

רשימה-מפרט לביטוח נושאי משרה

1. בעלת הפוליסה : מדרשת שדה בוקר בנגב (חל"צ)
2. המבוטחים : כהגדרתם בפוליסה על נספחיה והרחבותיה.
3. גבולות אחריות : \$1,000,000 למקרה ולתקופת ביטוח שנתית.
4. תקופת הביטוח : 01.04.2011 – 31.01.2012 (12 חודשים).
5. השתתפות עצמית : \$5,000 לחברה בלבד בתביעות בכל העולם למעט בארה"ב/קנדה \$25,000 לחברה לתביעות המוגשות בארה"ב/קנדה
6. תאריכי המשכיות : 01.03.2003 (כפי הפוליסה הפוקעת).
7. הרחבת חברות בנות חדשות : 20% (ללא חיתום כלשהו).
8. תחום גיאוגרפי / דין ושיפוט : כל העולם כולל ארה"ב/קנדה
9. תאריך רטרו : לא מוגבל
10. נוסח הפוליסה : כלל "תאגיד יש", הפניקס 01/04, מנורה 09/03, 11.03 AIG, איילון 2010 כל נוסח בצירוף הרחבות אורלנד המתאימות לנוסח.
11. חריג בעל מניות : ללא ואין לכלול "חריג ממשלה".
12. חריג הנפקות : ללא (לא רלוונטי לחברה זו).
13. חריג אחריות מקצועית : לא יחול על תביעה בשל כשל בפיקוח ו/או השגחה.

Liability Insurance for Directors & Officers

Schedule - Quote

	Policy Number	_____
Item 1.	<i>Policyholder</i> Address	מדרשת שדה בוקר בנגב (חל"צ) 84993 מיקוד בוקר, שדה בוקר, גוריון, מדרשת בן גוריון
Item 2.	<i>Policy Period</i>	From: 01.04.2011 To 31.03.2012 (both days inclusive)
Item 3.	Limit of Liability	Total aggregate for all <i>loss</i> , arising out of all <i>claims</i> made against all <i>Insureds</i> under all insurance covers combined (including <i>Defense Costs</i> other than as noted in amended General Provision 5.3): US\$ 1,000,000 Million (One Million US Dollars) In addition 20% defence costs outside limit of liability (Israel Only) as per amended General Provision 5.3
Item 4.	Retention	Insurance cover A : Nil Insurance cover B and identifiable loss : US\$ 5,000 For USA claims : US\$ 25,000 As specified in 5.4 Retention, only one retention shall be applied for <i>Loss</i> arising from any <i>claim</i> or <i>claims</i> alleging a <i>Single Wrongful Act</i> .
Item 5.	Premium	Annual Premium - US\$ _____
Item 6.	<i>Continuity</i> <i>Dates</i>	Pending & prior litigation: 01.03.2003 Pollution claims: 01.03.2003
Item 7.	New <i>Subsidiary</i> Cover	Assets size: 20% (Extension 4.2: New <i>Subsidiaries</i>)
Item 8.	Retroactive Date	Unlimited
Item 9.	Territorial Limit & Jurisdiction:	Worldwide including USA and Canada
Item hereto: 10.	Addenda:	This policy is subject to the following addenda attached Addendum No.1 – Orland Wording Amendments
Item 11.	Policy Form: (Attached)	Corporate Guard for Director & Officers – 9/97 Israel

SIGNED FOR AND ON BEHALF OF THE INSURER

.....
Insurance Company Ltd.

Date

מפרט אורלנד
Corporate Guard ISR 9/97 Israel form

0. **Preamble** - The preamble is amended to read as follows:-

In consideration of the written undertaking for the payment of the premium the *Insurer* agrees as follows:

1. **Insurance Cover** - The words: "and notified to the *Insurer* during the *Policy Period*" in sections A and B are deleted and replaced in both sections by: "and notified to the *Insurer* as soon as practicable but in no event later than thirty (30) days following the termination of the policy period".

2. **Definitions**

- 2.1 Associated Company - is amended to read as follows:

Associated Company means any company of which the *Policyholder* owns or owned before to inception of the *Policy Period* or acquires during the *Policy Period* any amount which is less than 50 per cent of the issued and outstanding voting or equity shares either directly or indirectly through one or more of its *Subsidiaries*.

- 2.2 **Claim** – is amended to read as follows :

- (i) any suit or proceeding including any civil proceeding, third party proceeding or counter claim brought by any person, organization or entity against an *Insured* for monetary damages or other relief, including non-pecuniary relief;
- (ii) any written demand or announcement from any person, organization or entity that it is the intention of the person, organization or entity to hold an *Insured* responsible for the results of any specified *Wrongful Act*;
- (iii) any criminal prosecution or proceedings brought against an *Insured*;
- (iv) any administrative or regulatory proceeding or official or semi official investigation or arbitration or any other alternative dispute resolution proceedings regarding any specified *Wrongful Act* of an *Insured*.

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*.

- 2.3 **Company** - The words: "and any *Subsidiary* of a *Subsidiary*" are added after the word "*Subsidiary*".

2.5 Defence costs - is amended to read as follows:

Defence costs means reasonable and necessary fees, costs, and expenses incurred with the 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*.

