

AMPAL-AMERICAN ISRAEL CORP

FORM SC 13D/A (Amended Statement of Beneficial Ownership)

Filed 12/6/2006

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Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

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SCHEDULE 13D

CUSIP NO. 032015 10 9

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)**
(Amendment No. 6)*

Ampal-American Israel Corporation
(Name of Issuer)

Class A Stock, par value \$1.00 per share
(Title of Class of Securities)

032015 10 9
(CUSIP Number)

Yosef A. Maiman
Ohad Maiman
Noa Maiman
Y.M. Noy Investments Ltd.
Merhav (M.N.F.) Limited
33 Havazelet Hasharon St.
Herzliya, Israel 46105
972-9-9501735
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 28, 2006
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Amendment No. 6 to Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box: .

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section of the Exchange Act but shall be subject to all other provisions of the Exchange Act (however, *see the Notes*).

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only) Yosef A. Maiman	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, PF, AF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Israel and Peru	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 10,498,002(1)(2)(4)
	8	SHARED VOTING POWER 11,750,132(3)(4)
	9	SOLE DISPOSITIVE POWER 10,498,002(1)(2)(4)
	10	SHARED DISPOSITIVE POWER 11,750,132(3)(4)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 22,248,134(1)(2)(3)(4)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	

1 On August 16, 2002, Yosef A. Maiman ("Mr. Maiman") was granted 250,000 stock options (the "Options") to purchase 250,000 shares of Class A Stock, par value \$1.00 per share (the "Class A Stock"), of Ampal-American Israel Corporation ("Issuer") at \$3.12 per share, of which 15,625 of such Options vested on each of November 16, 2002 and February 16, 2003 and the remaining Options vest in equal installments of 15,625 shares on the 16th day of the month of every three month period thereafter. As of the date hereof, Mr. Maiman has not exercised any of the Options. Each of Noy, Merhav (M.N.F.) Limited ("Merhav"), Ohad Maiman and Noa Maiman disclaim beneficial ownership of the Options and this statement on Schedule 13D shall not be construed as an admission that such reporting persons are, for the purposes of Section 13(d) and Section 13(g) of the Act, the beneficial owners of such Options.

2 As more fully described in this Schedule 13D, Merhav is the holder of 10,248,002 shares (the "Merhav Shares") of Class A Stock of the Issuer. Merhav is wholly owned by Mr. Maiman. Each of Noy, Ohad Maiman and Noa Maiman disclaim beneficial ownership of the Merhav Shares and this statement on Schedule 13D shall not be construed as an admission that such reporting persons are, for the purposes of Section 13(d) and Section 13(g) of the Act, the beneficial owners of such Merhav Shares.

3 As more fully described in this Schedule 13D, Y.M. Noy Investments Ltd. ("Noy") is the holder of 11,750,132 shares (the "Noy Shares") of Class A Stock of the Issuer. Mr. Maiman owns 100% of the economic shares and one-third of the voting shares of Noy. In addition, Mr. Maiman holds an option to acquire the remaining two-thirds of the voting shares of Noy (which are currently owned by Ohad Maiman and Noa Maiman, the son and daughter, respectively, of Mr. Maiman).

4 As more fully described in this Schedule 13D, on October 9, 2006, the Reporting Persons formed a "group" within the meaning of Rule 13d-5(b)(1) of the Act, with respect to the voting of their shares of Class A Stock of the Issuer.

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 67.7%
14	TYPE OF REPORTING PERSON* IN

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only) Ohad Maiman	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, PF, AF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Israel	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER None.
	8	SHARED VOTING POWER 11,750,132(3)(4)
	9	SOLE DISPOSITIVE POWER None.
	10	SHARED DISPOSITIVE POWER 11,750,132(3)(4)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 11,750,132(3)(4)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 36.03%	
14	TYPE OF REPORTING PERSON* IN	

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only) Noa Maiman	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, PF, AF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Israel	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER None.
	8	SHARED VOTING POWER 11,750,132(3)(4)
	9	SOLE DISPOSITIVE POWER None.
	10	SHARED DISPOSITIVE POWER 11,750,132(3)(4)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 11,750,132(3)(4)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 36.03%	
14	TYPE OF REPORTING PERSON* IN	

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only) Y.M. Noy Investments Ltd.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, PF, AF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Israel	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 11,750,132(3)(4)
	8	SHARED VOTING POWER None.
	9	SOLE DISPOSITIVE POWER 11,750,132(3)(4)
	10	SHARED DISPOSITIVE POWER None.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 11,750,132(3)(4)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 36.03%	
14	TYPE OF REPORTING PERSON* CO	

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only) Merhav (M.N.F.) Limited	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS BK, PF, AF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Israel	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 10,248,002(2)(4)
	8	SHARED VOTING POWER None.
	9	SOLE DISPOSITIVE POWER 10,248,002(2)(4)
	10	SHARED DISPOSITIVE POWER None.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 10,248,002(2)(4)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 31.4%	
14	TYPE OF REPORTING PERSON* CO	

This statement constitutes Amendment No. 6 ("Amendment No. 6") to the Statement on Schedule 13D (the "Schedule 13D") filed with the Securities and Exchange Commission by the Reporting Persons in connection with the ownership of the Class A stock, \$1.00 par value (the "Class A Stock"), of Ampal-American Israel Corporation, a New York corporation (the "Issuer"). Unless otherwise stated, the information set forth in the Schedule 13D remains accurate in all material respects. Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Schedule 13D.

Item 3. Source and Amount of Funds or Other Consideration .

Item 3 of the Schedule 13D is hereby amended and supplemented by adding the following:

As described below in Item 4 of this Schedule 13D, on November 28 2006, the Issuer, through Merhav Ampal Energy, Ltd., a wholly-owned subsidiary of the Issuer, entered into an agreement (the "Stock Purchase Agreement") with Merhav for the purchase from Merhav of an additional portion of Merhav's interest in East Mediterranean Gas Co. S.A.E., an Egyptian joint stock company ("EMG"). In consideration for the interest in EMG, the Issuer will pay to Merhav \$68.3 million in cash and issue to Merhav 8,602,151 shares of the Issuer's Class A Stock and a convertible promissory note in the principal amount of \$20 million (the "Convertible Promissory Note").

Item 4. Purpose of Transaction .

Item 4 of the Schedule 13D is hereby amended and supplemented by adding the following:

On November 28, 2006, the Issuer, through Merhav Ampal Energy, Ltd., a wholly-owned subsidiary of the Issuer, entered into the Stock Purchase Agreement with Merhav for the purchase from Merhav of an additional portion of Merhav's interest in EMG pursuant to an option granted to the Company by Merhav in August 2006. The transaction is expected to close before the end of the year.

Under the terms of the transaction, the Issuer will acquire the beneficial ownership of 5.9% of the outstanding shares of EMG's capital stock. The purchase price for the shares is approximately \$128.3 million, of which, approximately \$68.3 million will be paid in cash, \$40 million will be paid in 8,602,151 shares of the Issuer's Class A Stock and the balance will be paid by the Convertible Promissory Note, which, at the option of Merhav, will be paid in cash, additional shares of the Issuer's Class A Stock (based on a price per share of \$4.65 per share), or a combination thereof. The Convertible Promissory Note will bear interest at 6 months LIBOR and mature in one or more partial payments on the earlier of 9 months from the closing of the transaction or upon demand by Merhav. The issuance of the shares of Class A Stock is subject to the approval of the shareholders of the Issuer. As a result of this transaction, the Company will beneficially own 12.5% of the total outstanding shares of EMG.

A copy of each of the Stock Purchase Agreement and the Convertible Promissory Note were filed as Exhibit 10.1 and Exhibit 10.2, respectively, to the Issuer's Form 8-K filed on December 1, 2006, and are incorporated herein by reference. The description of the Stock Purchase Agreement and the Convertible Promissory Note set forth in this Schedule 13D are qualified in their entirety by reference to the full text of the respective transaction documents.

As previously disclosed in this Schedule 13D, in August 2004, Merhav entered into a guarantee in favor of Bank Leumi LeIsrael B.M. (the "Bank") to secure Noy's obligations to the Bank with respect to the Noy Shares (as previously disclosed in the Schedule 13D) and Mr. Maiman pledged his interests in Merhav to the Bank. In August 2006, Merhav has agreed to pledge the Merhav Shares to the Bank. The English translations of the original Hebrew language (i) Secured Debenture /Pledge Note, dated August 16, 2004, executed by Yosef A. Maiman in favor of Bank Leumi Le'Israel Ltd. and (ii)

Perpetual Guarantee for an Unlimited Amount, dated August 16, 2004, executed by Merhav (M.N.F.) Limited in favor of Bank Leumi Le'Israel Ltd. are filed as Exhibits 3 and 4, respectively, and are incorporated herein by reference. The descriptions of these documents set forth in the Schedule 13D are qualified in their entirety by reference to the full text thereof.

