

## **Directors & Officers Liability Insurance**

### **Landoy Consultants' Amendments and Extensions Endorsement to Corporate Guard (9/97)**

It is declared and agreed that the Policy is subject to the following amendments and extensions:

1. **Preamble** - the words; "In consideration of the payment of the premium" are deleted and replaced by: "In consideration of the undertaking for the payment the premium".

2. **Insurance Cover:**

The words: "and notified to the Insurer during the Policy Period" in sections A and B are replaced by the following: "and notified to the Insurer pursuant to the terms of the policy".

3. **Definitions:**

3.1. **Definition 2.1 - Associated Company**-will be deleted and replaced by the following:

Any organization of which the *Company* owned before, on or after the inception of the policy ownership interest of the Organization's issued and outstanding voting shares either directly or indirectly through one or more of its *subsidiaries*; provided that such Organization is not a *Subsidiary* as defined in the policy.

In addition, any entity of which the insured was, is, or may serve as a Director or Officer, following the Policyholder's request, or direction, or appointment or nomination, either directly or indirectly through one or more of its *subsidiaries*, unless in the event, that the above entity, is a *Subsidiary* of the *Company*.

3.2. **Definition 2.2 - Claim** - will be deleted and replaced by the following:

3.2.1. Any suit or proceeding or any liability claim, brought by any person or organisation against an insured for monetary damages or other relief, including non-pecuniary relief.

3.2.2. any written demand or any written notice and/or announcement from any person or organisation that it, in accordance with Insured's discretion, is the intention of the person or organisation to hold an insured responsible for the results of any specified wrongful act;

3.2.3. Any announcement with accordance to the insured's judgment.

3.2.4. Any criminal proceedings or prosecution brought against an insured;

3.2.5. Any administrative or regulatory proceeding or official investigation Including according to the administrative enforcement by the Israeli SEC authority law regarding any specified wrongful act of an insured;

3.2.6. Claim will also include arbitration and mediation proceedings with the prior written consent of the insurer.

3.2.7. Any Claim which is the result of a third-party complaint issued by the Company, or a director or officer following an action initiated by a third party against any of the above, for which the director or officer would have been legally liable had the said third party initiated the action directly against the said director or officer

Any claim or claims arising out of, based upon or attributable to a single wrongful act shall be considered to be a single claim for the purposes of this policy.

3.3. **Definition 2.3 -Company** - will be deleted and replaced by the following:

"*Company* shall mean the policyholder named in the Schedule and any subsidiary, any subsidiary of subsidiary or affiliated company, division, sector, region, product group or

other internal company structure or segment detailed in an organization chart or similar document and which has been granted this status by the *Company*.”

3.4. **Definition 2.5 - Defence Costs** – will be deleted and replaced by the following:

"Defence costs means reasonable and necessary fees, costs and expenses incurred with the written consent of the insurer, which shall not be unreasonably withheld or unduly delayed (including premiums for any appeal bond, attachment bond or similar bond, but without obligation to apply for or furnish any bond) resulting solely from the investigation, adjustment, defence and appeal of any claim but shall not include the salary of any insured.

Defense costs shall be paid on a current basis, and shall also mean fees, costs and expenses incurred in the defense of a claim based on a wrongful act even if the statement of claim implies deliberate intention of the insured's part which might be held uninsured, provided that such fees, costs and expenses which were paid by the insurer will be returned to the insurer in the event it becomes evident that the insured's action and/or omissions are found uninsured under the policy's terms, conditions and exclusions".

3.5. **Definition 2.6 - Director or Officer** - It is agreed that Definitions 2.6 Director or Officer is amended by adding the following:

"*Directors* and/or *Officers* shall also mean all natural persons and /or entity who were, now are, or shall be duly elected or appointed directors (including observers to the board of directors) and/or officers of the Company and all persons who were, now are, or shall be construed to be Director and/or Officers of the Company within the meaning of any applicable statutes, bylaws, memorandum and articles of association or other law or regulation governing such matters within the jurisdiction of the domicile of the Company: as well as: Chief Financial Officer, Chief Operating Officer, internal auditors, Members of the Audit Committee, and/or any members of other committees that were appointed by the company, treasurers, controller, company secretary, including but not limited to: president general manager, chief executive officer, deputy general manager, vice general manager, internal legal adviser and any other manager directly subordinate to the president, general manager or chief executive officer, or any person who fulfils one of the said positions in the Company even if his title is different”.

