



**GAZIT-GLOBE**

August 4, 2011

Israel Securities Authority  
**Via Magna**

The Tel Aviv Stock Exchange Ltd.  
**Via Magna**

Dear Sirs,

**Re.: Gazit-Globe Ltd. (“the Company”) –**  
**Immediate Report Regarding the Convening of an Annual General Meeting**

The Company is hereby pleased to announce that on Wednesday, September 14, 2011 at 11:00, the Annual General Meeting of the Company's shareholders will be convened at the offices of the Company at 1 Derech Hashalom, Tel Aviv, Israel. If after half an hour from the appointed time for the Meeting a legal quorum is not present, the Meeting will be postponed until Wednesday, September 21, 2011 at 11:00 and will be held at the same place.

**1. Topics on the Agenda and Proposed Resolutions**

**1.1. Financial statements and directors' report**

**Discussion of the financial statements and the directors' report of the Company for the year ended December 31, 2010.**

The Company's Periodic Report for 2010 (including the financial statements and the directors' report for said period) was presented in an Immediate Report dated March 16, 2011 (Reference No. 2011-01-081795), and may be viewed on the distribution site of the Israel Securities Authority ([www.isa.gov.il](http://www.isa.gov.il)) and on the Internet site of the Tel Aviv Stock Exchange Ltd. ([www.tase.co.il](http://www.tase.co.il)).

**1.2. Appointment of the Company's independent auditors and authorization of the Board of Directors to determine their fees**

**Reappointment of the firm, Kost, Forer, Gabbay & Kasierer as the independent auditors of the Company and authorization of the Company's Board of Directors to determine their fees.**

**1.3. Approval of an annual bonus for 2010 to the Deputy Chairman of the Board of Directors, Mr. Arie Mientkavich**

**Granting an annual bonus of NIS 500 thousand to Mr. Arie Mientkavich, the Acting Deputy Chairman of the Board of Directors of the Company, with respect to his work for the Company in 2010.**

1.3.1. The proposed monetary compensation for Mr. Mientkavich, as referred to above, is similar to the bonuses granted to other members of the Company's senior management (who are not directors) with respect to their work in 2010, and is pursuant to the decision of the Audit Committee from March 13, 2011, and the decision of the Company's Board of Directors from March 15, 2011. The Audit Committee approved the grant of the annual bonus to Mr. Mientkavich unanimously. The Board of Directors (without the participation of Mr. Mientkavich) also unanimously approved the annual bonus to Mr. Mientkavich.

1.3.2. The Company justifies paying the aforesaid monetary bonus to the aforementioned in light of the following reasons: (a) the aforesaid bonus constitutes part of the total annual compensation granted to Mr. Mientkavich, a member of the Company's senior management, with respect to his work for 2010, in light of the Company's general goals having been attained and also taking into account the concrete achievements and considerable efforts of Mr. Mientkavich; (b) the amount of the monetary bonus and its proportion to Mr. Mientkavich's overall remuneration are reasonable.

For details relating to the current employment terms of Mr. Mientkavich, refer to **Appendix A** to this report.

**1.4. Reappointment of Dr. Shay Pilpel as a director of the Company**

**Reappointment of Dr. Shay Pilpel as a director of the Company, in accordance with Article 78.1 of the Company's Articles of Association.**

In accordance with the Company's Articles of Association, the service of Mr. Eli Shahar will terminate on the date of the General Meeting and the service of all the other directors, with the exception of the external directors, will continue (namely: Messrs. Chaim Katzman, Dori Segal, Arie Mientkavich and Chaim Ben-Dor).

The Audit Committee of the Company has classified Dr. Pilpel as an independent director, in accordance with the provisions of the Companies Law. Additionally, in the opinion of the Company's Board of Directors, Dr. Pilpel possesses accounting and financial expertise, as defined in the Section 240 of the Companies Law and in the Companies Regulations (Conditions and Criteria for Directors with Accounting and Financial Expertise and Directors with Professional Qualifications), 2005 (“**the Expertise and Qualifications Regulations**”). For particulars about Dr. Pilpel, refer to Chapter D (Additional Details) of the Periodic Report of the Company for 2010 from March 16, 2011 (Reference No. 2011-01-081795). The above information is hereby presented by means of this reference.

