or individuals so authorized by the Company, shall be entitled to attend meetings of the holders of the Relevant Series, without voting rights.
27. When a general meeting of the Debenture Holders is conducted, the Trustee will determine if there are conflicts of interest amongst the Debenture Holders, as relevant to the circumstances. The Company and the Trustee, will act to convene a class meeting of Debenture Holders, pursuant to the instructions of any law, judicial ruling, the instructions of securities law and regulations and guideline issued by virtue thereof, as instructed by the Trustee.
28. In the event that meetings are convened for debenture holders, and under the law (including precedent and the provisions of any authority) class meetings are required, the foregoing shall apply to class meetings of the debenture holders, *mutatis mutandis*.