Director or Officer shall also mean any employee of the *Company*, but only for a claim or claims alleging wrongful act(s) committed by the employee in a supervisory or managerial capacity and/or any other employee that the management of the respective Company deems to be in managerial or supervisory position, even if his title is different and/or in his capacity as non salaried director and/or officer of the policyholder and/ or any of its subsidiaries that receives the payment for the service of the natural person under an invoice".

*Director* shall include any natural person named as a prospective director in any listing particulars, all members of the audit, compensation and investments committee and any other equivalent.

With regards to Employment Practice Claim only, Insured shall include any past, present and future employee of the *Company*.

The words: “or director in an *outside entity*” shall be added after the words “elected as a director”.

3.6. **Definition 2.8 - Employment Practice Claim** - The following words shall be deleted:

"provided that the cause of action stipulated in the *claim* does not arise under or derive from infringement of any specific Labor Law, or any stipulation in a group agreement which the *company* is subject to".

3.7. **Definition 2.9. - Full annual premium** - will be deleted and replaced with the following:

"Full annual premium means: the amount specified in Item 5 of the schedule under full annual premium clause".

- 3.8. **Definition 2.10 - Insured** – will be deleted and replaced by the following:
- 3.8.1. *Insured* means any person or corporate, who was, is, or shall become a *Director* or *Officer* of the *Company* and/or shadow director. Cover will automatically apply to any person who becomes a *Director* or *Officer* after the inception date of this policy.
  - 3.8.2. The definition of *Insured* is expressly extended to include any person in his capacity as a non-salaried *Director* and/or *Officer* of the *Company* and/ or *Outside Entity* in accordance with an agreement between the *Company* or *Outside Entity* and the entity on behalf of the person, that receives the payment for the services of the person under an Invoice. It is also hereby declared and agreed that the Insurer waives right of subrogation against that entity and its employees.
  - 3.8.3. The definition of *Insured* is expressly extended to include any member of the tender committee if exists.
  - 3.8.4. For the purpose of *Securities Claim* or EPL the definition of *Insured* shall be extended to include any past, present or future employee of the company.
  - 3.8.5. In addition, the definition of *Insured* is extended to include any observer (active or otherwise) participating in board meetings of a company as well as in any formal, informal or ad-hoc meeting of directors and/or officers and/or employees of the company.
- 3.9. **Definition 2.12 Loss** –
- 3.9.1. After the words: "penalties imposed by law" the following words shall be added:  
"(that shall not include compensation/payment to third parties that shall be paid to those that suffered damage (other than that the Insured) as a result of a breach according to the administrative enforcement by the Israeli securities authority law)".
  - 3.9.2. The words: "or matters which may be considered uninsurable" shall be deleted and replaced by: "or matters which are uninsurable".
  - 3.9.3. The following words shall be added: "Loss also means punitive and exemplary damages , other than damages awarded for libel and slander. This shall not apply to an employment practice claim, except for employment defamation".
  - 3.9.4. Loss also means, where insurable, the multiplied portion of multiplied damages imposed upon the *insured*.
  - 3.9.5. Notwithstanding anything in this Policy to the contrary, Loss shall include civil penalties assessed against any insured pursuant to Section 2(g)(2)(B) of the Foreign Corrupt Practice Act, U.S.C. Section 78dd-2(g)(2)(B).
  - 3.9.6. Notwithstanding the above, Loss shall include compensation/payment to third parties imposed in favour of those that suffered a damage (other than the Insured) as a result of an infraction according to the Administrative Enforcement By The Israeli Securities Authority Law.
  - 3.9.7. It is further understood and agreed that with respect to any Securities Claim arising out of an Initial Public Offering or any other Public Offering of securities of the Company, the Insurer shall not assert that the portion of any settlement of that Securities Claim which relates to any alleged violations of Section 11 or 12 of the Securities Act of 1933, as amended, constitutes uninsurable loss.
- 3.10. **Definition 2.21 - Subsidiary** – After sub clause (iii) the following words shall be added:  
"or, (iv) entitles to nominate the Chief Executive Officer".  
Subsidiary shall also mean any registered partnership where the *Policyholder* or any of its subsidiaries own half or more of the rights prescribed in the subsections above and any partnership listed heron.  
In the definition of 'Subsidiary' the words: "or was" shall be added after the words:  
"...committed while such company is."