Dr. Pilpel's declaration of eligibility as an independent director and as a director with accounting and financial expertise is attached as **Appendix B1** to this report.

For details regarding the compensation to which Dr. Pilpel is entitled as of the date of this report with respect to his service as a director of the Company (this being the same as that to which the other directors of the Company are entitled, except in the case of directors who also hold some other position in the Company), refer to **Appendix C** to this report.

**1.5. Reappointment of Ms. Noga Knaz as an external director of the Company**

**Reappointment of Ms. Noga Knaz as an external director of the Company, for a period of three years from the date the reappointment is approved by the Company's General Meeting.**

Ms. Knaz was appointed an external director of the Company on August 12, 2008, for a three-year period that will end on August 11, 2011. For particulars about Ms. Knaz, refer to Article 26 of Chapter D of the Periodic Report of the Company for 2010 from March 16, 2011 (Reference No. 2011-01-081795). The above information is hereby presented by means of this reference. In the opinion of the Company's Board of Directors, Ms. Knaz possesses accounting and financial expertise, as defined in the Section 240 of the Companies Law and in the Expertise and Qualifications Regulations.

Ms. Knaz's declaration of eligibility as an external director and as a director with accounting and financial expertise is attached as **Appendix B2** to this report.

For details regarding the compensation to which Ms. Knaz is entitled as of the date of this report with respect to her service as an external director of the Company, refer to **Appendix C** to this report.

**2. The Majority Required to Pass the Resolutions**

- 2.1. In order to approve the topics covered in paragraphs 1.2 (appointment of independent auditors), 1.3 (grant of annual bonus to Mr. Mientkavich), and 1.4 (appointment of Dr. Pilpel as a director), a majority of votes is required.
- 2.2. In order to approve the topic covered in paragraph 1.5 (reappointment of Ms. Knaz as an external director), one of the following has to be fulfilled:
  - 2.2.1. The count of the majority of the votes at a General Meeting will comprise the majority of the total votes of the shareholders that are not controlling shareholders of the Company or shareholders with a personal interest in the approval of the appointee, except for a personal interest not arising from his connection with the controlling shareholder, participating in the vote; in counting the total number of votes of the aforesaid shareholders, abstentions will not be taken into account.
  - 2.2.2. The total number of votes cast against the motion by the shareholders referred to in paragraph 2.2.1 above is not to exceed two percent of the Company's total voting rights.