2.6 Director or officer - is amended to read as follows:

Director or officer means any person (including an entity pursuant to Article 235 of the Companies Law – 1999) who was, is, or shall become a director or officer of the *Company* or shall be construed to be a director or officer of the *Company*. The terms *Director* or *Officer* shall also mean any equivalent position under the laws of the relevant jurisdiction.

Without derogating from the generality of the above definition, the expression *director or officer* shall include any director, substitute director, general manager, managing director, observer, deputy general manager, vice general manager, treasurer, chief financial officer, comptroller, controller, internal auditor, internal legal counsel, company secretary and any other manager directly subordinate to the general manager, president or CEO and any other person who fulfils a function mentioned above even if his title differs, as well as any employee in a supervisory or managerial capacity.

2.8 **Employment Practice Claim** – the ending sentence "provided that the cause of action the *Company* is subject to." is deleted and replaced by the following paragraph: "provided that the *claim* submitted is not for non-payment of pension payment according to the law or non-payment of dismissal compensation as defined by law."

2.10 **Insured** – the word "natural" in the clause is deleted.

And the definition *Insured* is extended to include any person acting as a non-salaried officer of the *Company*, in accordance with a management agreement between the *Company* and an entity to which the *Company* delivers payment via an invoice for the services of the non-salaried officer. The *Insurer* shall not exercise its right of subrogation against the said entity for which the Non Salaried Officer receives his payment or the non-salaried officer unless fraudulent or malicious conduct on their part has been established.

2.12 **Loss** - the words: "or matters which may be considered uninsurable" are deleted and replaced by: "or matters which are uninsurable". In addition, *Loss* shall also include punitive or exemplary damages

awarded in Israel only, as long as such damages are insurable under the applicable law most favourable to the *insured*, but sub-limited to US\$ 500,000 which are part of the total aggregate limit of liability.

2.21 **Subsidiary** – the following amendments shall apply:

Subsidiary means companies or registered partnerships in which the *Policyholder* or any *Subsidiary*, either directly or indirectly through one or more of its *Subsidiaries*;

Sub clause (i) is amended to read: “controls the composition of the majority of the board of directors; or

Sub clause (iv) is added as follows: "Holds the right to appoint or dismiss the Chairman of the board or the CEO.

The words "or was" are added in the first sentence of the ending paragraph to read as follows "While such *Company* is or was a *Subsidiary* of the *Policyholder*".

2.22 **Transaction** sub-clause (iii) is amended to read as follows:

(iii) the insolvency, receivership, bankruptcy or liquidation of the *Policyholder* or of a *Subsidiary*, however in the event that a *Subsidiary* becomes insolvent or goes under receivership, bankruptcy or liquidation, then only such *Subsidiary* shall be deemed to be under *Transaction*.

2.23 **Wrongful Act** – is amended by adding the following paragraph:

For the avoidance of any doubt and without derogating 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:

- (i) A breach of any fiduciary duty towards the *Company* provided that the *Insured* acted in good faith and had reasonable grounds to believe that such act should not prejudice the interests of the *Company*;
- (ii) A breach of care towards the *Company* or any other person; The *Insurer* undertakes that it shall not contend that a breach of care was committed recklessly by any *Insured* unless it can be proven that such recklessness attained a level equivalent to that of an act committed with actual deliberate intent.
- (iii) 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 acting in a managerial capacity on behalf of the *Company*.

3. Exclusions

3.4 Sub-clauses (ii) and (iv) of the exclusion are amended to read as follows and additional sub clauses (vi), (vii) are added:

(ii) any *claim* brought or maintained by an *Insured* or the *Company* for contribution or indemnity, if the *Claim* directly results from another claim otherwise covered under this policy.

(iv) any claim brought or maintained by a liquidator, receiver or administrative receiver or manager appointed by a public authority or by a court of law wither directly or derivatively on behalf of the company without the solicitation, assistance or participation of any *Insured* or the *Company*.

(vi) *Claims* that are initiated as a result of orders of public authorities or public supervisory bodies.

(vii) filing any *claim* either directly or indirectly under any law affording 'whistleblower' protection.

3.5 Exclusion 3.5 is replaced by the following:

arising out of, based upon or attributable to or in any way involving, directly or indirectly: the actual, alleged or threatened discharge, dispersal, release or escape of *pollutants*; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *pollutants*, nuclear material or nuclear waste (hereinafter: "Pollution Condition"). Provided, however, that this exclusion shall not apply to **Insurance Cover A: DIRECTORS AND OFFICERS LIABILITY** in respect of *defence costs* only, incurred by the *insured*, unless on or before the pollution *continuity date* specified in Item 6 of the Schedule, the *company*, the *insured* or any employee of the *company* with managerial responsibility over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or *wrongful act* which could have given rise to a *claim* against the *company*, or the *insured*.

It is further understood and agreed that the total aggregate limit of liability for all *loss* that the *insurer* shall be liable to pay in respect of any *claim* or developments thereof for which this policy may provide cover pursuant to this endorsement is specifically sub-limited to **\$250,000** (the "Sub-Limit of Liability"). This Sub-Limit of Liability is part of and not in addition to the total aggregate limit of liability specified in Item 3 of the Schedule and will in no way serve to increase the *insurer's* limit of liability as specified therein.

