

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in BATM Advanced Communications Ltd please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

**BATM ADVANCED COMMUNICATIONS LTD.**

**Notice of Annual General Meeting**

**of 26 September 2016**



**International H.Q.**

4 Ha'harash Street, Nave Ne'eman Ind. Area,

P.O.B. 7318, 4524075 Hod Hasharon, Israel

**52-0042813 – Registered in Israel**

**Chairman's letter**

16 August 2016

Dear Shareholder,

**Annual General Meeting**

I am pleased to enclose the notice of the Annual General Meeting of BATM Advanced Communications Ltd., which is to be held at the offices of finnCap Limited, 60 New Broad Street London, EC2M 1JJ, on 26 September 2016 at 11.00 a.m.

In addition to the ordinary resolutions being placed before the meeting there are also three special resolutions being proposed. Information regarding these special resolutions is set out below:

1. Resolution 5

To amend article 35.2.1 of the Company's Articles of Association, the purpose of which is to authorise the senior management of the Company to allow the Company to procure from its banks, from time to time, the issuance of performance bonds or guarantees on behalf of the Company, and/or for the Company's subsidiaries. Customers of the Company's subsidiaries often ask for a parent company performance guarantee and in order to give this under the terms of the existing Articles of Association a meeting of the Board of Directors must be convened with all the expenses arising from this. The proposed amendment to article 35.2.1 will allow the Company to give such guarantees in the ordinary course of business without having to convene a meeting of the Board of Directors so long as the value of such guarantees does not exceed \$2,000,000 per calendar year. In order to allow the Company to give such a guarantee the consent of any two of (i) the chairman of the Board of Directors, (ii) the chief executive officer or (iii) the chief financial officer will be required.

2. Resolution **Error! Reference source not found.**

To allow the Company to purchase its own shares from time to time when the Board of Directors consider this to be in the interests of the Company.

The adoption of Resolution **Error! Reference source not found.** will grant the Company authority to purchase its own ordinary shares, up to a maximum of 40,315,082 ordinary shares, until the next Annual General Meeting of the Company or 30 September 2017, whichever is the earlier. This authority represents 10% of the Company's issued share capital as at 16 August 2016.

The minimum price which may be paid for the ordinary shares is their par value and the maximum price (excluding expenses) which may be paid for the ordinary shares is an amount equal to the higher of (a) 5% above the average of the middle

market quotations of an ordinary share as derived from the Daily Official List of the London Stock Exchange Plc for the 5 business days before the purchase is made and (b) the value of an ordinary share calculated on the basis of the higher of the price quoted for the last independent trade and the highest current independent bid for any number of ordinary shares on the trading venue where the purchase is carried out.

Shares purchased may be cancelled or held in treasury, sold for cash or used to meet the Company's obligations under its employee share schemes. The resolution is proposed to ensure the Directors have the flexibility to act in the Company's best interests if the requirement arises.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

As at 16 August 2016 the Company had 6,889,211 options to subscribe for ordinary shares in the capital of the Company outstanding, representing 1.7 per cent. of the currently issued share capital. If the full buy-back authority was utilised the 6,889,211 options outstanding would represent 1.9 per cent. of the remaining issued share capital of the Company.

### 3. Resolution 7

For the Company to adopt into its Articles of Association certain provisions which are intended to replicate certain provisions of the UK City Code on Takeovers and Mergers (the "City Code"). The City Code is a code issued and administered by the Panel on Takeovers and Mergers (the "Panel") in the United Kingdom and applies to any United Kingdom incorporated company listed on the London Stock Exchange (amongst others). **The City Code does not apply to the Company as the Company is incorporated in the State of Israel and is therefore outside the scope of the City Code.** The City Code and the Panel operate principally to ensure that Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that Shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are conducted. The purpose of the adoption of these provisions is to seek to give the Shareholders of the Company equivalent protection (to the extent possible) to the Shareholders of other companies listed on the London Stock Exchange.