**3. Place and Time for Convening the Meeting, Legal Quorum, Record Date and Voting Methods**

- 3.1. The Annual General Meeting will convene on Wednesday, September 14, 2011 at 11:00, at the Company's offices, located at 1 Derech Hashalom, Tel Aviv, Israel.
- 3.2. A legal quorum will exist when at least two shareholders are present, in person or by proxy, who together hold at least 35% of the Company's voting rights. If after half an hour from the appointed time for the Meeting a legal quorum is not present, the Meeting will be postponed until Wednesday, September 21, 2011 at 11:00 and will be held at the same place. If a legal quorum is not present at the postponed Meeting after half an hour from the appointed time, then a legal quorum will be deemed to exist if at least two shareholders with voting rights are present, in person or by proxy, who together hold at least 30% of the Company's voting rights.
- 3.3. The record date for determining the eligibility of a shareholder of the Company to vote at the General Meeting, as referred to in Section 182 of the Companies Law, is at the end of the day on August 14, 2011 ("**the Record Date**").
- 3.4. In accordance with the Companies Regulations (Proving Ownership of a Share in Order to Vote at a General Meeting), 2000, when a shareholder is entitled to a share that is registered on the Tel Aviv Stock Exchange Ltd. and the said share is included among the Company shares recorded in the register of shareholders and is registered to the nominee company, and he wishes to vote at the General Meeting, then the said shareholder will provide the Company with a confirmation from the Stock Exchange member with whom his share entitlement is registered, certifying his ownership of the share, on the Record Date, in accordance with Form 1 in the Schedule to the above Regulations.
- 3.5. A proxy to participate and vote at the Meeting must be lodged at least 48 hours prior to the time of opening the Meeting at the Company's offices at 1 Derech Hashalom, Tel Aviv, Israel.
- 3.6. The address of the distribution site of the Israel Securities Authority ("**the Distribution Site**") and the Internet site of the Tel Aviv Stock Exchange Ltd., where the text of the voting ballot and position papers, as defined in the Section 88 of the Companies Law, may be found, are as follows: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and [www.maya.tase.co.il](http://www.maya.tase.co.il), respectively. Voting by means of a voting ballot will be done on the second part of the voting ballot published on the Distribution Site. A shareholder is entitled to apply to the Company directly in order to obtain the text of the voting ballot and the positions papers (if any). A Stock Exchange member will send, for no consideration, by e-mail, a link to the text of the voting ballot and the position papers, on the Distribution Site to every shareholder who is not registered in the shareholders' register and whose shares are registered with a Stock Exchange member, if the shareholder gives notice that he so wishes, and provided that such notice is given with regard to a particular securities account and at a time prior to the Record Date. A shareholder whose shares are registered with a Stock Exchange member is entitled to receive proof of ownership from the Stock Exchange member through whom he holds his shares, at the branch of the Stock Exchange member or by mail to his address in consideration for delivery fees

only, if a proof of ownership is demanded. A request in this connection is to be given in advance for a particular securities account. The voting ballot is to be delivered to the Company's offices, at the address referred to above, such that the voting ballot reaches the Company's offices no later than 72 hours prior to the time of opening the Meeting. The last date for providing a position paper to the Company is up to 10 days after the Record Date. The Company does not permit voting over the Internet.

- 3.7. One or more shareholders holding shares constituting five percent or more of the Company's total voting rights, which are not held by the Company's controlling shareholders (viz. 3,192,444 shares), is entitled to view the voting ballots as set forth in Regulation 10 of the Companies Regulations (Voting Ballots and Position Papers), 2005.

**4. Viewing the Documents**

The text of the proposed resolutions may be viewed at the Company's offices at the address stated above, during normal working hours and with prior coordination (telephone: 03-6948000, fax: 03-6961910).

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Gazit-Globe Ltd.

**Appendix A - Details of the Compensation to which Mr. Arie Mientkavich is Entitled for 2010**

Details of Compensation Recipient				Compensation for Services (NIS in thousands)				
Name	Position	Scope of position	Rate of holding in the corporation	Salary	Bonus	Share-based payment	Other	Total
Arie Mientkavich	Deputy Chairman of the Board of Directors	Half-time	0.02 (1.3 on a fully diluted basis)	1,259	500	1,639	-	3,398

The data in the table are in terms of cost to the Company. The salary denoted above includes the cost of salary-related components. The data in the table above do not include the monetary bonus that is referred to in this Immediate Report.

- a. Pursuant to an agreement between Mr. Arie Mientkavich and the Company from May 2005, as extended and amended in May 2009, Mr. Arie Mientkavich is employed as the Acting Deputy Chairman of the Company's Board of Directors, in a part-time capacity of 50% of a full-time position. The current engagement is for a period of four years ending in April 2013, with each of the parties being entitled to terminate the agreement upon giving 60 days' advance notice. Pursuant to the agreement, Mr. Mientkavich's monthly salary as of December 31, 2010 amounted to approximately NIS 76 thousand (his salary is updated once a quarter in accordance with the percentage increase in the Israeli consumer price index).

In addition to the aforesaid, the engagement agreement provides for the usual benefits with regard to managerial insurance, study fund, vacation, sickness, provision of a company car, etc. Upon terminating the engagement with Mr. Mientkavich (except in exceptional circumstances where the Company is entitled to terminate the engagement without paying severance pay and without giving advance notice, as detailed in the agreement), Mr. Mientkavich will be entitled to an adaptation grant in an amount equivalent to six months' payment of his last base salary (including the payment of contributions for managerial insurance and for the study fund), which will be paid in six equal installments.