The extension of cover provided in this endorsement only applies to *claim(s)* brought in Israel. Provided, however, that this exclusion shall not apply (up to full *Limit of Liability*) to any *claim* made

against the *insured* by any shareholder of the *company* either directly or derivatively, alleging damage to the *company* or its shareholders, unless on or before the pollution *continuity date* specified in Item 6 (i) of the Schedule, the *company*, the *insured* or any employee of the *company* with managerial responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or *wrongful act* which could have given rise to a *claim* against the *company*, or the *insured*.

3.8 The words "or any *Claim* for libel or slander" are added at the end of the paragraph.

3.10 Exclusion 3.10 is amended to read as follows:

3.10 which is brought by or on behalf of any individual or entity that owned or controlled at the time of the *Wrongful Act* (whether beneficially, directly or indirectly) _____% (**as noted in the schedule**) or more of the issued and outstanding voting share capital of the *Policyholder* . This exclusion is limited solely to any action by the said individual or entity when acting as shareholders of the *Policyholder* and shall not apply when acting as independent third parties.

¶ נמחק

3.12 Exclusion 3.12 is added to the policy:

3.12 arising out of or based upon or attributable to any future private placement via a prospectus or any future public offering of any share capital of the *Policyholder* since inception of this policy.

However, in the event of any private placement via a prospectus or public offering, the *insurer* may consider removal of this exclusion in consideration of such additional premium together with agreement to any revised terms, conditions and/or exclusions as may be required by the *insurer*.

In this event and at the request of the *policyholder*, the *insurer* will enter into a confidentiality agreement with the *policyholder* relating to any information provided regarding the proposed offering.

3.13 arising from, or results from the company's, directors, officers and/or any employee's rendering or failure to render professional service(s) for a fee.

Provided that the foregoing exclusion shall not be applicable to any *claim* against an *insured* alleging the failure to supervise those who performed or failed to perform such professional service(s).

4. Extensions

- 4.1 **Representation at investigations and examinations** - The first paragraph of this extension is amended to read as follows: -
This policy shall provide cover for any reasonable and necessary fees, costs and expenses incurred with the prior written consent of the *insurer* which shall not be unreasonably withheld or unduly delayed resulting from any legally required attendance by any *director, officer* or employee of the *company* with managerial responsibility at any official investigation, examination, inquiry or other similar proceeding in relation to the affairs of the *company* or any other attendance required of the *insured* by virtue of his position as *director, officer* or employee of the *company* which does not qualify as a *claim* under definition 2.2 of this policy “
- 4.3 **Outside directorships** – The word "Insured" is replaced by the word "person".
After the words "Outside Entity" the following will be added "(such person being deemed an *insured* for the purpose of this extension)".
- 4.4 **Discovery Period** - after the words: "refuses to offer any" the words "reasonable terms" are added. In addition Sub clause (i) is deleted.

Additional extensions added to the policy:

- 4.7 **Retired Directors and Officers**
If the *Policyholder* does not renew or replace this policy with any other policy affording directors and officers liability cover and a *Discovery Period* is not elected under extension 4.4, a *Discovery Period* of 84 months 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 or officer* who retired prior to the date of non renewal and which *Claim* is otherwise covered by this policy".
- 4.8 **Crisis Communication Cover**
If the *Company* reasonably considers that urgent action is needed in order to avert or mitigate a *loss* for which coverage would apply, the *Policyholder* shall be entitled to employ the services of a public relations consultancy for that purpose provided that notification has been given to the *Insurer* and that the *Insurer* has given his written agreement that coverage applies and this shall be deemed to be sufficient notice to *Insurer* provided that written notice of *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 *Policyholder* first

becoming aware of the matter. any fees or costs reasonably incurred by the *Policyholder* for the employment of the public relations consultancy will be reimbursed by insurer subject to a maximum limit of liability US\$ 50,000 any one *Claim* and in the aggregate for all *Claims*. This extension is not subject to any retention.

5. General provisions

- 5.1 General Provision 5.1 is amended to read "**Representation and Severability**" and the following final paragraph is added:
"With respect to statements and particulars made in the proposal(s), no statements made or knowledge possessed by any *Insured* shall be imputed to any other *Insured* to determine whether cover is available for any *Claim* made against such other *Insured*."
- 5.2 **Changes in Risk During Policy Period** – in paragraph (ii) after the words "decides to make an initial" the word "public" is added and the sentence "whether its securities are already traded or not, by any means, public or private" are deleted.
- 5.5 **How to Give Notice and Report a Claim** – in paragraph (ii) the sentence "as a condition precedent to the obligations of the *Insurer* under this policy" is deleted.
- 5.6 **Advancement of Costs** - after the words "the *Insurer* shall advance to the *Insured* or the *Company*", the following words will be added "on a current basis".
- 5.7 **How Defence Will Be Conducted** – the following amendments shall apply:
- (i) The words "as a condition precedent to the *Insurers* liability for loss arising out of a *Claim*" appearing in the second and third paragraph of this clause, are deleted.
 - (ii) The words "The *Insurer's* consent shall not be unreasonably withheld" appearing in the second paragraph of this clause are amended to read "The *Insurer's* consent shall not be unreasonably withheld or unduly delayed".
 - (iii) The words "Queen's Counsel or equivalent" and "Queen's Counsel" are replaced by the words "Senior Lawyer being a member of the Israel Bar Association" and "Senior Lawyer" (as applicable).
 - (iv) The following final paragraph is added:
Should any conflict of interest exist between any of the *Insured*, then subject to the consent of the *Insurer*, not to be unreasonably withheld or unduly delayed, separate counsel may be appointed to protect their respective interests.