**If these provisions are adopted into the Company's Articles of Association their enforcement will be the responsibility of the Company, not the Panel. Accordingly, shareholders are reminded that the Panel does not have responsibility, in relation to the Company, for ensuring compliance with the City Code and is not able to answer shareholders' queries.**

A very brief summary of the specific City Code rules to which the articles relate is set out below:

- Rule 4 limits the ability of certain third parties dealings during an offer period.
- Rule 5 deals with timing restrictions on when certain parties may or may not acquire additional shares in the Company.
- Rule 6 refers to acquisitions requiring an offer of a minimum level of consideration.

Rule 9 sets out when a mandatory offer is required and who is responsible for making it (any party who acquires 30% or more of the share capital of the Company) and the rules regarding a party who acquires 90% of the share capital of the Company and their ability to force the remaining Shareholders who hold 10% or less of the share capital of the Company to sell their Shares to a party who has acquired the 90%.

To the extent that the laws of the State of Israel contain specific provisions in respect of offers and/or takeovers the laws of the State of Israel will take precedence over any terms contained in the Company's Articles of Association in the event of any conflict between the terms of the new articles to be adopted and the terms of the laws of the State of Israel.

### **Recommendation**

The directors of the Company consider that all such proposals to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole.

The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own beneficial holdings to the extent that they have any.

Yours sincerely,

Dr. Gideon Chitayat  
Chairman

Notice is hereby given that the Annual General Meeting ("AGM" or the "Meeting") of BATM Advanced Communications Ltd. will be held at the offices of finnCap Ltd at 60 New Broad Street, London, EC2M 1JJ on 26 September 2016 at 11.00 a.m. to consider and, if thought fit, to pass the following Resolutions, of which Resolutions 1 to 4 inclusive will be proposed as ordinary and Resolutions 5 to 7 inclusive as Special Resolutions:

### **Ordinary Resolutions**

1. To receive, consider and adopt the Company's audited annual accounts for the financial year ended 31 December 2015 together with the directors' report and the auditors' reports on those accounts.
2. To approve the report of the Company's remuneration committee for the financial year ended 31 December 2015 together with the auditors' reports on the auditable part of the remuneration report.
3. To appoint the auditors of the Company (Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu) as external auditors for the 2016 financial year and to authorise the board of directors to fix the auditors' remuneration for such period.
4. Election of directors  
To re-elect the directors mentioned in section 4.1 - 4.3 below for a one year term until the next Annual General Meeting of the Company (Note 1):
  - 4.1 Dr. Gideon Chitayat (Note 1);
  - 4.2 Dr. Zvi Marom;
  - 4.3 Mr. Moti Nager; and
  - 4.4 To elect Mr. Harel Locker as a new external director with expertise in finance and accounting for a term of three years in accordance with the provisions of the Israeli Companies Law (Notes 2 and 3).

### **Special Resolutions**

To consider and, if thought fit, to pass the following resolutions as a special resolutions:

5. To approve an amendment of Article 35.2.1 of the Company's Articles (Borrowing Powers) by adding the following paragraph to the end of this Article:

"Notwithstanding the aforementioned, the power and authority for requesting bank guarantees and/or performance bonds, guarantees for tenders and/or documentary credits to be issued for the benefit of the Company and/or the Company's subsidiaries by the Company's bankers (including extensions for such bank guarantees) and giving security and/or charges to the Company's bankers for this purpose and/or for the issuing by the Company of parent company performance guarantees for the benefit of the Company's subsidiaries in an amount not exceeding two million USD (\$2,000,000) or its equivalent in other currencies per calendar year shall be with the senior management of the Company and the signatures of any two of the following shall bind and obligate the Company: Chairman of the Board, Chief Executive Officer, Chief Financial Officer."
6. That the Company be generally and unconditionally authorised to make market purchases (as defined in Section 693(4) of the Companies Act 2006 (**Act**)) on the

London Stock Exchange of ordinary shares of NIS 0.01 par value each in the capital of the Company (**ordinary shares**) provided that:

- 6.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 40,315,082 ordinary shares;
  - 6.2 the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of its own shares in pursuance of such contract;
  - 6.3 the minimum price which may be paid for the ordinary shares is their par value and the maximum price (excluding expenses) which may be paid for the ordinary shares is an amount equal to the higher of (a) 5% above the average of the middle market quotations of an ordinary share as derived from the Daily Official List of the London Stock Exchange Plc for the 5 business days before the purchase is made and (b) the value of an ordinary share calculated on the basis of the higher of the price quoted for the last independent trade and the highest current independent bid for any number of ordinary shares on the trading venue where the purchase is carried out; and
  - 6.4 the authority conferred by this resolution shall expire on 30 September 2017 or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.
7. That the Articles of Association of the Company be amended by the addition of a new article 72 to the Company's Articles of Association, in the form set out in Part 2 of the Appendix to this notice.