- b. The above table includes, under the heading "Share-based payment", the cost recorded in 2010 in the Company's financial statements with respect to stock options for the Company's shares, which were granted by the Company to Mr. Mientkavich, as detailed below: (i) pursuant to the terms of Mr. Mientkavich's current employment agreement, that was extended in 2009, as stated above, in May 2009, the Company granted 400 thousand stock options to a trustee to hold for Mr. Mientkavich (pursuant to the provisions of Section 102 of the Israeli Income Tax Ordinance under the capital gains track). The exercise price of the options has been calculated at the average of the Company's share price

during the 30 trading days preceding the grant of the options and has been set at NIS 21.67 per share (the exercise price is linked to the Israeli consumer price index and is subject to adjustments in the event of the issue of stock dividends, rights issues and dividend distributions). The stock options vest over a 4-year period, beginning on the date of their grant (May 19, 2009), whereby Mr. Mientkavich will be entitled to exercise the stock options in four equal annual installments. If Mr. Mientkavich does not exercise the exercisable stock options within six months of the termination date of the engagement, the stock options will expire. In the event of the engagement with Mr. Mientkavich being terminated by the Company (including not being renewed at the end of the engagement period), other than in circumstances that would entitle the Company to legally terminate the engagement with him without the payment of severance pay, Mr. Mientkavich will be entitled to an acceleration of the vesting period of all the stock options. The final expiry date of all the stock options (in the event of their not having expired or having been exercised previously in accordance with the details above) will be at the end of five years from their grant date. The economic value of each of the stock options from 2009, as of the grant date, based on the binomial model, is NIS 8.145 per share; (ii) in August 2008 and May 2009, the Company's General Meeting approved the grant of 19,000 and 16,000 stock options, respectively, to a trustee to hold for Mr. Mientkavich, pursuant to the provisions of Section 102 of the Israeli Income Tax Ordinance under the capital gains track. Each of the aforesaid stock options is exercisable into one ordinary share of the Company at an exercise price of NIS 40 and NIS 21.67 per share, with respect to the options from 2008 and 2009, respectively, linked to the Israeli consumer price index, and subject to adjustments (with respect to the issue of stock dividends, rights issues and dividend distributions). Mr. Mientkavich will also be entitled to exercise the stock options by means of a cashless exercise. The vesting periods have been set in three equal installments beginning from the end of one year from the grant date. In certain situations, Mr. Mientkavich will be entitled to an acceleration of the vesting period of all the stock options. The final expiry date of the stock options is at the end of four years and five years, with respect to the options from 2008 and 2009, respectively, from their grant date. The fair value of each stock option as of the grant date, based on the binomial model, is NIS 7.8 and NIS 6.73, with respect to the options from 2008 and 2009, respectively.

- c. The amount in the table under the heading "Bonus" (NIS 500 thousand) refers to the bonus approved for Mr. Mientkavich at the Company's General Meeting in 2010 with respect to 2009.

**Appendix B – Declaration of Eligibility by Candidates to Serve as Directors**

**Appendix B1 – Declaration of Eligibility of Dr. Shay Pilpel, who is a Candidate to Serve as a Director**

Date: August 1, 2011

Gazit-Globe Ltd.  
1 Derech Hashalom  
Tel Aviv

Dear Sirs,

Re. **Declaration Regarding Fulfillment of the Conditions Required to be an Independent Director and a Director Thereof with Accounting and Financial Expertise of Gazit-Globe Ltd. (“the Company”)**

