



**Convenience translation from Hebrew -  
The binding version is the Hebrew version only**

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**Immediate Report Regarding CEO Compensation**

Further to the Company's notice regarding the appointment of Mr. Pinhas Buchris as the Company's CEO as from May 1, 2011, the Company is pleased to announce that on April 3, 2011 the Company's Board of Directors, after the approval of the Compensation and Executive Committee, approved the terms of Mr. Buchris's salary as the Company's CEO, the main ones being the following:

- (1) The CEO will work in a full time position in the Company. His monthly salary (gross) will be NIS 150,000 and will be paid as from April 1, 2011. His salary will be linked to the increase in the consumer price index as from the known index on April 1, 2011; the Company's Board of Directors will once a year evaluate the CEO's performance and the Company's performance and decide, at its sole discretion, whether to increase his monthly salary or not – and by how much.
- (2) The terms customary accompanying benefits for executives, including making social provisions as is customary including a further study fund, leave pay and vacation allowance.
- (3) The Company will provide the CEO with a laptop computer and the customary means of communications (telephone, internet, newspapers). The Company will gross up the tax expenses for these components.
- (4) The Company will provide the CEO with a vehicle suitable for his position in the Company and a driver. The Company will gross up the tax expenses for these components.
- (5) The engagement with the CEO is for an unlimited period. The CEO is obligated to give the Company prior notice of 3 months on terminating his work in the Company, and the Company is obligated to give prior notice of 6 months if it wishes to terminate his employment in the Company, excluding in circumstances where the Company is entitled to dismiss the CEO without any severance pay and in similar circumstances. Notwithstanding the aforesaid, should the employment of the CEO be discontinued prior to the end of 2 years from the date of the start of his employment, or if the CEO will discontinue being employed in the Company on his initiative within the said 2 years in circumstances of the transfer of control in the Company, the CEO will be entitled to compensation of his salary up to the end of these 2 years (less payments for the early period of notice).
- (6) The CEO will be entitled to severance pay at a rate of 200% (excluding if he was dismissed under circumstances in which he is not entitled to severance pay, or in the

event in which he is entitled to severance pay for the discontinuation of his employment prior to the end of two years from the date of the start of his employment, as mentioned in clause (5) above.

- (7) The CEO undertook to maintain confidential information about the Company and he is forbidden from competing with the Company during the period of his employment and 12 months thereafter.
- (8) Of the compensation plan published by the Company (document 2011-01-090168) the CEO will be entitled to annual compensation only.
- (9) The CEO will be entitled officers' insurance and an undertaking in advance to provide indemnity as approved by the Company and as applied to the other officers in the Company.

The yearly estimated cost of the CEO compensation is NIS 3,048,000.

The Company's Board of Directors' reasons regarding the engagement in the employment agreement:

The curriculum vitae of Mr. Buchris was presented to the Board of Directors, condensed terms of the employment agreement with him and comparative data regarding the terms of compensation of general managers in companies similar to that of the Company.

The Company's Board of Directors' reasons for approving the employment agreement and its conditions are as follows:

- 1.1 Mr. Buchris has a wealth of management experience in large systems, which are complex and interface intensive and are suitable and relevant to the function of the Company's CEO.
- 1.2 Mr. Buchris has the education required to carry out his functions. He has a B.Sc. degree in computer engineering from the Technion and a MBA degree from the Derby University branch in Israel. In addition, he is a graduate of the AMP course – an advanced management course of Harvard University and other relevant courses.
- 1.3 The Board of Directors was presented comparative data regarding the terms of compensation on general managers of similar companies who operate in the field of that of the Company. In view of this comparative data, Mr. Buchris's terms of compensation do not deviate from what is customary.

As mentioned, the Company's Board of Directors approved the terms of engagement detailed above and stated that considering his professional and management experience, and considering the personal abilities of Mr. Buchris, and according to a comparative basis of the terms of general managers of similar companies, these terms of the engagement are reasonable in the circumstances.