Note 1: Dr. Chitayat acts as Chairman of the Board since 1 January 2015.

Note 2: Section 240 (a) of the Israeli Companies Law-1999 requires every public company to appoint one external director having an expertise in finance and accounting. Under section 245(a) of the Israeli Companies Law the duration of appointment as an external director is three years. Nominees for external directors must be appointed by a special vote of the shareholders' meeting which complies with one of the following conditions: (a) the majority vote in favour of the nominee shall comprise at least one third of all the shareholders which were present (in person or by proxy) at the vote who are not a controlling party (and the votes of those abstaining will not be counted); or (b) the aggregate number of those voting against the nominee shall not exceed one percent of the aggregate voting rights in the Company.

Note 3: The resume of the nominee new external director is attached in Part I of the Appendix to this Notice.

Dated: 16 August 2016

By order of the Board  
Dr. Zvi Marom  
Chief Executive Officer

Company number: 52-0042813

Registered office: 4 Ha'harash Street, Park Sharonim,  
PO Box 7318, Hod Ha'sharon, 45240 Israel.

## Notes to the Notice of Annual General Meeting

1. Only those members registered on the Company's register of members at:
  - 1.1 Close of business on 24th September **2016**; or
  - 1.2 if this Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.
2. Information regarding the Meeting is available from [www.batm.com](http://www.batm.com).
3. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out in the notes to the proxy form. **In order to be valid, proxy forms must be lodged at either Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the registered office of the Company in Israel marked for the attention of the CFO not less than 48 hours prior to the meeting.** A form of proxy appears on the following page. In the case of a member which is a corporation, the proxy (or any related document) should be given under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such party or authority) must be included with the proxy form.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy proxy form, please contact the Company's Registrars, Capita Asset Services, on Tel: UK – 0871 664 0300 calls cost 12p per minute plus your phone company's access charge. From overseas - +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00am - 5.30pm, Monday to Friday excluding public holidays in England and Wales

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction, you will need to inform the Company by sending a hardy copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at the address referred to in Note 3 above. The revocation notice must be received by Capita Asset Services not less than 48 hours prior to the Meeting.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or

abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

7. In the case of holders of Depositary Interests representing shares in the Company, a Form of Direction must be completed in order to direct Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting (in person or by proxy) or, if the meeting is adjourned, at the adjourned meeting. **In order to be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.** A Form of Direction appears on the penultimate page of this notice.
8. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
9. The Company will answer any question you ask relating to the business being dealt with at the meeting unless:
  - 9.1 answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - 9.2 the answer has already been given on a website in the form of an answer to a question; or
  - 9.3 it is undesirable in the interest of the Company or the good order of the meeting that the question be answered.
10. As at 11.00 a.m. on August 16 2016, the Company's issued share capital comprised 403,150,820 ordinary shares at 0.01 NIS each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 a.m. on August 16 2016 is 403,150,820.
11. If you do not have a proxy form or Form of Direction and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 if calling from the UK (calls cost 10p per minute plus network extras) or +44 (0)208 639 3399 if calling from outside the UK.
12. You may not use any electronic address provided either:
  - 12.1 in this notice of Annual General Meeting; or
  - 12.2 any related documents (including the Chairman's letter and proxy form)to communicate with the Company for any purposes other than those expressly stated.
13. The following documents will be available for inspection at **the registered office of the Company** from **16 August 2016** until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
  - 13.1 copy of the Articles of Association of the Company.
  - 13.2 Copy of the full Resume of Mr. Harel Locker.