1. For the purpose of my appointment as a director and my classification as an independent director (as defined in Section 1 of the Companies Law, 1999 (“**the Companies Law**”)) and as a director of the Company with accounting and financial expertise, I hereby declare as follows:
  - 1.1 I am able to devote the appropriate time to the performance of the duties of a director of the Company giving due attention, *inter alia*, to the special needs of the Company and its size.  
I possess the necessary qualifications to perform the duties of a director of the Company.
  - 1.2 For the purpose of my classification as a director with accounting and financial expertise, as this term is defined in the Companies Regulations (Conditions and Criteria for a Director Who Possesses Accounting and Financial Expertise and a Director Who Possesses Professional Qualifications), 2005 (“**the Expertise and Qualifications Regulations**”), of the Company, I hereby declare as follows:
    - a) Particulars of my education and experience (including details of the companies where I serve as a director), including the relevant documents, are attached as **Appendix A** to this declaration of mine.
    - b) In light of my education and experience, I hereby consider myself to possess a high degree of expertise and understanding in business and accounting matters and financial statements, thereby enabling me to comprehensively understand the financial statements of the Company and to instigate discussion regarding the way that the financial data are presented.

- 1.3 I have not been convicted under a peremptory judgment of an offense of bribery, theft by officers, fraudulent receipt, fraud and forgery, false registration of corporation documents, offences relating to officers and employees of a corporation, blackmail by duress or by threats, use of insider information by an insider, use of insider information originating from an insider, breach of the provisions of the Securities Law with regard to certain topics, and securities fraud (pursuant to Sections 290 through 297, 392, 415, 418 through 420, and 422 through 428 of the Penal Law, 1977 and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law, 1968 ("**the Securities Law**")).<sup>1</sup>
- 1.4 I have not been convicted under a peremptory judgment handed down by a court outside Israel of an offense of bribery, fraud, offences relating to officers of a corporation or offenses relating to the use of insider information.<sup>1</sup>
- 1.5 I have not been convicted under a trial court judgment of an offense not covered by sub-sections 1.3 and/or 1.4 above, whereby the court has decided that, due to the nature, severity or circumstances, I am deemed unfit to serve as a director of a public company, for the period prescribed by the court.<sup>1</sup>
- 1.6 No means of enforcement (as referred to in Section 52(56) of the Securities Law) have been imposed on me by the Administrative Enforcement Committee under Chapter 8D of the Securities Law, under Chapter 7B of the Regulation of Engagement in Investment Counseling and Investment Portfolio Management Law, 1995, or under Chapter 10A of the Joint Investment Trusts Law, 1994, as the case may be, which prohibit me from serving as a director of the Company.<sup>2</sup>
- 1.7 I am an adult, born in 1950. I have not been declared legally incompetent under the Legal Competence and Custodianship Law, 1962 and I have not been declared bankrupt under the Bankruptcy Ordinance [New Version], 1980.
- 1.8 I am not a relative of a controlling shareholder, nor do I or any relative of mine or my partner or my employer or any person to whom I am subject, either directly or indirectly, nor any corporation of which I am a controlling shareholder, as of the date of this declaration or during the preceding

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<sup>1</sup> The Companies Law imposes an obligation on a candidate for appointment as a director to disclose to the appointing person, in the event that he has been convicted as aforesaid and the period during which he is prohibited from holding such office has not yet elapsed in accordance with the periods prescribed by law or prescribed by the court, as the case may be.

<sup>2</sup> The Companies Law imposes an obligation on a candidate for appointment as a director to disclose to the appointing person, if the Administrative Enforcement Committee has imposed on him means of enforcement that prohibit him from serving as a director of **any** public company, and the period prescribed by the Administrative Enforcement Committee in its aforesaid decision has not yet elapsed.

two years, have any Connection to the Company, to a controlling shareholder of the Company or to a relative of a controlling shareholder, as of the date of this declaration of mine, or to Another Corporation.

In this declaration:

**“Connection”** - Existence of an employment relationship, existence of business or professional connections in general or control, and also serving as an officer, other than serving as a director appointed in order to serve as an external director of a company that is about to make an initial public offering of its shares;

**“Another Corporation”** - A corporation whose controlling shareholder, as of the date of this declaration of mine or during the preceding two years, is the Company or a controlling shareholder thereof.