The sentence: “Cover for any Claim against any of the Directors, Officers of any Subsidiary shall apply only for Wrongful Act(s) committed while such Company is a Subsidiary of the Policyholder.” is amended by the addition of the words “or was” after the word “is”.

The following sentence shall be added after the words "while such Company is a Subsidiary of the Policyholder": However, upon written request by the *Policyholder*, the *Insurer* shall consider, after assessment and evaluation of the increased exposure, granting cover for *Wrongful act(s)* committed prior to the acquisition of the *Subsidiary* by the Policyholder". It is also agreed that Subsidiaries of Subsidiaries are covered under this policy as Subsidiary.

- 3.11. **Definition 2.23 - Wrongful Act** - shall read: “Wrongful act means any actual or alleged breach of duty, breach of trust, omission, neglect, error, misstatement, misleading statement, miss-presentation omission, breach of warranty of authority, abuse of authority, breach of contract, libel, slander, defamation, or other act of the insured, individually or collectively, in their respective capacities as a director or officer of the company or as a director or officer of any outside entity, or any matter claimed against them solely because of their status as a director or officer or employee of the company or an outside entity. ” For the avoidance of any doubt and without derogation from the generality of the above, and only to the extent that such definition does not derogate from the coverage granted by this policy, Wrongful Act shall also include the following:
- 3.11.1. A breach of duty of care towards the company or any other person;
  - 3.11.2. A breach of fiduciary duty towards the company provided that the insured acted in good faith and had reasonable grounds to believe that such an act should not have prejudice the interests of the company;
  - 3.11.3. Financial obligations imposed on insured in favour of a "third party", in respect of any act committed by them in their capacity as directors or officers or employees of the company".
- 3.12. **Definition 2.24 – Asset and Liberty Protection Costs** – shall mean reasonable and necessary fees, costs, charges and expenses incurred with the prior written consent of the Insurer (such consent shall not to be unreasonably withheld or delayed) by an Insured Person in defending a Deprivation of Asset and Liberty Proceeding against such Insured Person.
- 3.13. **Definition 2.25 – Civil or Bail Bond Fee** – shall mean only the commercially reasonable and necessary fee arrangement (and only that which is available at reasonable commercial rates) to obtain a bond or other similar financial instrument in respect of an Insured Person's contingent obligations as to a specific security or collateral placed upon the Insured Person by a court in connection with any covered Claim; and excluding any form of actual security or collateral for funding for the bond or other guarantee, for the bond or other guarantee itself, or the equivalent to any of the same.
- 3.14. **Definition 2.26 -Prosecution Costs** – shall mean reasonable and necessary fees, costs, charges and expenses incurred, with the prior written consent of the Insurer (such consent not to be unreasonably withheld or delayed), by an Insured Person in bringing a proceeding for a declaration and/or injunction to oppose any Official Body seeking a Deprivation of Asset and Liberty Proceeding.
- 3.15. **Definition 2.27- Kidnap response costs** – shall mean reasonable and necessary fees, costs, charges and expenses incurred, with the prior written consent of the Insurer (such consent not to be unreasonably withheld or delayed), by or on behalf of an Insured Person directly in response to a Kidnapping Event anywhere in the world.
- 3.16. **Definition 2.28- Kidnapping Event** – shall mean any event or connected series of events of seizing, detaining or carrying away by force or fraud an Insured Person, while acting in

the course of employment by a Company, but solely for the purpose of demanding ransom monies. A Kidnapping Event shall be deemed to be "first made" against an Insured Person when the Insured Person is first so seized, detained or carried away by force or fraud.