## Form of proxy

for use at the 2016 Annual General Meeting  
of BATM Advanced Communications Ltd. to be convened  
at 11.00 a.m. on 26 September 2016 at the offices of finnCap Ltd, at 60 New Broad  
Street, London, England

I/We

.....

of

.....

being a member of the Company hereby appoint ...../  
the Chairman of the meeting to act as my/our proxy and to vote for me/us as indicated  
below with an "X" at the Annual General Meeting of the Company convened for 26  
September 2016 at 11.00 a.m. and at any adjournment.

Date .....

Signed .....

Please indicate how you wish to vote with an "X" in the appropriate box opposite each  
resolution. If no specific indication as to voting is given the proxy will vote or abstain in  
their own direction as they will on any other matter arising at the meeting.

| Ordinary Resolutions  | FOR                      | AGAINST                  |
|---|--------------------------|--------------------------|
| 1. Receipt of directors' report and annual accounts   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Approval of report of the remuneration committee   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-appointment of auditors and fixing their remuneration   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Election of directors  |                          |                          |
| 4.1 Re-appointment of Dr. Gideon Chitayat   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 Re-appointment of Dr. Zvi Marom   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.3 Re-appointment of Moti Nager  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.4 Appointment of the new-external director Mr Harel Locker, to the Board  | <input type="checkbox"/> | <input type="checkbox"/> |
| With respect to proposed resolution 4.2 for election of Zvi Marom who is a "controlling shareholder" I/we hereby confirm that I/we do not have a personal interest in this resolution | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Special Resolution</b>   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval of the proposed amendment to Article 35.2.1 of the Company's Articles of Association  | <input type="checkbox"/> | <input type="checkbox"/> |

- |    |  |                          |                          |
|----|--|--------------------------|--------------------------|
| 6. | To approve a Buy-Back program of the Company's shares  | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | To approve the adoption of new Article 72 which will incorporate certain elements of the Takeover Code and to amend/add in Code to the Company's Articles as set forth in Part 2 of the Appendix to the Notice | <input type="checkbox"/> | <input type="checkbox"/> |

Notes:

1. This form of proxy to be valid must be completed and signed and must be deposited with Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the registered office of the Company not less than 48 hours before the time fixed for the Meeting.
2. In the case of a corporation this proxy should be under its common seal, or if not so required under the hand of an officer duly authorised in writing.
3. In the case of joint holders the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for the purposes seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
4. Any alteration made in the form of proxy should be initialled.
5. You are referred to the Notes to the Notice of Annual General Meeting for further information.

## Form of Direction

**For use by holders of Depositary Interests representing shares on a one for one basis in BATM Advanced Communications Ltd ("BATM") in respect of the Annual General Meeting of BATM to be convened at 26 September 2016 at 11.00 a.m. at the offices of finnCap Ltd at 60 New Broad Street, London, England**

I/We

.....

of

.....

being a holder of Depositary Interests representing shares in BATM hereby direct Capita IRG Trustees Limited, the Depositary, to vote for me/us and on my/our behalf in person or by proxy at the Annual General Meeting of BATM to be held on the above date (and at any adjournment thereof) as directed by an "X" in the appropriate box opposite each resolution. **If no indication is given, you will be deemed as instructing the Depositary to abstain from voting.**

| Ordinary Resolutions  | FOR                      | AGAINST                  |
|---|--------------------------|--------------------------|
| 1. Receipt of directors' report and annual accounts                         | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Approval of report of the remuneration committee                         | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-appointment of auditors and fixing their remuneration                 | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Re-election of directors   |                          |                          |
| 4.1 Re-appointment of Dr. Gideon Chitayat                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 Re-appointment of Dr. Zvi Marom   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.3 Re-appointment of Moti Nager  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.4 Appointment of the new- external director Mr Harel Locker, to the Board | <input type="checkbox"/> | <input type="checkbox"/> |

With respect to proposed resolution 4.2 for election of Zvi Marom who is a "controlling shareholder" I/we hereby confirm that I/we do not have a personal interest in this proposed resolution

### Special Resolution

|  |                          |                          |
|--|--------------------------|--------------------------|
| 5. Approval of the proposed amendment to Article 35.2.1 of the Company's Articles of Association | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. To approve a Buy-Back program of the Company's shares   | <input type="checkbox"/> | <input type="checkbox"/> |

7. To approve the adoption of new Article 72 which will incorporate certain elements of the Takeover Code and to amend/add in Code to the Company's Articles as set forth in Part 2 of the Appendix to the Notice

Signature: ..... Date: .....