Except as set forth in this Schedule 13D, none of the Reporting Persons has any plan or proposals that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

Item 5 of the Schedule 13D is hereby amended and supplemented by adding the following:

(a) Based on 32,610,935 shares of Class A Stock of the Issuer outstanding as of November 10, 2006 (as set forth in the Issuer's Form 10-Q filed on November 13, 2006), the group comprised of the Reporting Persons is the beneficial owner of 22,248,134 shares of Class A Stock, representing approximately 67.7% of the issued and outstanding Class A Stock of the Issuer. As described in Item 5(b) below, (i) Mr. Maiman may be deemed to be the beneficial owner of 22,248,134 shares of Class A Stock, representing approximately 67.7% of the issued and outstanding Class A Stock of the Issuer, (ii) each of Noy, Ohad Maiman and Noa Maiman may be deemed to be the beneficial owner of 11,750,132 shares of Class A Stock, representing approximately 36.03% of the issued and outstanding Class A Stock of the Issuer and (iii) Merhav may be deemed to be the beneficial owner of 10,248,002 shares of Class A Stock, representing approximately 31.4% of the issued and outstanding Class A Stock of the Issuer.

(b) Merhav and Mr. Maiman (by virtue of his 100% ownership interest in Merhav) each have the sole power to vote or direct the vote or to dispose or to direct the disposition of 10,248,002 shares of Class A Stock held of record by Merhav (the "Merhav Shares"). By virtue of the formation of the group, each of Noy, Ohad Maiman and Noa Maiman may be deemed to share the power to vote the Merhav Shares but have no rights with respect to the disposition of the Merhav Shares. Each of Noy, Ohad Maiman and Noa Maiman expressly disclaims beneficial ownership of the Merhav Shares and the filing of this Schedule 13D shall not be construed as an admission that the Reporting Persons beneficially own the Merhav Shares.

Noy has the sole power to vote or direct the vote or to dispose or to direct the disposition of 11,750,132 shares of Class A Stock (the "Noy Shares"). Mr. Maiman owns 100% of the economic shares and one-third of the voting shares of Noy. In addition, Mr. Maiman holds an option to acquire the remaining two-thirds of the voting shares of Noy (which are currently owned by Ohad Maiman and Noa Maiman, the son and daughter, respectively, of Mr. Maiman). Mr. Maiman by virtue of his ownership of one third of the voting shares of Noy and the option to acquire the remaining voting shares of Noy may be deemed to share with Noy the power to vote or direct the vote and to dispose of or to direct the disposition of all of the Class A Stock beneficially owned by Noy. Ohad Maiman and Noa Maiman, each by virtue of their respective ownership of one-third of the voting shares of Noy, may be deemed to share with Noy the power to vote or direct the vote and to dispose or direct the disposition of all of the shares beneficially owned by Noy. Additionally, by virtue of the formation of the group, Merhav may be deemed to share the power to vote the Noy Shares but has no rights with respect to the disposition of the Noy Shares. Merhav expressly disclaims beneficial ownership of the Noy Shares and the filing of this Schedule 13D shall not be construed as an admission that Merhav beneficially owns the Noy Shares.

On August 16, 2002, Mr. Maiman was granted 250,000 stock options (the "Options") to purchase 250,000 shares of Class A Stock at \$3.12 per share, which Options vested in equal installments of 15,625

shares of Class A Stock beginning on November 16, 2002 and each three month anniversary thereafter, with the last installment vesting on August 16, 2006. As of the date hereof, Mr. Maiman has not exercised any of the Options. By virtue of the formation of the group, each of Noy, Merhav, Ohad Maiman and Noa Maiman may be deemed to share the power to vote the Options but have no rights with respect to the disposition of the Options. Each of Noy, Merhav, Ohad Maiman and Noa Maiman expressly disclaims beneficial ownership of the Noy Shares and the filing of this Schedule 13D shall not be construed as an admission that the Reporting Persons beneficially own the Options.

(c) Other than as described in this Schedule 13D, none of the Reporting Persons has effected any transactions in the shares of Class A Stock during the past 60 days.

Item 7. Materials to be Filed as Exhibits.

1. Stock Purchase Agreement, dated as of November 28, 2006, between Merhav Ampal Energy Limited and Merhav (M.N.F.) Limited (incorporated by reference to Exhibit 10.1 to the Form 8-K of the Issuer filed on December 1, 2006).
2. Form of Convertible Promissory Note (incorporated by reference to Exhibit 10.2 to the Form 8-K of the Issuer filed on December 1, 2006).
3. English Translation of the original Hebrew language Secured Debenture /Pledge Note, dated August 16, 2004, executed by Yosef A. Maiman in favor of Bank Leumi Le'Israel Ltd.
4. English Translation of the original Hebrew language Perpetual Guarantee for an Unlimited Amount, dated August 16, 2004, executed by Merhav (M.N.F.) Limited in favor of Bank Leumi Le'Israel Ltd.

Signatures

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 5, 2006

/s/ Yosef A. Maiman
Yosef A. Maiman

/s/ Ohad Maiman
Ohad Maiman

/s/ Noa Maiman
Noa Maiman

Y.M. NOY INVESTMENTS LTD.

By: /s/ Yosef A. Maiman
Name: Yosef A. Maiman
Title: Chairman of the Board of Directors

MERHAV (M.N.F.) LIMITED

By: /s/ Yosef A. Maiman
Name: Yosef A. Maiman
Title: Chairman of the Board of Directors

"A"

Secured debenture / pledge note
(Share pledge and related rights)
Signed on 16 of 08, 2004

By: Yosef Maiman, Identity/registration 1277053/5
whose address for the purposes of this pledge note is:

33, Havatzelet Hasharon, Herzlia Pituah
(hereinafter, "the guarantors")

in favour of: Bank Leumi Le'Israel Ltd.
(hereinafter, "The bank")

and attest to the following matters:-

1. The Secured Amounts

1.1 This secured debenture / pledge note (share pledge and the related rights (herein after "the pledge note") is given to secure the full and precise payment of all of the amounts – whether in Israeli currency or in foreign currency or in consideration of foreign currency – principal, interest, including interest at a maximum rate (including linkage differences or exchange rate differences, if there will be any, as a result of the linkage of the principal and the interest or either of these to any exchange rate or to the consumer price index or to any other index), commissions, bank charges and expenses of any kind – that reach or will reach or a likely to reach the bank from **Y.M. Noy Investments Ltd** ("the debtors") on account, in respect of or in connection with:

1.1.1 Loans, overdrafts, credit and any banking services.

1.1.2 Liabilities, guarantees, of any type, of the debtors vis-à-vis the bank or in its favour:

and this, whether the aforesaid amounts, in whole or in part, are owing or will be owing in according to the private name of the debtors or according to the name of their business or according to any other name, whether according to their present composition or according to any other composition, whether the aforesaid amounts, in whole or in part, are owing or will be owing from the debtors alone or they are owing or will be owing from the debtors together with another (or others), whether the repayment date has past or the repayment date is in the future, whether they are owing or will be owing according to any contingent indebtedness (including the liabilities of the debtors in connection with bank guarantees, letters of indemnification, letters of credit and documentary credits) or whether they are owing or will be owing according to any other indebtedness, whether they are owing or will be owing according to any indebtedness originating in banking business(es) or from any other source, whether the aforesaid amounts, in whole or in part, has been formulated in verdicts of the court or rabbinical court or not, whether the time of repayment before the realization of this pledge note or subsequent thereto; and this without limitation in their total amount and in addition to the aforesaid, commissions, other bank charges and all of the other expenses and amounts that the guarantors owe or will owe in their payment according to the terms of this pledge note / or in relation thereto, including, the interest as aforesaid in paragraph 1.2 below (the aforesaid amounts will termed hereinafter) "**the secured amounts**";

1.2 The guarantors hereby undertake to pay to the bank every amount from the secured amounts:-

1.2.1 At the agreed date of repayment, if it is agreed or will be agreed between the debtors and the bank that that amount will be due for repayment on a certain date or on demand or on the occurrence of a certain event or a certain time after demand or after the occurrence of the certain event;

1.2.2 Within seven days from the date of the bank's first demand, if it not agreed on a repayment date as aforesaid in paragraph 1.2.1 above;

and any amount from the secured amounts that will not be paid to the bank as aforesaid, will bear interest at the maximum rate in respect of the period that commenced on the date on which the guarantors will be due to pay it until its actual payment.