- 5.9 **Cancellation Clause** – is deleted and replaced with the following:
It is hereby expressly agreed that this policy may neither be cancelled by the *Policyholder* nor by the *Insurer* during the *Policy Period* or during the *Discovery Period* (if exercised) except in accordance with article 15 of the Insurance Contract Law 5741 - 1981, in the event of failure to pay the premium as agreed.

However the *Insurer* may give notice of cancellation of coverage, in accordance with articles 6(c), 17(b)3, 25 & 26 to the Insurance Contract Law 5741 - 1981, with regard to any *Insured* who had knowledge of, or was a party to, the grounds for cancellation as noted in the said articles.

- 5.10 **Subrogation** - the following final paragraph is added:
The *Insurer* waives rights of subrogation against any of the *Insured* or against any employee of the *Company*: provided however that this waiver shall not inure to the benefit of any person having acted with criminal or malicious intent.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

CorporateGuard for Directors & Officers

In consideration of the payment of the premium, the *insurer* agrees as follows:

1. Insurance Cover

A: DIRECTORS AND OFFICERS LIABILITY

The *insurer* shall pay the *loss* of each *insured* resulting from any *claim* first made against the *insured* during the *policy period* and notified to the *insurer* during the *policy period* for any *wrongful act* in the *insured's* capacity as a *director* or *officer* of the *company* except for and to the extent that the *company* has indemnified the *insured*.

B: CORPORATE REIMBURSEMENT

The *insurer* shall pay the *loss* of the *company* resulting from any *claim* first made against the *insured* during the *policy period* and notified to the *insurer* during the *policy period* for any *wrongful act* in the *insured's* capacity as a *director* or *officer* of the *company* but only when and to the extent that the *company* is permitted or required by the law, to indemnify the *insured* for the *loss*.

Subject to the terms and conditions of this policy, the *insurer* shall advance *defence costs* resulting from any *claim* before its final resolution.

2. Definitions

- 2.1 **Associated Company** means any company of which the *policyholder* owns on or before the inception of the *policy period* more than 20 per cent but less than 50 per cent of the issued and outstanding voting shares either directly or indirectly through one or more of its *subsidiaries*.
- 2.2 **Claim** means:
- (i) any suit or proceeding brought by any person or organisation against an *insured* for monetary damages or other relief, including non-pecuniary relief;
 - (ii) any written demand from any person or organisation that it is the intention of the person or organisation to hold an *insured* responsible for the results of any specified *wrongful act*;
 - (iii) any criminal prosecution brought against an *insured*;
 - (iv) any administrative or regulatory proceeding or official investigation regarding any specified *wrongful act* of an *insured*;
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.
- 2.3 **Company** means the *policyholder* specified in Item 1 of the Schedule and any *subsidiary*, division, sector, region, product group or other internal company

structure or segment detailed in an organisation chart or similar document and which has been granted this status by the *policyholder* or any *subsidiary* before the date of the *wrongful act*.

- 2.4 **Continuity date(s)** means the date(s) specified in Item 6 of the Schedule. The pending and prior litigation *continuity date* shall be the date from which the *policyholder* has maintained uninterrupted cover with the *insurer*, or with any other insurer if the initial proposal form submitted to such insurer is provided to and accepted by the *insurer* at the inception of this policy, or such other date(s) as agreed with the *insurer*.
- 2.5 **Defence costs** means reasonable and necessary fees, costs and expenses incurred with the written consent of the *insurer* (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*.
- 2.6 **Director or officer** means any natural person duly appointed or elected as a director, general manager, managing director, deputy general manager, or vice general manager of the *company*, and any other manager who is directly subject to the authority of the general manager, and any other natural person who fulfils a function mentioned above, even if his title differs therefrom.
- 2.7 **Discovery period** means the period of time specified in Extension 4.4, immediately following the termination of this policy during which written notice may be given to the *insurer* of any *claim* first made against the *insured* during such period of time for any *wrongful act* occurring prior to the end of the *policy period* and otherwise covered by this policy.
- 2.8 **Employment practice claim** means any *claim* or series of related *claims* relating to a past present or prospective employee of the *company* and arising out of any actual or alleged unfair or wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment-related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunities, wrongful discipline; failure to furnish accurate job references; failure to grant tenure or negligent employee evaluation; or sexual or workplace or racial or disability harassment of any kind (including the alleged creation of a harassing workplace environment); or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures, provided that the cause of action stipulated in the *claim* does not arise under or derive from infringement of any specific Labour Law, or any stipulation in a group agreement which the *company* is subject to.
- 2.9 **Full annual premium** means the annual premium level in effect immediately prior to the end of the *policy period*.
- 2.10 **Insured** means any natural person who was, is, or shall become a *director* or *officer* of the *company*. Cover will automatically apply to any natural person who becomes a *director* or *officer* after the inception date of this policy.
- 2.11 **Insurer** means the New Hampshire Insurance Company.