- 3.17. **Definition 2.29- Extradition** – shall mean any formal process by which an Insured Person located in any country is surrendered to any other country for trial or otherwise to answer any criminal accusation resulting directly from another Claim (other than an Extradition Claim) that is covered under this policy.
- 3.18. **Definition 2.30- Extradition Claim** – shall mean an official request for extradition, or the execution of a warrant for arrest where such execution is an element of the extradition.
- 3.19. **Definition 2.31- Extradition Costs-** shall mean reasonable and necessary costs, charges and expenses incurred, with the prior written consent of the Insurer (such consent not to be unreasonably withheld or delayed) resulting solely from:
- (1) An Insured Person lawfully: (i) opposing, challenging, resisting or defending any Extradition Claim; or (ii) appealing any order or other grant of Extradition of that Insured Person;
  - (2) An accredited crisis counsellor and / or tax advisor and/ or public relations consultant retained by the Insured Person exclusively and directly in connection with the Extradition of that Insured Person, provided that the maximum aggregate limit of Insurer for all such fees, costs, charges and expenses under this policy for all Insured Persons, combined, shall be USD250,000; or
  - (3) Overseas travelling costs (one round trip) and accommodation for the Insured Person, his/her lawful spouse or domestic partner and any children under the age of 18, directly in connection with the extradition of such Insured Person. Provided, that the maximum aggregate limit of the Insurer for all such fees, costs, charges and expenses under this policy for all insured persons, spouses/ partners and children, combined, shall be USD 50,000.

#### 4. **Exclusions:**

##### 4.1. **Exclusion 3.1**

Exclusion 3.1 shall be replaced as follows:

3.1 brought about or contributed to by:

- (i) Any insureds gaining any profit, advantage or remuneration to which they were not legally entitled; or
- (ii) The deliberately fraudulent or criminal acts of any *insureds*;

provided, however: (i) this exclusion shall only apply if it is finally adjudicated that such conduct in fact occurred; (ii) this exclusion shall not apply to coverage provided under Insuring Agreement I.B. and (iii) sub-paragraph (1) of this exclusion above shall not apply to any *Securities Claim* arising out of an Initial Public Offering or any other Public Offering of securities of the *Company*.

It is understood and agreed that with respect to *Loss* in connection with *Claim* made against the *insured*, Exclusion 3.1 shall not apply to *Defence costs*.

Further, it is understood and agreed that for or the purpose of determining the applicability of these exclusions, the *wrongful act* of any insured shall not be imputed to any other insured. These exclusions shall only apply if it is established through a judgment, or any other final adjudication adverse to the *insured*, or to any admission by an insured that the relevant conduct did in fact occur;

4.2. **Exclusion 3.4-** this exclusion shall be deleted.

4.3. **Exclusion 3.5** - is amended by adding the following:

“Furthermore, this Exclusion shall not apply to any *defence costs* of the *Insured* incurred in any investigation, examination inquiry, court of law or other proceeding, provided, however, that *Insurer's* total aggregate liability in respect of this cover shall not exceed 10% of the limits of liability (but not less than USD 500,000) for the *policy period* which amount is part of and not in addition to, the limit of liability stated in item 3 of the Schedule.

This exclusion shall not apply to shareholders claims.”.

4.4. **Exclusion 3.8** – The following will be added to the end of this exclusion: “or a Claim for libel or slander”

4.5. **Major shareholders Exclusion** – this exclusion shall be deleted.

5. **Extensions:**

5.1. **Extension 4.1 - Representation at Investigations and Examinations:** After the words: “incurred with the written consent of the Insurer” the words “which shall not be unreasonably withheld” are added.

After the words: "by any director, officer" the words “or employee” is added.

5.2. **Extension 4.2 – New Subsidiaries:** shall be deleted and replaced by the following:

Cover under this policy is extended to any *subsidiary* which the *policyholder* acquires or creates after the inception date of this policy provided that the *subsidiary*:

- (i) Has total gross assets which are less than 30% of the policyholder's assets size as of the inception date of this policy; and
- (ii) Does not have any listing of any of its securities in United States of America or Canada.