2. **Redemption of the Pledge**

Unless provided otherwise in the documents signed and/or to be signed by the debtors in connection with the extension of the secured amounts, then unless the bank agrees accordingly in advance, in writing and under the terms set by the bank, the debtors and/or the guarantors will not be entitled to pay any amount from the secured amounts before its agreed repayment date and they will not be entitled to redeem the shares and the rights pledged (as defined below) by the payment of the secured amounts or any part thereof before their agreed repayment date or before the date of their formulation, as appropriate. It is hereby agreed that Section 13c of the Pledge Law, 5727 – 1967 (and any other law that comes in lieu thereof) will not apply to the redemption of the pledge.

Notwithstanding the aforesaid, the bank will agree to deliver to the guarantors all of the documents that will be requested for the purposes of removing the pledge created on the shares and rights pledged pursuant to this note on a date on which a new financing agreement is signed between the debtors and the bank, and the arrangement of a system of collateral to secure repayment of the aforesaid credit, including the financial criteria with which the debtors will be obliged to comply.

3. **The Lien**

As a guarantee for the full and precise payment of the secured amounts, the guarantors hereby pledge in a first-priority fixed pledge in favour of the bank all of the assets set forth below:

3.1 279 (two hundred and seventy-nine) ordinary shares of NIS 0.001 par value each in Merhav M.N.P. (" **the company** ") and 6 foundation shares of NIS 0.1 par value each, which are owned by the guarantors (hereinafter, " **the shares** "). The shares will be deposited pursuant to the terms of this note in a securities term deposit, no 294916/81 maintained in Branch 800 of the bank on behalf of the guarantors, to which a monetary account will be attached

(The aforesaid securities term deposit and the monetary account to be attached thereto will be termed hereinafter: " **the securities term deposit** ")

The pledge hereby created will also apply to:

3.2 All dividends to be given and/or to be paid and/or to be issued from time to time in respect of or pursuant to the shares and/or the other shares as defined hereinafter, at any time, commencing from the date of signing this pledge note;

3.3 All of the shares and stock of shares that will reach or will be issued from time to time in respect of or in lieu of the shares (hereinafter "the other shares") and all of the rights, options, monies, assets that will arrive or be issued in lieu of the shares and/or in respect of or by virtue of the shares and/or the other shares as bonus shares, priority or other rights;

3.4 All of the rights in the company and or towards it and/or towards other shareholders in which the law and/or the articles of the company and/or any other agreement, if any, confer and will confer them from time to time on the guarantors in respect of and/or by virtue of the shares and/or other shares;

3.5 All of the rights that the guarantors have and will have in respect of and in connection with the aforesaid securities term deposit including the rights in the monetary account attached thereto.

The other shares and all of the rights, monies, securities and assets as aforesaid in the above paragraphs 3.1–3.5 and below will be termed " **the pledged shares and rights** ".

4. Representations and Obligations of the Guarantors

The guarantors hereby declare and undertake as follows:

- 4.1 On signing this pledge note, the pledged shares and rights are under the exclusive ownership of the guarantors, without any right of any third party in relation to them, neither pledged, mortgaged, attached, dormant or assigned to the right of another person.
- 4.2 The shares are paid up in full.
- 4.3 Subject to the company's articles, there is no limitation or applicable conditions, according to the nature of the pledged shares and rights or according to any law or agreement, on the pledge of the pledged shares and rights.
- 4.4 On signing this pledge note, there are no voting or any other agreements and none have been signed between the guarantors and all or some of the shareholders in the company, or between the guarantors and any third party in connection with the pledged shares and rights.
- 4.5 To deposit the shares in the aforesaid securities term deposit immediately on signing this pledge note.
- 4.6 To cause every dividend that is due to the guarantors in respect of the shares to be transferred to the aforesaid securities term deposit including by giving an irrevocable instruction to the company on signing this pledge note to transfer any dividend due to the guarantors in respect of the pledged shares and rights to the securities term deposit.
- 4.7 To deliver to the bank on signing this pledge note, the original share certificates issued in respect of the aforesaid shares, and the share transfer documents, signed by the guarantors, according to which the shares will be transferred in the event that the pledge is sold.
- 4.8 To do, at the expense of the guarantors, anything required in the bank's opinion, so that the power of the pledge hereby created on the pledged shares and rights and/or that which will be given on the disposal of any right from the pledged shares and rights – if any right is sold as aforesaid – will be valid vis-à-vis third parties, including other creditors – existing or future – of the guarantors and will increase their rights, particularly, but not without derogating from the aforesaid generality, to cause the pledge hereby created in favour of the bank and any other change to the aforesaid pledge (and to avoid any doubt, it is hereby clarified that no change as aforesaid will be made except with the bank's consent) will be registered with the Registrar of Companies, the Registrar of Cooperative Associations or the Registrar of Pledges, as appropriate, and to sign on any document which, in the bank's opinion, will be required for the purpose of executing any registration, as aforesaid or in connection therewith, including to sign on a new and/or other pledge note and/or a change of this pledge note, as well as the other documents that the bank will demand for these purposes.
- 4.9 Not to pledge and not to mortgage the pledged shares and rights or any part thereof in any way whatsoever, including a floating charge, with rights that will be prior, equal or inferior to the rights accorded to this pledge note to the bank, without the prior written agreement of the bank.
- 4.10 Not to sell, not to transfer, not to assign in any way whatsoever and not to undertake to sell or transfer or assign in any way whatsoever the pledged shares and rights or any part thereof, not to request receipt of the issuance of share notes in lieu of the pledged shares and not to sign a voting or other agreement in connection with the pledged shares and rights or part thereof without the prior written agreement of the bank.
- 4.11 To notify the bank immediately of any event of imposing an attachment, undertaking execution procedures or submitting a request for the appointment of a receiver on the pledged shares and rights or any part thereof. In addition, to notify immediately on any matter of the pledge in favour of the bank to the authority that has attached or taken execution procedures or has been requested to appoint a receiver as aforesaid and a third party that has initiated or requested those or some of those and immediately to take on account of the guarantors all steps necessary in order to cancel the attachment, execution order or appointment of a receiver, as necessary.
- 4.12 To inform the bank in writing, at least 14 days in advance, or a general meeting of the shareholders in the company that is due to be held, giving full details of the matter that are due for discussion, and if on the agenda of the general meeting, there is a proposal to pass a

resolution regarding a change in the company's documents, a merger, approval of transactions and business with office holders or controlling shareholders or with parties related thereto, or an increase or reduction in the authorized share capital, including a

distribution or other decision on a matter from the subjects set forth in paragraph 5.2 below, to supply the bank also with the wording of the resolution.

- 4.13 To give the bank prior written notice, and this immediately when it has been made known to them regarding any meeting of the board of directors of the company that is due to be held, and that on the agenda is a resolution and/or recommendation on giving or undertaking to give, a dividend as well as any other distribution, as defined in the Companies Law, 5759 – 1999 and/or any distribution of bonus shares, and any distribution on the allocation of shares and/or securities convertible to shares in the company and/or on the publication of a prospectus to issue shares and/or securities convertible to shares and/or giving any undertaking or proposal to allocate shares and/or securities convertible to shares and/or resolution and/or recommendation on a merger, change in structure and/or an arrangement.
- 4.14 Without derogating from paragraph 3 above, to pledge in favour of the bank the entire bonus shares, the other shares and the rights to be allocated to the guarantors in respect of the pledged shares and rights, to sign on all of the documents that will be required by the bank in connection with the creation of the aforesaid pledge, and to register the aforesaid pledge as soon as possible with the Registrar of Companies, the Registrar of Cooperative Associations, or the Registrar of Pledges, as appropriate.
- 4.15 The guarantors hereby give power of attorney – in an irrevocable manner – of the bank to take, on their behalf, in the stead and at the expense of the guarantors, any action of the actions set forth in paragraphs 4.8 and 4.14 above. However, this power of attorney does not contain anything in order to exempt the guarantors from keeping any obligation of their undertakings pursuant to this pledge note or in order to compel the bank to use the aforesaid power of attorney, in whole or in part.
- 4.16 The guarantors hereby exempt the bank, in advance, from any responsibility in the event that the bank will use any authority from the authorities according to the aforesaid power of attorney.
- 4.17 As shareholders in the company and/or as powers of attorney pursuant to paragraph 5 below, to object to any change in the memorandum and/or articles of the company, any decision made or any other action that contains or may contain something to cause a partial dilution of the pledged shares in the share capital, to a change in the rights conferred by the shares, to an allocation of shares or to a reduction in the value of the pledged shares and rights or to an impairment of the rights of the bank according to this pledge note – and to use all their rights for this purpose – unless the bank has agreed to those things and actions in advance and in writing, and subject to the conditions prescribed by the bank.
- 4.18 To meet all the obligations imposed on a shareholder under the law and/or pursuant to the company's articles.