- 2.12 **Loss** means damages, judgments, settlements and *defence costs*; however, *loss* shall not include civil or criminal fines or penalties imposed by law, non-compensatory damages including punitive or exemplary damages (other than damages awarded for libel and slander), taxes, any amount for which the *insured* is not legally liable or matters which may be considered uninsurable under the law pursuant to which this policy shall be construed. Damages, judgments, settlements and defence costs incurred in more than one claim against the insured but resulting from a single wrongful act shall constitute a single loss.
- 2.13 No liability means:
- (i) a final judgment of no liability obtained prior to trial in favour of all insureds by reason of a motion to dismiss or a motion for summary judgment after the exhaustion of all appeals; or
 - (ii) a final judgment of no liability obtained after trial in favour of all insureds, after the exhaustion of all appeals.
- In no event shall the term no liability apply to a claim made against an insured for which a settlement has occurred.
- 2.14 Not-for-profit entity means an entity registered in the Not For Profit Registrar according to the Israeli Not For Profit Entity Law, 1980, or any similar entity organised under the laws of any other jurisdiction, or a trade association which for the purposes of this policy shall mean a body of persons, whether incorporated or not, which is formed for the purpose of furthering the trade interests of its members, or of persons represented by its members.
- 2.15 Outside entity means any associated company, any not-for-profit entity or any other corporation, partnership, joint venture or other organisation which has been listed by endorsement to this policy.
- 2.16 Policyholder means the organisation specified in Item 1 of the Schedule.
- 2.17 Policy period means the period of time from the inception date to the expiry date specified in Item 2 of the Schedule.
- 2.18 Pollutants include (but are not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) material to be recycled, reconditioned or reclaimed.
- 2.19 Security means any note, stock, bond, debenture, evidence of indebtedness, share or other equity or debt security of the company, and shall include any certificate of interest or participation in, receipt for, warrant or other right to subscribe to or purchase, voting trust certificate relating to, certificate of deposit for, or other interest in any of the foregoing.
- 2.20 Single wrongful act means a wrongful act or any related, continuous or repeated wrongful acts, whether committed by the insured individually or by more than one insured and whether directed to or affecting one or more than one person or legal entity.

2.21 Subsidiary means companies in which the policyholder, either directly or indirectly through one or more of its subsidiaries;

- (i) controls the composition of the board of directors; or
- (ii) controls 50% or more of the voting power; or
- (iii) holds 50% or more of the issued share capital.

Cover for any claim against any of the directors, officers and employees of any subsidiary shall apply only for wrongful act(s) committed 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.

2.22 Transaction means any one of the following events:

- (i) the policyholder consolidates with or merges into or sells all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert; or
- (ii) any person or entity, whether individually or together with any other person or persons, entity or entities acquires an amount of the outstanding shares representing more than 50 per cent of the voting power for the election of directors of the policyholder, or acquires the voting rights for such an amount of the shares.

2.23 Wrongful act means any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty of authority or other act by the insured 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 of the company.

3. Exclusions

The insurer shall not be liable to make any payment for loss in connection with any claim made against the insured:

3.1 arising out of, based upon or attributable to:

- (i) the gaining in fact of any personal profit or advantage to which the insured was not legally entitled;
- (ii) profits in fact made from the purchase or sale by the insured of securities of the company within the meaning of Section 16(b) of the Securities Exchange Act of 1934 (USA) and any amendments thereto or similar provisions of any state statutory law;
- (iii) the committing in fact of any dishonest or fraudulent act.

For 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 any admission by an insured that the relevant conduct did in fact occur;

3.2 arising out of, based upon or attributable to the facts alleged or to the same or related wrongful act(s) alleged or contained in any claim which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time;

- 3.3 arising out of, based upon or attributable to any pending or prior litigation as of the pending and prior litigation continuity date specified in Item 6 (i) of the Schedule, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation;
- 3.4 which are brought by or on behalf of any insured or the company; provided, however, that this exclusion shall not apply to:
- (i) any employment practice claim brought by any insured;
 - (ii) any claim brought or maintained by an insured for contribution or indemnity, if the claim directly results from another claim otherwise covered under this policy;
 - (iii) any shareholder derivative action brought or maintained on behalf of the company without the solicitation, assistance or participation of any insured or the company;
 - (iv) any claim brought or maintained by a liquidator, receiver or administrative receiver either directly or derivatively on behalf of the company without the solicitation, assistance or participation of any insured or the company;
 - (v) any claim brought or maintained by any former director or officer of the company.
- 3.5 arising out of, based upon or attributable to or in any way involving, directly or indirectly, the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise pollutants, nuclear material or nuclear waste.
 Provided, however, that this exclusion shall not apply to any claim made against the insured by any shareholder of the company either directly or derivatively, alleging damage to the company or its shareholders, unless on or before the pollution continuity date specified in Item 6 (ii) of the Schedule, the company, the insured or any employee of the company with managerial responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or wrongful act which could have given rise to a claim against the company, or the insured.
- 3.6 in a capacity as trustee or fiduciary under law (statutory or non-statutory including common) or administrator of any pension, profit sharing or employee benefits programme, including but not limited to an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (USA) or the Pensions Act 1995 (UK) and any amendments thereto or any similar provisions of the law, common or statutory, of any state, territory, jurisdiction, or political subdivision thereof;
- 3.7 arising out of, based upon or attributable to any act or omission in the insured's capacity as a director or officer of any entity other than the company, or by reason of the insured's status as a director or officer of the other entity, other than as provided in Extension 4.3;
- 3.8 for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including loss of use thereof; provided, however, that any claim for emotional distress shall not be excluded with respect to an employment practice claim.