- 1.9 My other positions and businesses do not create, or are not likely to create, a conflict of interests with my duties as a director of the Company, and do not compromise my ability to serve as a director of the Company.
- 1.10 I do not serve as a director of a company in which any of the external directors is a director of the Company.
- 1.11 I am not an employee of the Israel Securities Authority nor am I an employee of a stock exchange in Israel.
- 1.12 Without derogating from the provisions of subsection 1.8 above, neither I, nor any relative of mine, my partner, my employer, any person to whom I am subject, either directly or indirectly or any corporation of which I am a controlling shareholder, have any business or professional connections with a person with whom a Connection is prohibited pursuant to the provisions of subsection 1.8 above, even if such connections are not general, with the exception of minimal connections, and that moreover I have not received any consideration contrary to the provisions of Section 244(b) of the Companies Law.<sup>3</sup>
- 1.13 I have not served as a director of the Company for more than nine consecutive years.<sup>4</sup>

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<sup>3</sup> Section 244(b) of the Companies Law prescribes that an external director is not to receive, in addition to the compensation to which he is entitled and to the refund of expenses, any direct or indirect consideration for his service as director of the company; for this purpose, the grant of an exemption, an undertaking to indemnify, an indemnification or insurance under the provisions of the Companies Law will not be deemed consideration.

<sup>4</sup> For this purpose, a break in service that does not exceed two years will not be deemed an interruption of the continuity of service.

2. I hereby undertake to immediately inform the Company should any change occur in my above declaration, during the period of my service as a director of the Company.
3. Prior to giving my consent to be appointed as an independent director of the Company, I was informed of the amount of the annual compensation and the amount of the meeting attendance fees and I do hereby agree to the aforesaid terms.
4. I am aware that, in accordance with Section 241 of the Securities Law, this declaration of mine will be presented to the General Meeting that will consider my appointment to serve as a director, will be kept at the Company's offices and will be available for anyone to view. Likewise, I am aware that this declaration of mine will be published as an appendix to the Immediate Report regarding the convening of a General Meeting of the Company's shareholders.
5. I am aware that the proposal of my candidacy to serve for the approval of the General Meeting of the Company, my classification as an independent director and my classification as a director of the Company with accounting and financial expertise are based, *inter alia*, on this declaration of mine.
6. I hereby declare that my name, signature and the contents of this declaration of mine are all true.

Yours sincerely,

Shay Pilpel

ID No. 04165353

**Appendix B2 – Declaration of Eligibility of Ms. Noga Knaz, who is a Candidate to Serve as an External Director**

Date: August 3, 2011

Gazit-Globe Ltd.  
1 Derech Hashalom  
Tel Aviv

Dear Sirs,

Re. **Declaration Regarding Fulfillment of the Conditions Required to be an External Director of Gazit-Globe Ltd. (“the Company”)**

1. For the purpose of my appointment as an external director (as defined in the Companies Law, 1999 (“**the Companies Law**”)) of the Company, I hereby declare as follows:
  - 1.1 I am able to devote the appropriate time to the performance of the duties of a director of the Company giving due attention, *inter alia*, to the special needs of the Company and its size.  
I possess the necessary qualifications to perform the duties of a director of the Company.
  - 1.2 For the purpose of my classification as a director with accounting and financial expertise, as this term is defined in the Companies Regulations (Conditions and Criteria for a Director Who Possesses Accounting and Financial Expertise and a Director Who Possesses Professional Qualifications), 2005 (“**the Expertise and Qualifications Regulations**”), of the Company, I hereby declare as follows:
    - a) Particulars of my education and experience (including details of the companies where I serve as a director), including the relevant documents, are attached as **Appendix A** to this declaration of mine.
    - b) In light of my education and experience, I hereby consider myself to possess a high degree of expertise and understanding in business and accounting matters and financial statements, thereby enabling me to comprehensively understand the financial statements of the Company and to instigate discussion regarding the way that the financial data are presented.
  - 1.3 I have not been convicted under a peremptory judgment of an offense of bribery, theft by officers, fraudulent receipt, fraud and forgery, false registration of corporation documents, offences relating to officers and employees of a corporation, blackmail by duress or by threats, use of insider

information by an insider, use of insider information originating from an insider, breach of the provisions of the Securities Law with regard to certain topics, and securities fraud (pursuant to Sections 290 through 297, 392, 415, 418 through 420, and 422 through 428 of the Penal Law, 1977 and pursuant to Sections 52C, 52D, 53(a) and 54 of the Securities Law, 1968 ("**the Securities Law**")).<sup>1</sup>