5. Power of Attorney

- 5.1 It is hereby agreed that guarantors will be entitled to participate and vote in general meetings except if one or more of the events set forth in paragraph 5.2 apply.
- 5.2 The guarantors hereby give the bank an irrevocable power of attorney to participate and vote in general meetings of the company in respect of the shares and to implement the rights that are conferred or will be conferred on the shareholders of the company under the law and/or the memorandum and articles of the company, so that it will be used at the meetings on the agenda of which is one or more of the instances set forth in paragraph 5.2.1 below, and at any meeting, if it happened, as stated in paragraph 5.2.2 below, and this to the negation of the right of the guarantors. It is hereby clarified that the guarantors will not be entitled to vote in those meetings, unless they have received written approval from the bank.
- 5.2.1 In the event that on the agenda of the general meeting is a resolution, which, in the bank's judgment, is liable to have an adverse impact on its rights as a creditor, including, but without derogating from the aforesaid generality, a resolution for a voluntary liquidation of the company and/or a resolution regarding a dilution of shares and/or changes in the rights that the shares confer and/or a merger of the company (as defined in paragraph 9.4 below) and/or an arrangement and/or a change in the company's structure and/or a change in the structure of the company's capital and/or an increase in the authorized capital and/or the giving or undertaking to give a dividend as well as any other distribution and/or any other action by the company that is liable to reduce the value of the pledged shares and rights and/or a decision

regarding transactions with a related party.

5.2.2 In any event that one of more of the instances giving the bank the right to make the secured amounts due for immediate repayment, as set forth in paragraph 9 below has occurred.

- 5.3 The guarantors agree and hereby authorise the bank, in the instances stated in paragraph 5.2.1 and/or 5.2.2 above to participate and to vote in the aforesaid general meetings as the agents of the guarantors and to implement the rights that are conferred or that will be conferred to the shareholders of the company according to the law and/or according to the company's memorandum and articles.
- 5.4 The guarantors hereby agree that the bank will not be obliged to implement its rights pursuant to this paragraph 5 above, for the purposes of preserving its rights pursuant to this pledge note. Whether the bank implements its authority or its rights as stated in this paragraph 5 or not, the guarantors will be prevented from claiming that they have incurred any damage as a result of the bank's use of its rights pursuant to this paragraph 5 or as a result of the bank refraining to use these rights.
- 5.5 The guarantors undertake to report to the bank on any resolutions made at the general meetings, whether they have actually voted or not.
- 5.6 The bank will not be obliged to hand over to the guarantors notices, or any other information of any type that reaches the bank.

The guarantors hereby declare that as far as notices and information of the aforesaid kind is demanded of them, they will ensure the receipt of notices or the appropriate information, notwithstanding that they do not appear or they will not appear in the company's shareholders registry.

6. Independent Securities

The pledge hereby created in favour of the bank will be independent of all other securities and guarantees that the bank has received or will receive from or on behalf of the guarantor, and will not affect them or be affected and will be used as a perpetual guarantee that will continue to remain in full force until the bank confirms to the guarantors that this pledge note is null and void as stated in paragraph 2 above, and this even if, at any time before the bank has handed over an confirmation as aforesaid to the guarantors, there would not be any charge/commitment of the guarantors vis-à-vis the bank.

7. Immediate Repayment

In each one of the cases set forth below, the bank will be entitled to demand the immediate payment of the secured amounts or any part thereof together with linkage differences, exchange rate differences, accrued interest, interest at maximum rate, expenses, other charges and commissions accrued together with an amount which will be to compensate the bank in respect of any damage that has been incurred, or may be incurred, if any, as a result of the early repayment and which will be calculated according to that set forth in Appendix 7 to the debenture / pledge note.

And these are the cases:

- 7.1 If the guarantors do not pay the bank any amount that is due to it from them on account of the secured amounts up to 7 days after the data provided for its payment, whether as stated in paragraph 1.2 above or other.
- 7.2 If an attachment is placed on the assets of the guarantors or on any part thereof or if an execution action is carried out against them in an accumulated amount exceeding NIS 1 million and the said attachment or action will be cancelled within forty five days.
- 7.3 If a resolution for a liquidation is received by the guarantors, or if an order for the receipt of assets is received against them, or if a meeting of creditors is called by the guarantors for the purpose of a settlement with them, or if a request to stay proceedings is submitted by the guarantors, or if an act of bankruptcy is committed by the guarantors, or in the event of the death of the guarantors or if the name of the guarantors is expunged from any ledger maintained pursuant to the law or it is due to be expunged or if the guarantors will be declared invalid under the law.
- 7.4 If a request for liquidation or the early appointment of a temporary liquidator, receiver, temporary asset manager or a stay of proceedings is submitted, or if a request for receivership against any asset of the guarantors is submitted and these are not cancelled within 45 days of their submission; and on condition that the bank will be entitled to demand immediate repayment of the secured amounts before the 45 days noted above have elapsed, in any event that the delay in the demands for the repayment is liable to cause it damage.
- 7.5 If any action is carried out by the guarantors (if the guarantors are a company) or a decision is received by them regarding a merger according to Eighth or Ninth Part of the Companies Law, 5759 – 1999, or regarding an arrangement, or regarding any action whose result is the

purchase of most of the guarantors' assets by a person or corporation or according to which the guarantors purchase, directly or indirectly, most of the assets of another corporation or shares of another corporation that gives them control in that corporation (hereinafter "merger") or if the control in the guarantors is transferred, and all without the guarantors receiving the prior written agreement of the bank accordingly. The term "control" is as understood in the Securities Law, 5728= 1968.

- 7.6 If the production work or commercial transactions of the guarantors are discontinued and not renewed within sixty days of that discontinuance.
- 7.7 If the guarantors breach or if they do not fulfil a material obligation in the opinion of the bank from the obligations vis-à-vis the bank, whether that obligation is included in this pledge note or whether it is included or will be included in any other document or if it becomes apparent that any representation or confirmation by the guarantors, whether they are included in this pledge note or if they will be included in another document delivered by them to the bank, are incorrect or imprecise.
- 7.8 If in the opinion of the bank, a material change has occurred in the financial position of the guarantors, in their action or in their businesses, or in their financial ratios.
- 7.9 With derogating from the aforesaid in paragraph 5, if a general meeting of the company is called, with an agenda that includes the passing of a resolution as set forth in paragraph 5.2.1 above, or which, in the bank's opinion, is likely to impair the bank's rights pursuant to this pledge note or in the value of the pledged shares and rights, if a resolution is passed as stated at the general meeting of the company.
- 7.10 If, in the opinion of the bank, the value of the pledged shares and rights is less or is liable to fall below the value at the signing of this pledge note, for any reason.
- 7.11 If any event occurs, the consequence of which is likely to credit any factor(s) in Israel and/or abroad pursuant to any document that has been signed and/or will be signed by the guarantors with the right to immediate repayment of debts and obligations in an amount exceeding US\$ 1 million and/or debts and obligations in a cumulative amount of the guarantors even if that (those) factor (factors) does not use its (their) abovementioned right (rights).
- 7.12 If the bank is convinced in its view that an asset that is subject to any collateral that the bank has received from the guarantors or on their behalf, has broken down, is liable to break down, be lost or be liable to lose a significant percentage of its value.
- 7.13 On the occurrence of one of the said instances in this paragraph above, with changes that the matter necessitates, the debtors and/or the company and/or any guarantor that has guaranteed the repayment of the secured amounts, in whole or in part, and/or has placed to the credit of the bank collateral to secure the repayment of the secured amounts, in whole or in part.

8. Realization

On the occurrence of one of the instances set forth in paragraph 7, the bank will be entitled to use any means that will be found appropriate to collect the secured amounts from the guarantors and take any proceeding that will be required in the bank's opinion for the purpose of preserving the rights pursuant to this pledge note, with the disposal of the abovementioned shares and rights being effected within the framework of legal proceedings or within the framework of proceedings for the realization of the pledge in the execution office.