4. Extensions

Subject to all of the terms and conditions of this policy, cover is extended as follows:

4.1 *Representation at Investigations and Examinations*

This policy shall provide cover for any reasonable and necessary fees, costs and expenses incurred with the prior written consent of the insurer resulting from any legally required attendance by any director or officer of the company at any official investigation, examination, inquiry or other similar proceeding in relation to the affairs of the company.

If the director or officer of the company believes that as a result of such official investigation, examination, inquiry or other similar proceeding, circumstances exist which may reasonably be expected to give rise to a claim, notice must be given to the insurer of the circumstances and the reasons for anticipating a claim, with full particulars as to dates and persons involved in accordance with General provision 5.5.

4.2 *New Subsidiaries*

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 the amount specified in Item 7 of the Schedule either in the United States of America or Canada;
and
- (ii) does not have a listing of any of its securities on any exchange in the United States of America or Canada.

If a newly acquired or created subsidiary fails to meet conditions (i) and (ii) above the policyholder may request an extension of this policy for such subsidiary provided that the policyholder shall give the insurer sufficient details to permit the insurer to assess and evaluate the insurer's potential increase in exposure. The insurer shall be entitled to amend the policy terms and conditions, during the policy period, including by the charging of a reasonable additional premium.

Unless otherwise agreed, cover as is afforded to the directors or officers 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.

4.3 *Outside Directorships*

Cover includes loss arising from any claim made against any insured who was, is or may become, at the specific request of the company, a director or officer of any outside entity for any wrongful act in the insured's capacity as a director or officer of the outside entity.

This cover shall be specifically excess of any insurance in force in respect of the outside entity as well as any indemnification provided by the outside entity. If the other insurance is provided by the insurer or any member company of American International Group (or would be provided except for the application of the retention amount or the exhaustion of the limit of liability), then the total aggregate limit of liability for all loss covered by virtue of this extension shall

be reduced by the limit of liability specified in the schedule of the other American International Group insurance provided to the outside entity. The cover provided by this clause shall not apply in connection with any claim made against any insured by the outside entity, any of its directors or officers or any shareholder of the outside entity holding more than 20 per cent of the issued and outstanding voting share capital of the outside entity.

4.4 *Discovery Period*

If the policyholder refuses to renew this policy, then the policyholder shall have the right, upon payment of an additional premium of 25 per cent of the full annual premium to a discovery period of 12 months following the effective date of non-renewal.

If the insurer refuses to offer any terms or conditions to renew this policy, then the policyholder shall have the right upon payment of an additional premium of 25 percent of the full annual premium to a discovery period of 12 months following the effective date of non-renewal.

The insured shall be entitled to a 30 day discovery period at no additional premium if this policy is not renewed by either the policyholder or the insurer. If the policyholder elects to purchase a discovery period, this 30-day discovery period shall be part of and not in addition to the purchased discovery period.

To purchase the discovery period, the policyholder must request its purchase in writing within 15 days of the termination date of the policy and must tender the additional premium within 30 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 30 days of the end of the policy period to request an offer from the insurer of a discovery period for up to 72 months. The insurer shall offer a discovery period with terms, conditions and premium as the insurer may reasonably decide.

4.5 *Heirs, Estates and Legal Representatives*

If an insured dies, becomes incompetent, insolvent or bankrupt, this policy shall cover loss arising from any claim made against the estate, heirs, or legal representatives of the insured for any wrongful act of such insured.

4.6 *Joint Property Liability*

This policy shall cover loss arising from any claim made against the lawful spouse (whether that status is derived by reason of the statutory law, common law or otherwise of any applicable jurisdiction in the world) of an insured for any claim arising out of his or her status as the spouse of an insured including any claim that seeks damages recoverable from marital community property or property jointly held by the insured and the spouse; provided, however, that this extension shall not afford cover for any claim for any wrongful act of the spouse and that this policy shall apply only to wrongful act(s) of an insured.

5. General provisions

5.1 *Representation*

In granting cover to any one insured, the insurer has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and shall be considered incorporated and constituting part of this policy.