If a newly acquired or created *subsidiary* fails to meet conditions (i), (ii) cover under this extension shall apply automatically for a period of 60 days from the date the *policyholder* acquires control or holding of such entity provided the *Policyholder* shall submit in writing to the Insurer the particulars of such entity, in any case, prior to the end of the Policy Period At the *policyholder's* request, cover may be extended for a longer period of time provided that the *policyholder* provides the *Insurer* with sufficient details during such 60 day hold cover period to permit the *Insurer* to assess and evaluate its exposure with respect to such entity and the *policyholder* accepts any consequent amendments to the policy terms and conditions, including payment of any reasonable additional premium required by the *insurer*.

Unless otherwise agreed, cover as is afforded to the *directors, officers* or employees of any *subsidiary* by virtue of this extension shall only apply for *Wrongful Act(s)* committed while such company is or was a *subsidiary* of the *policyholder*.

5.3. **Extension 4.3 outside directorships** –

The first paragraph shall read as follows:" Cover includes *Loss* arising from any *Claim* made against any person who was, is or may become, at the specific request or direction or appointment or nomination of the *Company*, a Director. Officer, trustee, governor or

equivalent position, in any *Outside Entity* for any *Wrongful Act*, in such a capacity as mentioned above, in the *Outside Entity*."

After the words "specifically excess of any" Shall be added: "collectible".

The rest of the words after: "outside entity" will be deleted.

- 5.4. **Extension 4.4 – Discovery Period (bilateral – 12 months)**: It is hereby Understood and agreed that extension 4.4 shall be deleted and replaced by the following:

"If the insurer refuses to offer any terms or conditions to renew this policy, or the policyholder refuses to renew this policy, then the policyholder shall have the right to a discovery period of 12 months following the effective date of non-renewal upon payment of an additional premium of:

12 months at 25% of the full annual premium.

36 months at 125% of the full annual premium.

60 months at 175% of the full annual premium.

84 months at 220% of the full annual premium.

The insured shall be entitled to a 90 day discovery period at no additional premium if this policy is not renewed by the insurer. If the policyholder elects to purchase a discovery period, this 90 day discovery period shall be part of and not in addition to the purchased discovery period.

To purchase this discovery period, the policyholder must request its purchase in writing within 30 days of the termination of the policy and must tender the additional premium within 60 days of the termination date. The additional premium is not refundable and the discovery period is not cancellable.

If a transaction takes place, then the policyholder shall not have the right to purchase a discovery period as set out above. However, the policyholder shall have the right within 60 days of the end of the policy period to request an offer from the insurer of a discovery period up to 84 months. The insurer shall have the right but not the duty to offer a discovery period with terms, conditions and premium as the insurer may reasonably decide.

No discovery period of any length is available in the event of this policy being cancelled due to the non-payment of premium.

The offer by the insurer of terms, conditions, limits of liability or premiums different from those of the expiring policy shall not constitute a refusal to renew.

Subject otherwise to all of the terms, conditions and exclusions of this policy."

- 5.5. **Extension 4.7 - Crisis Communication Cover**: The following clause shall be added:

"If the *company* reasonably considers that urgent action is needed in order to avert or mitigate a loss for which coverage would apply, the *company* shall be entitled to employ the services of a Public Relations Consultancy for that purpose provided that notification has been given to the insurer so that the insurer have given their written agreement that coverage applies and this shall be deemed to be sufficient notice to *insurer* provided that written notice of the claim or circumstances which may give rise to a claim together with details of any action taken or to be taken by or in conjunction with the Public Relations Consultancy is given to the insurer as soon as is reasonably practicable and in any event within 30 days of the company first becoming aware of the matter. Any fees or costs reasonably incurred by the company for the employment of the Public Relations Consultancy are given to the insurer as soon as is reasonably practicable and in any event within 30 days of the company first becoming aware of the matter. Any fees or costs reasonably incurred by the company for the employment of the Public Relations Consultancy will be reimbursed by the insurer subject to a maximum limit of USD150,000 for any one claim and in the aggregate for all claims."