9. Recording of Amounts

- 9.1 All of the amounts that will be collected by the bank from the disposal of the pledged shares and rights, including amounts recorded to the credit of some account of the guarantors, will be used for the purposes set forth below according to their order or according to any other order that the bank may choose:
- 9.1.1 For the purposes of paying the expenses incurred as a result of the disposal as aforesaid, as well as any expense incurred as a result of taking any proceedings by the bank, for the purpose of preserving its rights pursuant to the pledge note.
- 9.1.2 For the purpose of paying the rest of the expenses, bank charges, interest and other amounts due to interest linkage, the repayment date of which has arrived and they have not been paid to the bank by the guarantors;

- 9.1.3 For the purposes of paying the amounts of principal and the other amounts due to interest linkage the repayment date of which has arrived and they have not been paid to the bank by the guarantors;
- 9.1.4 For the purpose of their deposit in a special account or another account on behalf of the guarantors with the bank, which will act as a guarantee for the full payment of the secured amounts, whether amounts whose payment date has arrived, amounts that are due or will be due to the bank according to any debt or contingent liability, or whether any other amounts;
- 9.2 Unless it is agreed otherwise in writing between the guarantors and the bank, the amounts will be deposited, as aforesaid in sub-paragraph 9.1.4 in an interest-bearing shekel deposit, for repayment on demand that will be customary in the bank at the time with regard to the shekel term deposits of customers, or if it will not be customary in the Bank at that time of the deposit – the amounts will be deposited from time to time in an interest-bearing term deposit for the shortest period that will be customary at that time in the bank with regard to the shekel term deposits of customers.

10. Third-Party Guarantees

- 10.1 Since, as stated in the introduction to this pledge note, this pledge is given as third-party security, the guarantors will be guarantors according to the provisions of Section 12 of the Pledge Law, 57527 – 1967.
- 10.2 In view of the aforesaid in paragraph 10.1 above, the guarantors hereby agree that the bank will be entitled:
- 10.2.1 To take proceedings under the law for the purpose of realizing the pledge and/or the collection of the secured amounts in any other way without the bank being obliged to first apply to the debtors in a demand for payment of the secured amounts due from them to the bank;
- 10.2.2 To discontinue, to change, to increase, to reduce or to renew any credit, loan or any other banking service that has been given or will be given to the debtors;
- 10.2.3 To give an extension of time or similar allowance in relation to the payment of the secured amounts;
- 10.2.4 To change, to renew, to release, to repair, to prevent weaknesses or to realize collateral or other guarantees that the bank holds, whether it has received them or will receive them from the debtors and from others;
- 10.2.5 To compromise with the debtors or with others.

The guarantors hereby agree that the execution of any action from the said transactions above by the bank will not accord them a right to change or to cancel their undertakings vis-à-vis the bank pursuant to this pledge note;

- 10.3 The guarantors hereby waive the right to demand from the bank to transfer to them any mortgage or other security that the bank has received or will receive from the debtors or from any other person on their behalf to secure the secured amounts that are due to them from the bank, and this, even if the debtors have paid the bank on account of the secured amounts the full amount due from them, pursuant to the terms of this pledge note.
- 10.4 The guarantors hereby agree that – unless the bank agrees in advance in writing or confirms to the guarantors in writing that their responsibility for repayment of the secured amounts has finished – the guarantors will not be entitled to demand from the debtors (not even by way of a counter-claim or by way of offset) or to take any steps against the debtors or to submit evidence of debt to the trustees or to the liquidators of the debtors in respect of and in connection with any part of the secured amounts that the guarantors have paid or were demanded or likely to be demanded to pay to the bank.

11. Legal Claims, Splitting of Claims and Expenses

- 11.1 In the event that a claim is submitted by the bank against the guarantors to pay any amount that is due or will be due from them to the bank on account of the secured amounts, the bank will be entitled to claim in respect of the period that applied from the date of submitting the claim or – at the election of the bank – from the date on which that amount will reach the bank until the full and actual payment at the maximum rate that will accumulate as set forth in paragraph 12 below.
- 11.2 The bank will be entitled to split its claims for repayment of the amounts that are due or will be due on account of the secured amounts, whether they derive from a few reasons or whether they derive from one reason, and to claim repayment of these amounts in parts, in a way that each part will be used by the bank as a cause for a separate and independent claim for any other part.
- 11.3 All of the expenses related to the preparation of this pledge note, in its stamping, registration with the Registrar of Companies or the Registrar of Cooperative Associations or the Registrar of Pledges, in whole or in part, or in any claim that will be submitted by the bank in respect of amounts that are due or that will be due to the bank from the guarantors on account of the secured amounts, including the professional fees of the bank's lawyer, will apply to the guarantors; an amount of the lawyer's fees that will apply will be as will be determined in a judgement or decision of the court, and if there is none like these, as will be agreed between the bank and the guarantors. And in the absence of an agreement, according to the minimum tariff whether it is binding or not. And if the minimum tariff is cancelled, in an amount of the fees reasonable in the circumstances of that matter. The guarantors hereby undertake to pay to the bank, immediately on first demand, any expense as aforesaid, together with maximum interest as defined below, in respect of the period that commenced on the date of incurrence by the bank until its actual payment.

12. Accumulation of Interest

Interest at the maximum rate that will increase over each month or, at the election of the bank, over any other period, in respect of which the accumulation of interest will be permitted pursuant to the law, will also bear interest at the maximum rate.

13. The Bank's Books

- 13.1 All of the entries in the books of the bank will be considered correct and will act as prima facie evidence vis-à-vis the guarantors for all their details; a copy of the aforesaid entries or any section of the aforesaid entries, or from the last page of the aforesaid entries that will be agreed by the bank on a copy of the entries or of the section of the said page or separate document – will be used as prima facie evidence for the existence of the aforesaid entries and the correctness of all the details in the said copy.
- 13.2 The guarantors undertake to examine any copy of the account, any notice and any letter that will be delivered or sent to them by the bank or by means of an automatic machine and to furnish the bank with their remarks in writing in respect thereof – if there are any, within sixty days of the date of delivery or despatch by the bank, as appropriate.
- 13.3 The correctness of every detail, which is listed in some account copy, notice or letter as stated in respect of which the guarantors' remarks in writing have not reached the bank within the aforesaid time, will be considered approved by the guarantors to the bank.

14. Waivers

The bank's waiver to the guarantors of any breach of or non-compliance with any condition(s) whether it is a liability or condition included in this pledge note or whether they are included or will be included in any other document that signed/will be signed by the guarantors, will not be considered as consent on the part of the bank for another breach or another case of non-compliance with some condition or liability as aforesaid. The bank's refraining from using any right that it has been given pursuant to this pledge note or pursuant to any other document or pursuant to any law will not be interpreted as a waiver of that right. No waiver on the part the bank, compromise or any other arrangement with the bank will not oblige the bank, unless they have been made in writing.

15. Address and Notices

For the purpose of furnishing postal matter, including court documents in connection with the pledge note, the address of the guarantors is the address noted in the introduction to this pledge note or any other address in Israel, of which the guarantors will notify the bank in writing (by hand delivery or registered post) and whose receipt the bank will confirm in writing.

Any notice, demand, account copy or other document of any kind (including any negotiable document) the bank is entitled to send or deliver to the guarantors by ordinary post or another method, at its discretion (including by means of automatic machine or computer terminal), and any other document sent as aforesaid, will be considered as if received by the guarantors within 72 hours of the time of despatch. The bank's written confirmation on the matter of any delivery or despatch, the time and method of sending will be used as prima facie evidence vis-à-vis the guarantors of the despatch, delivery and the time mentioned therein.

16. The Applicable Law

The laws of the State of Israel will apply to this pledge note and its interpretations.

17. Place of Jurisdiction

The guarantors hereby agree that the exclusive place of jurisdiction for the purposes of this pledge will be the court of the nearest city to the branch in which the trust account is maintained of the following cities: Jerusalem, Tel Aviv, Haifa, Beer Sheva, Nazareth or Eilat.

18. Transfer of Rights

The bank and all who come in its stead will be entitled, at any time that they will transfer the right to receive the secured amounts, in whole or in part, to another/others, to transfer to that other/those others their rights pursuant to this pledge note or part thereof, without the consent of the guarantors.

19. Definitions

The terms set forth in this pledge note, including a dividend, will have the meaning of these terms in the Companies Law, 5759 – 1999, unless it is expressly stated otherwise in the pledge note itself or if it is expressly defined in this paragraph:

19.1 The term " **maximum rate of interest** " means:

19.1.1 With regard to any amount of the secured amounts in the document according to which the indebtedness has arisen to repay the rate of interest is defined that will be collected in the event that it will not be repaid at the due date – the rate of interest as defined in that document with regard to an amount that is not paid on the due date.

19.1.2 With regard to any other amount:

19.1.2.1 The highest rate of interest that will be customary in the bank, from time to time (including even the rate of extra interest on exceeding limits) with regard to debit balances on checking account / current loan account / current savings account or foreign currency, as the case may be, which were not paid to the bank on the due date, or –

19.1.2.2 With regard to any amount from the secured amounts where the maximum rate of interest is provided in any legislation for the case that that amount is not paid at the due date – interest at the maximum rate permitted according to that legislation with regard to an amount as aforesaid.