- 1.4 I have not been convicted under a peremptory judgment handed down by a court outside Israel of an offense of bribery, fraud, offences relating to officers of a corporation or offenses relating to the use of insider information.<sup>1</sup>
- 1.5 I have not been convicted under a trial court judgment of an offense not covered by sub-sections 1.3 and/or 1.4 above, whereby the court has decided that, due to the nature, severity or circumstances, I am deemed unfit to serve as a director of a public company, for the period prescribed by the court.<sup>1</sup>
- 1.6 No means of enforcement (as referred to in Section 52(56) of the Securities Law) have been imposed on me by the Administrative Enforcement Committee under Chapter 8D of the Securities Law, under Chapter 7B of the Regulation of Engagement in Investment Counseling and Investment Portfolio Management Law, 1995, or under Chapter 10A of the Joint Investment Trusts Law, 1994, as the case may be, which prohibit me from serving as a director of the Company.<sup>2</sup>
- 1.7 I am an adult, born in 1966, who is an Israeli citizen. I have not been declared legally incompetent under the Legal Competence and Custodianship Law, 1962 and I have not been declared bankrupt under the Bankruptcy Ordinance (New Version), 1980.
- 1.8 I am not a relative of a controlling shareholder, nor do I or any relative of mine or my partner or my employer or any person to whom I am subject, either directly or indirectly, nor any corporation of which I am a controlling shareholder, as of the date of this declaration or during the preceding two years, have any Connection to the Company, to a controlling shareholder of the Company or to a relative of a controlling shareholder, as of the date of this declaration of mine, or to Another Corporation.

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<sup>1</sup> The Companies Law imposes an obligation on a candidate for appointment as a director to make a disclose to the appointing person, in the event that he has been convicted as aforesaid and the period during which he is prohibited from holding such office has not yet elapsed in accordance with the periods prescribed by law or prescribed by the court, as the case may be.

<sup>2</sup> The Companies Law imposes an obligation on a candidate for appointment as a director to disclose to the appointing person, if the Administrative Enforcement Committee has imposed on him means of enforcement that prohibit him from serving as a director of **any** public company, and the period prescribed by the Administrative Enforcement Committee in its aforesaid decision has not yet elapsed.

In this declaration:

**“Connection”** - Existence of an employment relationship, existence of business or professional connections in general or control, and also serving as an officer, other than serving as a director appointed in order to serve as an external director of a company that is about to make an initial public offering of its shares;

**“Another Corporation”** - A corporation whose controlling shareholder, as of the date of this declaration of mine or during the preceding two years, is the Company or a controlling shareholder thereof.

- 1.9 My other positions and businesses do not create, or are not likely to create, a conflict of interests with my duties as a director of the Company, and are not likely to compromise my ability to serve as a director of the Company.
- 1.10 I do not serve as a director of a company in which any of the external directors is a director of the Company.
- 1.11 I am not an employee of the Israel Securities Authority nor am I an employee of a stock exchange in Israel.
- 1.12 Without derogating from the provisions of subsection 1.8 above, neither I, nor any relative of mine, my partner, my employer, any person to whom I am subject, either directly or indirectly or any corporation of which I am a controlling shareholder, have any business or professional connections with a person with whom a Connection is prohibited pursuant to the provisions of subsection 1.8 above, even if such connections are not general, with the exception of minimal connections, and that moreover I have not received any consideration contrary to the provisions of Section 244(b) of the Companies Law.<sup>3</sup>
2. I hereby undertake to immediately inform the Company should any change occur in my above declaration, during the period of my service as an external director of the Company.
3. Prior to giving my consent to be appointed as an external director of the Company, I was informed of the amount of the annual compensation and the amount of the meeting attendance fees and I do hereby agree to the aforesaid terms.