- 5.6. **Extension 4.8 - Risk Management Extension**: The following clause shall be added:

"The *Directors* and *Officers* shall be entitled to request advice from the *insurer* upon giving notice of any circumstances which in their opinion might subsequently give rise to a claim for which coverage would apply, as to their legal position and any steps which may be

appropriate to avert or minimize the risk of such a claim. The insurers agree to bear the cost of obtaining advice in relation to any such circumstances up to limit of USD 40,000 per *director* or *officer* any one request and in the aggregate and USD250,000 in the aggregate for all requests made under this provision. Any costs borne by the *insurer* under this provision will be paid separately from any payment which may become due hereunder upon a claim being made in respect of such circumstances and insurers retain the right to appoint or approve any lawyers or other advisors from whom advice is to be taken.”

- 5.7. **Extension 4.9 - Retired and/or Resigned Directors and Officers** – the following clause 4.9 shall be added: "If the policyholder does not renew or replace this policy with any other policy affording *directors* and *officers* liability or similar liability cover and a discovery period is not elected under extension 4.4 of the Policy, unlimited discovery period of after the date of such non-renewal will be provided under this policy during which time written notice may be given to the *insurer* of any claim first made against any *director*, *officer* or employee of the *company* who retired and/or resigned before the date of non-renewal and which *claim* is otherwise covered by this policy.
- 5.8. **Extension 4.10 - Emergency costs** - the following clause 4.10 shall be added:  
"If, due to an emergency, the insurer's written consent cannot reasonably be obtained before defense costs are incurred with respect to any claim, the insurer will give retrospective approval for each defence costs of up to, in the aggregate, 10 per cent of the limit of liability".
- 5.9. **Extension 4.11 - Run off Cover for External Directors** - the following clause 4.11 shall be added:  
"The policy is extended to cover claims made against external directors (as they are defined in the Israeli Corporate Law), whose term of office has ended during the course of the present policy period, in respect of wrongful act committed during the policy period and which the claim in respect of the wrongful act was made and notified to the insurer during the unlimited period following the termination of the policy period. This extension is not subject to the renewal and/or non-renewal of the policy by any insurer. This extension is not available in the event of a transaction except in respect of directors and officers which their retirement from the company was not in any way related to the transaction".
- 5.10. **Extension 4.15 –Excess limit of liability for Non-Executive Directors** - the following clause 4.15 shall be added:  
"The Insurer shall pay on behalf of any Non -Executive Director such Financial Loss as arises from or is a consequence of any Claim first made against him or her either jointly or severally during the Period of Insurance by reason of a Wrongful Act; provided that the coverage of this extension shall be specifically excess of , and shall not drop down to the primary insurance until the exhaustion of: (1) the Limit of Liability of this policy; (2) the limit of liability of all other applicable directors and officers or management liability or indemnity insurance policies written as specific excess over this policy, or otherwise; and (3) all other indemnification for Financial Loss available to any Non-Executive Director. The Limit of Liability for cover under this extension shall be the Non- Executive Director Excess Limit of Liability indicated in the Schedule, and such Non- Executive Director Excess Limit of Liability shall be a separate Limit of Liability for each individual Non-Executive Director. All Non -Executive Director Excess Limits of Liability shall be subject to the maximum aggregate Non -Executive Director Excess Limit of Liability of USD 1,000,000 USD per Non- Executive Director and USD 5,000,000 in the aggregate for all Non- Executive Directors together.
- 5.11. **Extension 4.16 –Additional limit for personal reputation restoration expenses** - the following clause 4.16 shall be added:



The Insurer shall pay the Personal Reputation Restoration Expenses of an Insured Person (and of the Company to the extent the Company has indemnified such Insured Person for such Financial Loss); subject to and to excess a sub limit of USD150,000 in the aggregate. Personal Reputation Restoration Expenses shall mean the reasonable and necessary fees, costs, charges and expenses incurred, with the Insurer's prior written consent (such consent not to be unreasonably withheld or delayed) by a public relations/ crisis management consultant (who shall not be a law firm) retained solely, and independently from the Company, by the Insured Person within 30 days of Person Reputation Crisis of such Insured Person to specifically mitigate the adverse publicity to such Insured Person's professional reputation as a direct result of the Personal Reputation Crisis. A Personal Reputation Crisis shall conclude once the public relations/ crisis management consultant advises the policyholder or such Insured Person that such Personal Reputation Crisis no longer exists or when the additional limit of USD 50,000 for each Insured Person and USD 150,000 in the aggregate has been exhausted.