The bank's written approval regarding the maximum rate of interest, as defined above – in the period or periods to which that rate refers – will be used as prima facie evidence vis-à-vis the guarantors regarding the details denoted in the approval;

19.2 The term " **the books of the bank** " means:

Any book, ledger, bank (or term deposit) statement, copy of bank statement, loan contract, promissory note, note signed by the guarantors, ledger, folio, spool, all means for storing data for electronic computer purposes, as well as any other means for storing data;

19.3 The term " **entries** " means:

Any entry or copy of an entry, whether recorded or copied in writing or by typewriter or recorded or copied by printing, duplication, photocopying (including microfiche or microfilm) or by means of any automatic, electrical or electronic machine or by means of recording of electronic computers or by any other means of recording or presentation of words or digits or any other symbols used by the banks.

19.4 The term " **the bank** " means:

Any one of its branches or offices – whether in Israel or abroad – as well as anyone that comes in its stead or as a proxy of the bank and any transferee of the bank.

19.5 The term " **dividend** " means:

As defined in the Companies Law, 5759 1999.

19.6 The term " **securities** " means:

Will be interpreted as including (in addition to its ordinary meaning) also any asset (whether eligible or held) in respect of which records are maintained or will be maintained with the bank within the framework of a trust account, as well as any right and any benefit (monetary or otherwise) that will be added to the securities or in respect thereof.

20. Status of the Signatories to this Document

20.1 The aforementioned in this pledge note will bind each of the signatories on it jointly and severally; this, even if for any reason, one or some of them that are defined above as "guarantors" do not sign it.

20.2 Any right that is accorded or that will be accorded to the bank vis-à-vis the guarantors pursuant to this pledge note will be considered accorded to the bank, both vis-à-vis the guarantors in concert, vis-à-vis some of them and vis-à-vis any one of them separately; and any mention of the guarantors will be considered as referring both to the guarantors in concert, to some of them and to each one of them separately.

21. Additional Documents

This pledge note does not contain anything to adversely affect and/or to derogate from any right of the bank pursuant to this pledge note or any undertaking that the guarantors have signed / will sign vis-à-vis the bank.

To avoid any doubt, it is clarified that the provisions of this document complement the existing provisions in any other document that has been signed or that will be signed in the future by or on behalf of the guarantors (hereinafter: " **the other documents** "), and in any event, that the provisions of this document is in contradiction of that stated in the other documents, they will not be cancelled but will be interpreted as cumulative.

22. Language in the plural and the singular

If this document is signed by one guarantor, all of that stated there in will be considered – as far as it relates to the guarantors – as written in the singular.

23. Captions

The captions to the paragraphs in this pledge note are for convenience purposes only, and they should not be considered in an interpretation of the conditions of this pledge note.

In witness whereof, the guarantors have affixed their signature

16/8/04

/s/ Yosef Maiman

Signature

"A"

Appendix of special terms to the perpetual guarantee document unlimited in amount (for an ordinary guarantor) that was signed on 16.8.04 (hereinafter – "the guarantee document") to secure the secured amounts due to Bank Leumi Le'Israel Ltd. from Y.M. Noy Investments Ltd. (hereinafter: "the debtors")

By: Merhav M.N.F. Ltd. Company ref no. 51-061855/6

The guarantors agree and confirm that the following changes have been made in the guarantee document:

1. Sub-paragraphs 1(b) and 1(c) to the guarantee document will be deleted.
2. The following wording will be added to paragraph 32 in the guarantee document:

"Notwithstanding that stated in this document, this guarantee will be in force until the date on which a new financing agreement is signed, to the satisfaction of the bank, on the issue of arranging the new payment schedule of credit extended to the debtors and the system of collateral to secure the repayment of the aforesaid credit, including the financial criteria that the company will undertake to fulfil and the bank will notify us in writing that it is not continuing to rely on our guarantee for security.

This appendix is can integral part of the guarantee document.

In witness whereof, we have affixed our signature on this day 16/8/04

The guarantors:

Name of guarantor Merhav M.N.F. Ltd. Identity no./Company ref. no. 51 – 061855/6

Address _____

Signature /s/ Merhav M.N.F. Ltd.

Approving identity of the guarantor _____

Names of Guarantors:

Family/Corporation Name	First Name	Sex	Full Date of Birth/Incorporation	ID/Reg. Co. No.	Address
Merhav M.N.F. Ltd.			11/08/1972	51-061855/6	33 Havatzelet Hasharon St., Herzliya

Names of Debtors:

Name	Address	ID/Registration Number
Y.M Noy Investments Ltd.	33 Havatzelet Hasharon St., Herzliya	51-32096618

(Hereinafter jointly and severally: “the Debtors”)

To
Bank Leumi Le’Israel Ltd.

PERPETUAL GUARANTEE FOR AN UNLIMITED AMOUNT**1. The Guarantee and the Secured Amounts**

The undersigned (hereinafter: “the Guarantors”), all jointly and each severally, hereby stand surety to **Bank Leumi Le’Israel Ltd.** (hereinafter: “the Bank”) for the full and precise settlement of any amounts owing and/or which shall be owing and/or which may be owing to the Bank by the Debtors on account of the Secured Amounts, and by virtue of this Guarantee the Guarantors hereby undertake to pay to the Bank, immediately upon first demand, any amount of the Secured Amounts.

For the purpose of this document, the term “Secured Amounts” means:

All the amounts – whether in New Israeli Shekels or in foreign currency – principal, any interest whatsoever, linkage differences or exchange rate differences, if any, further to linkage of the principal or the interest or either of the above to any exchange rate or to the Consumer Price Index or any other index, commissions, bank charges and costs of any kind whatsoever – owing to and/or which shall be owing to and/or which may be owing to the Bank by the Debtors on account of, in respect of or in connection with:

- (a) loans, overdrafts, credits and any bank services whatsoever;
- (b) undertakings and guarantees, of any kind whatsoever, of the Debtors to the Bank or in its favor;
- (c) notes signed, assigned or guaranteed by the Debtors, which were transferred or will be transferred by the Debtors or other(s) to the Bank.

And in respect of or in connection with any other charge/undertaking of any kind whatsoever; this whether the aforesaid amounts, all or any of them, are owing and/or shall be owing in the private name of the Debtors or in the name of their business or in any other name, whether they are owing and/or shall be owing by the Debtors alone or whether they are owing and/or shall be owing by the Debtors jointly with another or others, whether their repayment date is due

or is in the future, whether they are owing and/or shall be owing pursuant to any contingent liability whatsoever (including an undertaking on the part of the Debtors pertaining to bank guarantees, letters of indemnity, letters of credit and documentary credits), and whether they are owing and/or shall be owing pursuant to any other liability whatsoever, whether they are owing and/or shall be owing pursuant to any liability whatsoever originating in banking business(es) or whether from any other origin, whether the aforesaid amounts, all or part of them, arose from a court decision or whether they were not.

2. **Payment Demands**

- (a) The bank is entitled to demand from the Guarantors payment of the Secured Amounts at one time or in installments, at its discretion, without obligation to any prior demand from the Debtors:
- (b) Any amount which the Guarantors may be asked to pay to the bank under the validity of this Letter of Guarantee and which is not settled to the Bank within seven (7) days from the date of such demand, will bear maximum interest rate as defined in Section 22(b) below in respect of the period beginning from the date of the demand as aforesaid and up to actual settlement, or index linkage differences and/or exchange rate differences, and maximum interest rate as defined in Section 22(b) below, with linkage as aforesaid.
- (c) Any amount owing and/or which shall be owing to the Bank by the Debtors on account of Secured Amounts in foreign currency or in respect of foreign currency, is to be paid to the Bank by the Guarantors (should they be asked to pay) by payment in New Israeli Shekels according to the tariff acceptable at the Bank, as in force on the actual date of payment; however, the Bank is entitled to demand settlement from the Guarantors, in full or in part, in the relevant foreign currency.