Notes:

1. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarised or otherwise certified copy of such power of attorney, must be deposited at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00am on 21 September 2016.
2. Any alterations made to this Form of Direction should be initialled.
3. In the case of a corporation this proxy should be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. Please indicate how you wish your votes to be cast by placing "X" in the boxes provided. On receipt of this form duly signed, you will be deemed to have authorised Capita IRG Trustees Limited to vote, or to abstain from voting, as per your instructions.
5. The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other resolution (including amendments to resolutions) which may properly come before the meeting.
6. If a Depository Interest holder wishes to attend the Annual General Meeting they should notify Capital IRG Trustees Limited (the Depository) accordingly who will issue a Letter of Representation to the Depository Interest holder giving them authorisation to attend the Annual General Meeting. If any Depository Interest holder attends the Annual General Meeting without a Letter of Representation, they will only be allowed to enter the Annual General Meeting as a guest. Requests for a Letter of Representation should be made to the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by email to [custodymgt@capita.co.uk](mailto:custodymgt@capita.co.uk), no later than no later than 11.00am on 21 September 2016.
7. You are referred to the Notes to the Notice of Annual General Meeting for further information.

## **APPENDIX**

### **Part 1**

#### **Resume and particulars of Mr. Harel Locker**

Mr. Locker holds an LL.B. degree from Tel Aviv University's School of Law (1994), a B.A. degree in accounting from Tel Aviv University Business School (1994) and an LL.M. (with distinction) in taxation from Georgetown University Law School, Washington DC (2001).

He has wide experience in law and finance with first tier law firms in both Tel Aviv and New York, including Danziger, Clagsbald & Co., Law Firm, Tel Aviv, Israel; Fried, Frank, Harris, Shriver & Jacobson LLP, New York, N.Y. (2001-2004); Shohat, Locker & Co., Law Firm (2005-2007); and S. Friedman & Co., Law Firm (2007-2011).

He was appointed and served as the Director General of the Israeli Prime Minister's Office and head of Prime Minister Benjamin Netanyahu's economic headquarters, between 2011 and 2015.

He is currently the sole owner and director of his consultancy and investments company, Pitkrai Investments Ltd.

## Part 2

### TAKEOVER PROVISIONS

72. For the purposes of this Article 72 :

- 72.1 **Takeover Code** means the UK City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the UK Panel on Takeovers and Mergers (or any successor to or replacement thereof) (**Panel**) as the same for the time being has effect;
- 72.2 **Interest** and **Interested** shall be construed in accordance with the definition of “interests in securities” as set out in the Takeover Code;
- 72.3 references to Rules 4, 5, 6 and 9 shall be references to Rules 4, 5, 6 and 9 of the Takeover Code;
- 72.4 **Limit** refers to the limits imposed by each of paragraphs **72.1, 72.2 and 72.3** respectively of Article 72.10 below;
- 72.5 an acquisition is a **Permitted Acquisition** if:
- 72.5.1 the Board of Directors consents to the acquisition (even if, in the absence of such consent, the acquisition would be a Prohibited Acquisition);
  - 72.5.2 the acquisition is made in circumstances in which the Takeover Code, if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the Takeover Code, as if it so applied; or
  - 72.5.3 if the acquisition arises from repayment of a stock borrowing arrangement (on arm’s length commercial terms);
- 72.6 an acquisition is a **Prohibited Acquisition** if Rules 4, 5, 6 or 9 of the Takeover Code would in whole or part apply to the acquisition if the Company was subject to the Takeover Code and the acquisition was made (or, if not yet made, would when made be) in breach of or otherwise not comply with Rules 4, 5, 6 or 9 of the Takeover Code;
- 72.7 **Depository** is any person who is a Shareholder by virtue of its holding shares in the Company as trustee for those individuals who have elected to hold shares in the Company in dematerialised form through Depository Interests;
- 72.8 an **arms’ length transfer** in relation to any shares in the capital of the Company (**Shares**) is a transfer which is shown to the satisfaction of the Board of Directors to be made pursuant to:
- 72.8.1 a sale of those Shares to a bona fide unconnected third party on a recognised investment exchange, or on any stock exchange or market on which the Shares are normally traded; or
  - 72.8.2 an acceptance of a takeover offer for the Company, being an offer to acquire all the Shares, or all the Shares of any class or classes in the Company (other than Shares which are at the date of the offer already held by the offeror or persons acting in concert with the offeror); and