5.2 *Changes in Risk During Policy Period*

- (i) If during the policy period a transaction takes place, then the cover provided under this policy is amended to apply only to wrongful act(s) committed prior to the effective date of the transaction.
- (ii) If during the policy period, the company decides to make an initial offering of its securities in any jurisdiction, whether its securities are already traded or not, by any means, public or private, then as soon as the information is publicly available, the company shall provide the insurer with any prospectus or offering statement for the insurer's evaluation and assessment of the increased exposure of the insured and the insurer shall be entitled to amend the terms and conditions of this policy and/or charge a reasonable additional premium reflecting the increase in exposure.
At the *policyholder's* request, prior to the public announcement of such *securities* offering, the *insurer* shall evaluate and assess the increased exposure and advise of all necessary amendments to the terms and conditions of this policy and additional premium.
In this event and at the request of the *policyholder*, the *insurer* will enter into a confidentiality agreement with the *policyholder* relating to any information provided regarding the proposed *securities* offering.

5.3 *Limit of Liability*

The limit of liability specified in Item 3 of the Schedule is the total aggregate limit of the *insurer's* liability for all *loss*, arising out of all *claims* made against all *insureds* under all insurance covers under this policy combined. The limit of liability for the *discovery period* shall be part of and not in addition to the total aggregate limit of liability for the *policy period*. *Loss* arising from any *claim* which is made subsequent to the *policy period* or *discovery period* which pursuant to General provision 5.5 is considered made during the *policy period* or *discovery period* shall also be subject to the same total aggregate limit of liability. *Defence costs* are not payable by the *insurer* in addition to the total aggregate limit of liability. *Defence costs* are part of *loss* and are subject to the total aggregate limit of liability for *loss*.

Notwithstanding the above, and solely in respect of a *claim* filed against an *insured* within the jurisdiction of the courts of Israel, it is agreed that in the event of a *loss*, including *defence costs*, exceeding the total aggregate limit of liability for *loss*, then this policy shall cover *defence costs* up to an amount not exceeding 10 per cent of the total aggregate limit of liability for *loss*, it being expressly agreed that this amount represents « reasonable legal costs » for the purpose of article 66 of the Insurance Contract Law, 5741-1981.

5.4 **Retention**

The *insurer* shall only be liable for the amount of *loss* arising from a *claim* which is in excess of the retention amount specified in Item 4 of the Schedule with regard to all *loss* under all insurance covers under this policy for which the *company* has indemnified or is permitted or required to indemnify the *insured*. The retention amount is to be borne by the *company* and shall remain uninsured. A single retention amount shall apply to *loss* arising from all *claims* alleging a *single wrongful act*.

Provided, however, that no retention shall apply and the *insurer* shall thereupon reimburse any *defence costs* paid by the *company*, in the event of:

- (i) a determination of *no liability* of all *insureds*, or
- (ii) a dismissal or a stipulation to dismiss the *claim* without prejudice and without the payment of any consideration by any *insured*.

Provided, however, that in the case of (ii) above, such reimbursement shall occur 90 days after the date of dismissal or stipulation as long as the *claim* is not re-brought (or any other *claim* which is subject to the same single retention by virtue of this General provision 5.4 is not brought) within that time, and further subject to an undertaking by the *company* in a form acceptable to the *insurer* that such reimbursement shall be paid back by the *company* to the *insurer* in the event the *claim* (or any other *claim* which is subject to the same single retention by virtue of this General provision 5.4) is brought after such 90 day period.

5.5 **How to Give Notice and Report a Claim**

- (i) Notice of a *claim* or of circumstances which may result in a *claim* shall be given in writing to Financial Lines Claims, AIG Europe (UK) Limited, 2-8 Altyre Road, Croydon CR9 2LG, or by facsimile to +44 181 680 7204. If posted the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.
- (ii) The *company* or the *insured* shall, as a condition precedent to the obligations of the *insurer* under this policy, give written notice to the *insurer* of any *claim* made against an *insured* as soon as practicable and either:
 - (a) any time during the *policy period* or during the *discovery period*;
 - or
 - (b) within 30 days after the end of the *policy period* or the *discovery period*, as long as such *claim(s)* is reported no later than 30 days after the date such *claim* was first made against an *insured*.
- (iii) If, during the *policy period* or during the *discovery period* written notice of a *claim* against an *insured* has been given to the *insurer* pursuant to the terms and conditions of this policy, then any *claim* arising out of, based upon or attributable to the facts alleged in the *claim* previously notified to the *insurer* or alleging a *single wrongful act* which is the same as or related to any *wrongful act* alleged in the previously notified *claim*, shall be considered made against the *insured* and reported to the *insurer* at the time the first notice was given.
- (iv) If during the *policy period* or during the *discovery period*, the *company* or the *insured* shall become aware of any circumstances which may reasonably be expected to give rise to a *claim* being made against an *insured* and shall give written notice to the *insurer* of the circumstances and the reasons for anticipating a *claim*, with full particulars as to dates

and persons involved, then any *claim* which is subsequently made against an *insured* and reported to the *insurer* arising out of, based upon or attributable to the circumstances or alleging any *wrongful act* which is the same as or related to any *wrongful act* alleged or contained in those circumstances, shall be considered made against the *insured* and reported to the *insurer* at the time the notice of the circumstances was first given.