Personal Reputation Crisis shall mean any negative statement specifically regarding and mentioning an Insured Person made by any individual authorized to speak on behalf of an Official Body that is included in any press release or published in any print or electronic media outlet. The Personal Reputation Crisis must be first made against the Insured Person during the Period of Insurance. A Personal Reputation Crisis shall be deemed to be "first made" against an Insured Person when such press release or such publication was first released or syndicated to a Third Party.

6. **General Provisions:**

- 6.1. **General provisions 5.1 -Representation** –the following is added: “The proposal and any information provided to the Insurer shall be considered as submitted separately by each Insured. For the purpose of determining the applicability of cover under the policy statement made or knowledge possessed by any Insured shall not be imputed to any other Insured”. The Wrongful Act of any of the Insured shall not be imputed to any other Insured for the purpose of determining the applicability of the Exclusion Clause. These Exclusions shall only apply if it is established through a judgement or any other final adjudication adverse to the Insured, or any admission by an Insured that the relevant conduct did in fact occur.
- 6.2. **General provisions 5.3. Limits of liability** – the words "exceeding 10 percent" will be replaced by "exceeding 20 percent".
- 6.3. **General provisions 5.4 - Retention** – in the first paragraph of Clause 5.4 the words: “or is permitted or required to indemnify” are deleted.  
The following paragraphs shall be added in the end of the section 5.4:  
"It is further understood and agreed that no *Retention* shall apply with respect to:  
(a) a claim for *Shareholder Derivative Investigation*; or  
(b) any *Securities Claim*.

If the Insured consents to the first settlement offer by the claimant that is supported and recommended by the Insurer with regard to a Claim which results in a settlement of the Claim, then the applicable Retention amount shall be retroactively reduced by 15% percent provided that the Insured agrees to such settlement offer within 30 days of the settlement offer first being recommended by the Insurer.

6.4. **General provisions 5.5 – How to give a notice and report a claim:**

In respect of paragraph (ii) of this provision, the opening paragraph is amended to read as follows: "the company or the insured shall give written notice to the insurer of any claim

made against an insured as soon as practicable and either: (ii)(b) the words "30 days" (which appear twice in this clause) are replaced by the words "60 days".

- 6.5. **General provisions 5.6 - Advancement of Costs:** The following paragraphs shall be added in the end of the section 5.6:

"Notwithstanding Exclusion 3.1 (iii), in the event of any allegation, of dishonesty or fraud or of criminal act is made against the insured, the cost, charges and expenses reasonably incurred, by the insured and advanced by the insurer, will be repayable in the event that the insured plead guilty or found guilty in an offense which requires proof of criminal intent or found liable of any dishonesty or fraudulent act.

It is understood and agreed that in the event that the Insured, is found guilty of a criminal act and only subject to that the criminal act is being of an "absolute liability" nature (meaning, no intention is needed, in order to validate the act) – the Insurer will pay reasonable defense costs which will not be repayable by the Insured.

It is also understood and agreed that, the appointment of a law-firm, which will represent the insured, in all procedures of a civil claim, will be mutually agreed upon, between the insured and the insurer. It is further agreed that with regard to criminal proceedings, the insured will select the law firm which will represent him. The cost of a law-firm appointed by the insurers will be advanced directly to the law-firm. Subject to prior approval in writing by the Insurer for the lawyer's legal fees agreement and additional expenses which shall be reasonable under the circumstances

Expert witnesses:

It is understood and agreed, that in the event that the appointed law firm, will decided, that the services of expert witnesses are required, in order to contest a claim, the costs and or fees of the said expert witness will be borne by the insurers.