- 72.9 the Company will be entitled to treat any persons as appearing to be interested in any shares if:
- 72.9.1 the Shareholder holding such Shares or any person who is or may be interested in such Shares either fails to respond to a written notice served on that Shareholder by the Company requiring the Shareholder to disclose any interests in those Shares (**Disclosure Notice**) or has given to the Company a notification pursuant to a Disclosure Notice which in the opinion of the Director fails to establish the identities of those interested in the Shares and if, after taking into account such notification and any other relevant notification pursuant to a Disclosure Notice, the Company knows or has reasonable cause to believe that the person in question is or may be interested in the Shares; or
  - 72.9.2 that person, not being the Shareholder, is interested in those Shares in any manner or the Company otherwise has reasonable cause to believe that it is.
- 72.10 A person must not (other than solely as Depositary) (**Offeror**):
- 72.10.1 whether by himself or with persons determined by the Board of Directors to be acting in concert with him, acquire an interest in shares which, taken together with shares in which persons determined by the Board of Directors to be acting in concert with him have become interested since the date of the adoption of this regulation by the Company, carry 30% or more of the voting rights attributable to all the shares of the Company except as a result of a Permitted Acquisition;
  - 72.10.2 whilst he, together with persons determined by the Board of Directors to be acting in concert with him, is interested in shares which in aggregate carry 30% or more of the voting rights attributable to all the shares in the Company but does not hold shares carrying more than 50% of such voting rights, acquire, whether by himself or with persons determined by the Board of Directors to be acting in concert with him, an interest in additional shares which, taken together with shares in which persons determined by the Board of Directors to be acting in concert with him are interested, increases the percentage of shares carrying voting rights in which he is interested, except as a result of a Permitted Acquisition; or
  - 72.10.3 effect or purport to effect a Prohibited Acquisition.
- 72.11 Where any person breaches any Limit, except as a result of a Permitted Acquisition or becomes interested in any shares as a result of a Prohibited Acquisition, that person is in breach of these Regulations.
- 72.12 The Board of Directors may do all or any of the following where it has reason to believe that any Limit is or may be breached or any Prohibited Acquisition has been or may be effected:
- 72.12.1 require any Shareholder or person appearing or purporting to be interested in any shares to provide such information as the Board of Directors considers appropriate to determine any of the matters under this Article 72;

- 72.12.2 have regard to such public filings or as it considers appropriate to determine any of the matters under this Article 72;
- 72.12.3 make such determinations under this Article 72 as it thinks fit, either after calling for submissions from affected Shareholder or other persons or without calling for such submissions;
- 72.12.4 require that some or all of any shares which the Board of Directors may determine to be held, or in which the Board of Directors may determine that any persons are or may be interested, in breach of these Articles (**Excess Shares**) be sold;
- 72.12.5 in respect of some or all of any Excess Shares remove from the holder(s) thereof the right to vote at any meeting of Shareholders and/or any right to any dividends or other distributions (whether of income or of capital) from a particular time for a definite period (or, in the event that the circumstances would, if the Takeover Code applied to the Company, require an offer to be made under Rule 9 of the Takeover Code, then from a particular time until such an offer is made in accordance with Rule 9 of the Takeover Code as if so applied, or (if earlier) until such Excess Shares are sold to a person who is demonstrated to the satisfaction of the Board of Directors not to be acting in concert with the holder pursuant to an arm's length transfer (as defined below); and
- 72.12.6 take such other action as it thinks fit for the purposes of this Article 72 including:
  - 72.12.6.1 prescribing rules (not inconsistent with this Article 72);
  - 72.12.6.2 setting deadlines for the provisions of information;
  - 72.12.6.3 setting deadlines for the provision of information;
  - 72.12.6.4 drawing adverse inferences where information requested is not provided;
  - 72.12.6.5 making determines or interim determinations;
  - 72.12.6.6 executing documents on behalf of a Shareholder;
  - 72.12.6.7 converting any Excess Shares held in uncertificated form into certificated form, or vice versa;
  - 72.12.6.8 paying costs and expenses out of proceeds of sale; and/or
  - 72.12.6.9 changing any decision or determination or rule previously made by it.
- 72.13 If an offer shall be made pursuant to this Article 72 and:
  - 72.13.1 the Offeror (together with persons acting in concert with him) has by virtue of acceptance of the offer acquired or contracted to acquire some (but not all) of the Shares to which the offer relates; and
  - 72.13.2 those Shares, with or without any other Shares which the Offeror (together with persons acting in concert with him) holds or has acquired or contracted to acquire,