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<sup>3</sup> Section 244(b) of the Companies Law prescribes that an external director is not to receive, in addition to the compensation to which he is entitled and to the refund of expenses, any direct or indirect consideration for his service as director of the company; for this purpose, the grant of an exemption, an undertaking to indemnify, an indemnification or insurance under the provisions of the Companies Law will not be deemed consideration.

4. I am aware that, in accordance with Section 241 of the Securities Law, this declaration of mine will be presented to the General Meeting that will consider my appointment to serve as an external director, will be kept at the Company's offices and will be available for anyone to view. Likewise, I am aware that this declaration of mine will be published as an appendix to the Immediate Report regarding the convening of a General Meeting of the Company's shareholders.
5. I am aware that the proposal of my candidacy to serve for the approval of the General Meeting of the Company and my classification as a director of the Company with accounting and financial expertise are, *inter alia*, based on this declaration of mine.
6. I hereby declare that my name, signature and the contents of this declaration of mine are all true.

Yours sincerely,

Noga Knaz

ID No. 22433072

## Appendix C

### Details of the Compensation to which Dr. Pilpel and Ms. Knaz are Entitled as of the Date of this Report

Presented below are details of the compensation, as of the date of this report, to which Dr. Shay Pilpel and Ms. Noga Knaz, both of whose reappointment is being put forward for the approval of the General Meeting, are each entitled, in accordance with the entitlement of the other Company directors who do not hold any other position in the Company:

#### 1. Compensation of directors

The directors of the Company (other than the directors that hold some other position in the Company) are entitled to the "maximum amount" prescribed for external directors or the amount prescribed for an expert external director, in accordance with the classification of each director, as these terms are defined in the Companies' Regulations (Rules Regarding Compensation and Expenses to an External Director), 2000 ("**the Compensation Regulations**"), as they will be from time to time and in accordance with the Company's rank. As of the date of this report, each of the candidates, Dr. Pilpel and Ms. Knaz, possesses accounting and financial expertise and, as such, is therefore entitled to the "maximum amount" applicable to an expert director, pursuant to the Compensation Regulations. As of this date, the "maximum amount" for an expert external director of a company with the same rating as the Company's stands at NIS 140,534 (annual compensation) and NIS 5,404 (attendance fees) (including linkage differences) (with respect to attendance at meetings by methods of communication, the director is entitled to 60% of the attendance fee and, with respect to written resolutions, he is entitled to 50% of the attendance fee).

#### 2. Exemption, indemnification and insurance

Each of the candidates, Dr. Pilpel and Ms. Knaz (as well as each of the other members of the Company's Board of Directors), is entitled to benefit from the indemnification, exemption and insurance arrangements for officers of the Company, as approved (or as will be approved from time to time) transversely. As of the date of this report, the officers are covered by insurance. On November 25, 2010, the General Meeting of the Company approved raising the coverage ceiling of this insurance policy to USD 60 million (per event, per year) (refer to the Immediate Report dated October 20, 2010 regarding the convening of a Meeting (Reference No. 2010-01-654102) and the Immediate Report dated November 25, 2010 regarding the outcome of the Meeting (Reference No. 2010-01-694935; the information included therein is hereby presented by means of this reference). In addition, pursuant to the provisions of the Company's Articles of Association, and pursuant to the resolution of the Company's General Meeting from December 31, 2006, the Company has undertaken to indemnify in

advance anyone serving as an officer in the Company, including directors among whom Dr. Pilpel and Ms. Knaz are numbered. The indemnification undertaking was provided with respect to liabilities and expenses, pursuant to the provisions of the Companies Law, with regard to a series of events (the indemnification causes) specified in the letter of indemnity. The maximum cumulative indemnification amount which the Company might pay any officer, as aforesaid, pursuant to the letter of indemnity, will be no greater than 20% of the Company's equity according to its last financial statements published prior to the actual indemnification payment. In addition, the Company has resolved to exempt in advance the aforesaid officers (including directors) from liability for damage caused and/or that will be caused to the Company by the officers due to breach of the duty of care toward it, other than in the case of a breach of the duty of care in making a distribution (as defined in the Companies Law).