- 6.6. **General provisions 5.7- "How Defense will be conducted:"** will be added as follows: "It is understood and agreed that any legal procedure that will be taken by the law firm, that will be appointed by the insurers, for the purpose of represent the insured and the insurers, in the defense of any claim including but not limited to a settlement agreement, will be mutually agreed upon between the insured and the insurers. In the absence of agreement, the procedures to be taken is to be determined by a member of the bar council or local equivalent to be mutually agreed upon by the insurer and the directors and officers or in the default of such agreement, to be determined by the chairman of the bar council or local equivalent. It is further understood and agreed that in the event of conflict of interests between the respective insured's and /or the company, than as may be reasonably required and subject to the insurer's prior consent, which will not be un-reasonably withheld, separate lawyers will be appointed, in order to protect their respective interests.

Should there appear to be a conflict of interest between the respective insured and/or the *Company*, then as may be reasonably required separate lawyers may be appointed to protect their respective interests.

Should there appear a dispute relating the question whether there is a "conflict of interest" between the respective insured's and/or the company, that dispute shall be determined by a single arbitrator, who will be selected and appointed by agreement of the parties within seven days from the day in which one of the parties demands his appointment. If the parties are unable to agree upon an arbitrator within this period, the arbitrator shall be appointed by the President of the Israel Bar Association at the request of any party hereto. The arbitration shall be conducted in Tel Aviv, Israel in accordance with the provisions of the Israeli Arbitration Law, 5728-1968, and its appendices."

6.7. **General provisions 5.8 - Allocation** –

- (1) The following words shall be added in the end of sub clause (i) "It is hereby understood and agreed that in any allocation that may be determined between the Company and the Insureds, the Company's share will not exceed 20%".
- (2) After the last sentence at paragraph iii, the following sentence shall be added; "in the absence of agreement, such allocation is determined by a member of the Bar Council or local equivalent to be mutually agreed upon by the then *Insurer* and the *Director* and *Officer* or in default of such agreement to be nominated by the Chairman of the Bar Council or local equivalent. Such determination will be based upon the written submissions of the INSURER and the DIRECTORS AND OFFICERS and will be final and binding.

6.8. **General provisions 5.9 - Cancellation Clause** – notwithstanding the cancellation clause, Insurer will not cancel the policy for any reason, other than non-payment of premium. However, this clause should not be construed to erode the insurers rights under articles 6(c) and 17(b)3 of the Insurance Contract law 5741-1981.

6.9. **General provisions 5.10 - Subrogation** - No rights of subrogation shall apply against any Director, Officer and employees of the Company, unless fraudulent or malicious conduct on their part is established.

6.10. **Companies Act 1999 of Israel** – If the Policy to which this endorsement is attached extends to cover Security Claims in the USA/Canada the following is added:  
"It is hereby agreed that in the event of a Security Claim under any US Federal or State law or a similar Canadian law the Insurer will not argue that the Claim is uninsurable under article 263 (2) of the Companies Act 1999 of Israel".

**Insurance Cover C - Entity Securities Claim Cover** – The following words will be deleted:

"This cover will apply only when and to the extent that such claim is first made, and is continuously against at least one director or officer of the Company".

2. The following definition shall be added -

**"Securities Claim"** -

**"Securities Claim"** means a claim:

- (1) For any actual or alleged act, error, omission, negligence, misstatement, misleading statement, breach of duty, breach of trust, breach of warranty of authority or violation of any rules (whether statutory or common law), relating to securities, which is:
  - a. Brought by any person or entity based upon, arising out of, directly or indirectly resulting from, in any way involving, in part or in whole, the purchase or sale of, or offer to purchase or sell securities of the company; or
  - b. Brought by a security holder of the company with respect to such security holder's interest in the securities of the company;
- (2) Brought derivatively on behalf of the company by a security holder of such company.
- (3) Brought by any governmental, federal, state, or provincial agency that regulates the purchase or sale or offer to purchase or sell securities and alleges that a company and/or any of its insured persons violates a government, federal, state, provincial, local or foreign securities law or a rule or regulation promulgated under such securities law, whether or not in connection with the purchase, sale or offer to purchase or sell securities issued by the company.

All other terms and conditions remain unaltered.