would result in the Offeror (together with persons acting in concert with him) obtaining or holding an interest in Shares conferring in aggregate 90% or more of the voting rights conferred by all the Shares then in issue then the Offeror shall be entitled to give a notice (**Squeeze Out Notice**) to all other holders of Shares in respect of all Shares then in issue and held by them in respect of which the offer has not yet been accepted. The Squeeze Out Notice shall be made in writing, be at the same price and on the same terms as the offer and be capable of acceptance for a period of not less than 30 days after the date of the Squeeze Out Notice.

72.14 Upon delivery of the Squeeze Out Notice each of the recipients (**Called Shareholders**):

72.14.1 shall be deemed to have accepted the offer in respect of all Shares held by it; and

72.14.2 shall become obliged to deliver to the Offeror or as the Offeror may direct an executed transfer of such Shares and (if it exists) the certificate(s) in respect of the same. Squeeze Out Notices shall be irrevocable but will lapse if for any reason the rei snot a sale of the Called Shareholders' Shares within 60 days after the date of service of the Squeeze Out Notice. The Offeror shall be entitled to serve further Squeeze Out Notices following the lapse of any particular Squeeze Out Notice.

72.15 Completion of the sale of Shares pursuant to a Squeeze Out Notice shall take place on the same date on which Shares are sold under the offer (or, if later, within seven days of expiry of the period for acceptances as set out in the Squeeze Out Notice).

72.16 Upon any person, following the issue of a Squeeze Out Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option or right to acquire Shares in the Company (**New Member**), a Squeeze Out Notice shall be deemed to have been served upon the New Member on the same terms as the previous Squeeze Out Notice who shall thereupon be bound to sell and transfer all such Shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Regulation shall apply mutatis mutandis to the New Member save that completion of the sale of such Shares shall take place forthwith upon the Squeeze Out Notice being deemed served on the New Member.

72.17 The Board of Directors has full authority to determine the application of this Article 72, including as to the deemed application of the whole or any part of the Takeover Code and the interpretation of any term used in these Articles and/or the Takeover Code, provided that no infringement is ever made to the general principle of equality between the Shareholders. Such authority shall include all discretion vested in the Panel as if the whole or any part of the Takeover Code applied including, without limitation, the determination of conditions and consents, the consideration to be offered and any restrictions on the exercise of control. Any resolution or determination of, or decision or exercise of any discretion of power by, the Board of Directors, a Shareholder or any Director acting in good faith under or pursuant to the provisions of this Article 72 shall be final and conclusive; and anything done by, or on behalf of, or on the authority of, the Board of Directors, a Shareholder or any Director acting in good faith pursuant to the provisions of this Article 72 shall not be open

to challenge, whether as to its validity or otherwise on any ground whatsoever. The Board of Directors shall not be required to give the reasons for any decision, determination or declaration taken or made in accordance with this Article 72.

- 72.18 Any one or more of the Directors may act as the attorney(s) of a Shareholder in relation to the execution of documents and other actions to be taken for the sale of Excess Shares determined by the Board of Directors under this Regulation 72.
- 72.19 Nothing in this Article 72 shall take precedence over or conflict with any laws of the State of Israel and the requirements of this Article are in addition to the requirements contained in any laws of the State of Israel relating to public offers or attempted takeovers.