5.6 **Advancement of Costs**

The *insurer* shall advance to the *insured* or the *company* defence costs under all insurance covers under this policy before the final disposition of the *claim*. The advance payments by the *insurer* shall be repaid to the *insurer* by the *company* or the *insured*, severally according to their respective interests, in the event and to the extent that the *company* or the *insured* shall not be entitled to payment of the *loss* under the terms and conditions of this policy. In the event and to the extent that the *company* is permitted or required to indemnify the *insured* but for whatever reason fails to do so, the *insurer* will advance all *defence costs* to the *insured* on behalf of the *company*. In this case, however, the retention amount specified in Item 4 of the Schedule shall be repaid by the *company* to the *insurer*, unless the *company* is insolvent.

5.7 **How Defence Will Be Conducted**

The *insured* shall have the right and duty to defend and contest any *claim*. The *insurer* shall have the right to effectively associate with the *insured* and the *company* in the defence and settlement of any *claim* that appears reasonably likely to involve the *insurer*, including but not limited to effectively associating in the negotiation of any settlement.

The *insured* shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment or incur any *defence costs* without the prior written consent of the *insurer* as a condition precedent to the *insurer's* liability for *loss* arising out of the *claim*.

Only those settlements, stipulated judgments and *defence costs* which have been consented to by the *insurer* shall be recoverable as *loss* under the terms of this policy. The *insurer's* consent shall not be unreasonably withheld, provided that the *insurer* shall be entitled to effectively associate in the defence and the negotiation of any settlement of any *claim* in order to reach a decision as to reasonableness.

The *company* and the *insured* shall give the *insurer* full co-operation and all information as it may reasonably require as a condition precedent to the *insurer's* liability for *loss* arising out of the *claim*. In the event that a dispute arises between the *insurer* and the *insured* regarding whether or not to contest any legal proceedings, neither the *insured* nor the *company* shall be required to contest any legal proceedings unless a Queen's Counsel or equivalent (to be mutually agreed by the *policyholder* and the *insurer*) shall advise that the proceedings should be contested. The cost of the Queen's Counsel shall be borne by the *insurer*.

5.8 **Allocation**

- (i) The *insurer* has no obligation under this policy for *defence costs* incurred by the *company*, or any judgments rendered against or settlements by the *company*, or any obligation to pay *loss* arising out of any legal liability that the *company* has to the third party claimant. Accordingly, with respect to:
 - (a) *defence costs* jointly incurred by;
 - (b) any joint settlement made by; and/or

- (c) any adjudicated judgment of joint and several liability rendered against the *company* and any *insured*, the *company* and the *insured* and the *insurer* agree to use their best efforts to determine a fair and proper allocation of the amounts as between the *company* and the *insured* and the *insurer*, taking into account the relative legal and financial exposures of and the relative benefits obtained by the *insured* and the *company*.
- (ii) In the event that any *claim* involves both covered matters and matters not covered under this policy, a fair and proper allocation of any *defence costs*, judgments and/or settlements shall be made between the *company*, the *insured* and the *insurer* taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this policy.
- (iii) In the event that a determination as to the amount of *defence costs* to be advanced to the *insured* under this policy cannot be agreed to, then the *insurer* shall advance *defence costs* which the *insurer* states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

5.9 **Cancellation Clause**

This policy may be cancelled by the *policyholder* at any time only by mailing written prior notice to the *insurer* or by surrender of this policy to the *insurer* or to its authorised agent. This policy may also be cancelled by or on behalf of the *insurer* by delivering to the *policyholder*, or by mailing to the *policyholder*, by registered, certified, or other first class mail, at the *policyholder's* address as shown in Item 1 of the Schedule, written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice. The *policy period* terminates at the date and hour specified in such notice, or at the date and time of surrender.

If this policy shall be cancelled by the *policyholder*, the *insurer* shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the *insurer*, the *insurer* shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the *insurer* shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

5.10 **Subrogation**

In the event of any payment under this policy, the *insurer* shall be subrogated to the extent of such payment to all of the *company's* and the *insured's* rights of recovery in respect of the payment, and the *company* and the *insured* shall execute all papers required and shall do everything that may be necessary to secure any rights including the execution of any documents necessary to enable the *insurer* effectively to bring suit in the name of the *company* and/or the *insured*.

5.11 **Other Insurance**

Any insurance as is provided under this policy shall apply only as excess over any other valid and collectible insurance.

5.12 **Notice and Authority**

It is agreed that the *policyholder* shall act on behalf of its *subsidiaries* and all *insureds* with respect to the giving and receiving of notice under this policy,

including the giving of notice of *claim*, the payment of premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining to exercise any right to a *discovery period*.

5.13 Assignment

This policy and any rights hereunder cannot be assigned without written consent of the *insurer*.

5.14 Jurisdiction and Governing Law

Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of the State of Israel. The parties agree to submit to the exclusive jurisdiction of the courts in the State of Israel (Tel Aviv or Jerusalem).

5.15 Plurals and Titles

The titles of these paragraphs are for convenience only and do not lend any meaning to this contract. In this policy words in italics have special meaning and are defined.