3. **The Validity of the Guarantee**

- (a) This Guarantee and all of the Bank's rights under this document are additional to and independent of any securities and guarantees which the Bank received or shall receive from the Debtors or for them, and shall have no influence on them and shall not be influenced by them and shall serve the Bank as a Perpetual Guarantee which is binding upon the Guarantors (and their replacements, including heirs, estate executors, recipients of assets, liquidators) and shall continue to remain valid, even if, at any time whatsoever, no debit/undertaking whatsoever existed on the part of the Debtors to the Bank – until such time as the Bank confirms to the Guarantors in writing that their liability under this Guarantee has terminated.
To remove any doubt, it is hereby clarified that, in the event that the Bank should send to the Guarantors or any one of them or to several of them a reminder/reminders regarding the existence of this Guarantee, this does not obligate the Bank to continue sending a reminder(s) as aforesaid and failure to send a reminder(s) as aforesaid shall not be deemed as confirmation on the part of the Bank regarding termination of the liability of the Guarantors as aforesaid:
- (b) Each of the Guarantors or – in case of death, loss of capacity, bankruptcy or liquidation – his replacement is entitled to revoke his Guarantee by

delivering a written notice to the Bank at least thirty (30) days in advance and provided that such notice of revocation shall in no way prejudice the liability of the remaining Guarantors who are signatories to this Letter of Guarantee (who shall continue to be Guarantors as though this Letter of Guarantee had originally been signed only by them) and on condition that no such notice of revocation shall prejudice the liability of the party providing such notice to pay such Secured Amounts as may exist at the time of revocation (whether their repayment date is current or not), and to pay any Secured Amounts that may be received by the Bank from the Debtors on account of, in respect of or in connection with debits/undertakings that may be created up to the end of thirty (30) days from the time the Bank receives such notice of revocation (whether their repayment date is current or not).

- (c) Subject to that which is stated in Sections (a) and (b) above, this Guarantee applies to any amount of the Secured Amounts owing to or which shall be owing to the Bank on account of, in respect of or in connection with any debit/undertaking:
- (1) created following: death, start of bankruptcy proceedings or liquidation of the Debtors (but before the Bank is notified of such death, start of bankruptcy proceedings or liquidation);
 - (2) created after the Bank has demanded from the Guarantors or one or several of them settlement of the Secured Amounts, all or some of them, or after the Guarantors or one or several of them paid the Bank the balance of the Secured Amounts that existed at that time.

4. **Revocation of the Guarantee**

Should any Guarantor give notice of revocation of Guarantee as specified in Section 3(b) above, the Bank is entitled (but not obligated) to permit the Debtors to continue acting in any account of theirs in the Bank (and even to continue to grant the Debtors credit or overdrafts in any such account), notwithstanding such notice of revocation, and the liability of such Guarantor in respect of the balance of the debt in any such account (and in respect of other Secured Amounts) shall remain valid as specified in Section 3(b) above without taking into consideration actions undertaken thereafter to debit or credit that account.

5. **Change of Debtors**

In any event where the debtors or any one or several of them are a firm or a partnership or owners of a joint account or a committee or a trustee or any other body whatsoever which is not incorporated, and any change occurs in them, their structure or their composition, whether resulting from death, retirement or the affiliation of new partners or members, or whether for any other reason whatsoever – this Guarantee shall serve as a Perpetual Guarantee also for debits/undertakings created after such change.

6. **Miscellaneous Arrangements**

The Bank is entitled, at any time, at its sole discretion and without any obligation to notify the Debtors:

- (a) to increase, renew, reduce, terminate (and change in any other way the conditions of) any loan, overdraft or credit and any other banking service which is granted or shall be granted by the Bank to the Debtors:

- (b) to grant to the Debtors or to one or several of them or to one or several of the Guarantors or other (s) a time extension or similar or other allowances;
- (c) to mediate, waive or make any other arrangement whatsoever with the Debtors or with one or several of them, or with one or several of the Guarantors or with any other party(ies);
- (d) to replace, renew, change, amend, revoke, release or refrain from implementing or enforcing any securities or guarantees or rights whatsoever which are granted or shall be granted to the Bank to secure the Secured Amounts, all or some of them; and the Guarantors agree that any such act or failure to act on the part of the Bank shall not prejudice, cancel or affect in any way whatsoever the liability of the Guarantors under this Letter of Guarantee.

7. Defect in the Guaranteed Liability

The validity of this Guarantee shall not be prejudiced and the liability of the Guarantors shall not be influenced further to or as a result of the fact that the Bank did not receive or shall not receive any securities or guarantees whatsoever to secure the payment of the Secured Amounts, all or some of them, or further to or as a result of invalidity, disqualification, defect or deficiency in any securities or guarantees whatsoever (if indeed the Bank has received or shall receive such securities or guarantees), or in any debit/undertaking whatsoever on the part of the Debtors to the Bank or in any document signed or to be signed by the Debtors or any one or several of them or by other(s) in respect of or in connection with the Secured Amounts or any part of them; or further to or as a result of any claim of limitation or legal irregularity or absence of authority on the part of the Debtors or one or several of them or one or several of the Guarantors; and in any event where the Bank, for any reason whatsoever, is not entitled to claim from the Guarantors the payment of the Secured Amounts or part of them on the basis of their Guarantee, the Guarantors are nonetheless obligated to pay the Secured Amounts to the Bank as Prime Debtors.

8. Waiver of Indemnity and Securities

The Guarantors agree that settlement of the Secured Amounts or any part thereof by them to the Bank does not grant them any right to receive any security or guarantee whatsoever from the Bank – even if the Bank has received or shall receive same to guarantee the Secured Amounts, all or part of them, and the Guarantors hereby waive in advance any right to receive any such security or guarantee as aforesaid.

9. (a) The Guarantors agree that – unless the Bank should agree in advance in writing or confirm in writing to the Guarantors that their liability under this Guarantee was terminated – the Guarantors are not entitled to demand from the Debtors (including by means of a counterclaim or set-off) or to take any steps whatsoever against the Debtors or submit evidence of debt to trustees or liquidators of the Debtors in respect of or in connection with all or part of the Secured Amounts that the Guarantors paid or were called on to pay or may be called on to pay to the Bank;

- (b) The Guarantors hereby declare that they did not receive from the Debtors (or from any one or several of them) any security whatsoever in connection with this Guarantee; and they hereby undertake not to receive

any such security as aforesaid without prior written agreement thereto from the Bank.

10. Amounts Received

Any amount that the Bank receives from the Guarantors or from one or from several of them pursuant to this Letter of Guarantee – the Bank is entitled to allocate to credit an account beyond the period that the Bank deems fit, without any obligation to use such amount, all or any part of it, to reduce the Secured Amounts; and in the event that bankruptcy, liquidation or any similar proceedings are undertaken against the Debtors (or any one of them), the Bank is entitled to claim, demand, submit evidence of debt, agree to receive any dividend or mediate in respect of the Secured Amounts or part of them, as though this Guarantee did not exist and as though the Bank did not receive from the Guarantor(s) any amount whatsoever.

- 11.** In the event that any payment whatsoever that was received or shall be received by the Bank from any source whatsoever on account of the Secured Amounts, or where any security or guarantee whatsoever that was given or shall be given in favor of the Bank by the Debtors or by the Guarantors, or by one or several of them or by any other(s) for them – they shall be deemed null and void by virtue of the provisions of any law pertaining to bankruptcy or liquidation, as valid at that time, and should it subsequently transpire – on the basis of such payment, security or guarantee – that the Bank has confirmed that the liability of the Guarantors or the liability of one or several of them under this Letter of Guarantee has terminated, or made any other arrangement whatsoever with the Guarantors or with one or several of them – the Guarantors shall be liable to the Bank for payment of the Secured Amounts as though the aforesaid confirmation or arrangement had never been given or had never been undertaken.

12. Liens and Setoff

In the event that the Guarantors are required to pay to the Bank any amount whatsoever owing to it from them under this Letter of Guarantee, as applicable at that time:

- (a) The Bank shall have the lien on all monies – whether in New Israeli Shekels or whether in foreign currency – that are owing or shall be owing to the Guarantors from the Bank in any account, in any manner or for any cause whatsoever, and on all notes, securities, bills of lading, documents, goods and other assets of any other kind or type whatsoever which the Guarantors transferred or shall transfer to the Bank or which any third party whatsoever transferred or shall transfer to the Bank for them for collection or security or safekeeping and their consideration, and the Bank is entitled, at any time, to withhold same until settlement of all amounts owing or which shall be owing to the Bank from the Guarantors, without any obligation to so notify the Guarantors in advance. Furthermore, the Bank is entitled to prevent the Guarantors from making any disposition whatsoever in any account whatsoever.
- (b) Furthermore, without derogating from the Bank's right of lien as aforesaid, the Bank is entitled (but not obligated) at any time:

- (1) to offset any amount from the amounts which are owing or shall be owing to the Bank from the Guarantors against amounts which are owing or shall be owing to the Guarantors from the Bank;
- (2) to purchase on the Guarantors' account any amount in foreign currency that is needed to pay any amount from the amounts which are owing or shall be owing to the Bank from the Guarantors, or to sell any foreign currency whatsoever which is at the Bank's disposal to the Guarantors' credit, and use the sale in consideration to pay any of the amounts which are owing or shall be owing to the Bank from the Guarantors;
- (3) any purchase or sale as aforesaid in Sub-section (2) above (if any) shall be made at the rate of exchange customary at the Bank, from amounts in Israeli currency or from amounts in foreign currency, as the case may be, which the Bank has at its disposal to the Guarantors' credit or that shall be received from exercise of any securities whatsoever which were given to or shall be given to the Bank by the Guarantors or for them;
- (4) to use the right to offset as aforesaid even prior to the date of repayment of any money deposit whatsoever, whether all or part of it, on the part of the Guarantors, at the earliest date when, according to the conditions of such deposit, the Guarantors are entitled to withdraw the monies from such deposit had they submitted to the Bank a demand to that effect, and the Guarantors are aware that should the Bank so act, changes detrimental to the Guarantors may occur in any matter pertaining to their rights in respect of or in connection with such deposit (e.g. regarding interest rates, linkage differences, exchange rate differences, rights to grants or loans, exemption from or reduction in income tax and deductions at source – in the event that under the conditions of such deposit the Guarantors had such rights). The Guarantors shall bear all costs and payments as customary at the Bank at that time in performing such action;
- (5) to debit any account of the Guarantors in any amount whatsoever from the amounts which are owing or shall be owing to the Bank from the Guarantors under this document. And in the event that such amounts owing to the Bank as aforesaid are in foreign currency or in respect of foreign currency – to debit any account of the Guarantors which is conducted at that time in such currency or any account of the Guarantors which is conducted in New Israeli Shekels in consideration therefor (in New Israeli Shekels), according to the rate of exchange customary at the Bank on the date of debit of such account as aforesaid.
- (6) any such debit as aforesaid in Sub-section (5) above shall be made (if at all), whether in an existing account or in an account to be opened for that purpose by the Bank on behalf of the Guarantors, whether the account to be debited is a savings account or a loan account as a result of its being debited as aforesaid; and the debit balance (if any) remaining in the account to be so debited shall bear maximum interest rate, and such interest shall increase monthly or over any

other period as customary at the Bank from time to time, such increase likewise to bear maximum interest rate.

13. In any case where an attachment is imposed on any asset whatsoever of the Debtors and/or the Guarantors by the Bank or on any amount whatsoever owing to the Bank and/or to the Guarantors by the Bank – the Bank has the right to a lien regarding such asset or amount, as the case may be, until such attachment is removed, provided the right to lien under this paragraph applies only to assets and funds whose total amount does not exceed the amount owing to the Bank from the Debtors and/or the Guarantors as shall apply from time to time. The Bank’s right to lien under this paragraph is additional to its rights under paragraphs (a) and (b) above.
14. **Exemption from Holder’s Duties**
The Guarantors hereby exempt the Bank – regarding any note signed or assigned by the Guarantors – from any holder’s duties (e.g. presentation for acceptance or payment, attestation, notification of refusal or dishonor) and they hereby waive the right to claim limitation regarding any such note as aforesaid.
15. **Law Suits**
Without prejudice to that which is stated in Section 2(b) above, in the event that the Bank should file a claim against the Guarantors for payment of any amount whatsoever which is owed to or shall be owed by them under this Letter of Guarantee, the Bank is entitled to claim, in respect of the period beginning from the date of submission of such claim and up to actual payment in full, maximum interest rate as defined in Section 22(b) below or, at the Bank’s discretion, interest at the highest rate it is possible to claim under law at that time or index linkage differences and/or foreign currency and/or exchange rate differences, and such interest with such linkage as aforesaid, and such interest to increase over any period of one month or any other period as customary at the Bank from time to time, shall also bear maximum interest rate; and the Guarantors hereby agree that should be Bank claim such interest at such a rate – the judicial authority shall charge them with such interest as aforesaid.
16. **Costs**
Any costs that are owing to or shall be owing to the Bank from the Debtors in connection with the Secured Amounts, and any costs caused to the Bank in connection with this Letter of Guarantee and in connection with the exercise of rights pursuant thereto and in connection with collection of the Secured Amounts, including the Bank lawyer’s fee, apply to the Guarantors. Should legal proceedings be entered into before a court of law or vis-à-vis the Head of the Execution Office, the Bank lawyer’s fee shall be in amounts as determined by the court or the Head of the Execution Office and if there is no such applicable – as agreed between the Bank and the Debtors, and in the absence of such agreement, as per the minimum rate, whether binding or not, and if the minimum rate should be cancelled, in the amount of a reasonable fee according to the circumstances of the matter in question. The Bank is entitled to debit any account of the Guarantors at the Bank in any amount owing to it from the Guarantors.

17. Splitting Up of Demands

The Bank may split up demands for payment of amounts owing to it or which shall be owing to it from the Guarantors, whether they derive from several causes or from a single cause, and to demand repayment of such amounts in installments, in such a manner that each installment shall constitute for the Bank cause for a separate claim, independent of any other installment.

18. The Bank's Records and Bank Confirmation

(a) All records in the Bank's books shall be deemed correct and shall serve as *prima facie* evidence of everything stated therein, including all particulars, and a copy of said records or of any section of said records or of the last page of said records, authorized by the Bank on the copy of the records or section or page thereof as aforesaid, or on a separate document, to serve as *prima facie* evidence of the existence of such records as aforesaid and the presence of all particulars stipulated on such copy as aforesaid.

The Guarantors shall examine every copy of every account, every notice and every letter sent or delivered to them in any manner whatsoever by the Bank, or via automatic means, and shall issue their comments, if any, thereon in writing for the Bank within 60 (sixty) days from the date of delivery by the Bank and any copy of an account, notice or letter delivered to the Guarantors by automatic means shall be deemed to have been delivered to the customers by the Bank.

The accuracy of any detail recorded on any copy of account, notice or letter as aforesaid, regarding which no written comment from the Guarantors was received by the Bank within the determined time as specified above, shall be deemed as approved by the Guarantors to the Bank.

(b) The Bank's written confirmation regarding interest rates or bank commissions during the period or periods to which such confirmation refers – shall serve as *prima facie* evidence of the contents thereof.

19. Waivers

The Bank's waiver towards the Guarantors for any prior breach or prior non-fulfillment of one or more of any of their undertakings towards the Bank, under this Letter of Guarantee, shall not be deemed as justification or pretext for any further breach or further non-fulfillment of any such condition or undertaking; and the Bank's failure to exercise any right whatsoever granted to it under this Letter of Guarantee or under law shall not be interpreted as a waiver of such right. No waiver on the part of the Bank, or any mediation, compromise or arrangement whatsoever with the Bank is binding on the Bank unless made in writing.

20. Notices

The address of the Guarantors is the address stipulated as the address of the Guarantors for the purpose of this document, or any other address in Israel which the Guarantors notified to the Bank in writing as their address for the purpose of this document on a Bank form, a copy of which, signed by the Bank, shall be delivered to the Guarantors, or by registered post whose receipt was confirmed in writing by the Bank to the Guarantors.

Regarding any notice or demand, copy of an account or other document of any kind whatsoever (including any negotiable instrument whatsoever) – the Bank is entitled to send or deliver same to any one of the Guarantors whether by regular post, via automatic means or by any other means, at its discretion, and if such document as aforesaid is sent to the Guarantors by regular post, according to the address stipulated above, it shall be deemed as having been received by the Guarantors on time, as customary in regular postal arrangements. Written confirmation from the Bank regarding any such delivery or dispatch as aforesaid, together with date of receipt, shall serve as *prima facie* evidence to the Guarantors of delivery or dispatch, and the date specified therein.

For the purpose of this Section, any such letter as aforesaid shall be deemed to have been sent by the Bank on the date stipulated thereon with an additional three (3) days.

21. The Applicable Law

The law of the State of Israel is applicable to this Letter of Guarantee and interpretation thereof.

22. The Place of Jurisdiction

The Bank and the Guarantors hereby agree that the sole place of jurisdiction for all matters pertaining to this document shall be the court in the city closest to the branch where the Debtors' account is managed, from among the following cities: Jerusalem, Tel Aviv, Haifa, Beer Sheva, Nazareth or Eilat; or, at the prosecutor's discretion, the court closest to the branch where the Debtors' account is managed.

23. Definitions

In this Letter of Guarantee:

- (a) the term "Consumer Price Index" means – the price index known by the name of the "Consumer Price Index" (CPI), which includes fruit and vegetables and which is published by the Central Bureau of Statistics, and which includes that index even if published by any other body or official institute, also including any official index which may replace it, whether constructed from the same data from which the existing index is constructed or otherwise. Should the CPI be replaced by another index which is published by any such body or institute as aforesaid, and such body or institute has not determined the ratio between it and the index it replaced, the ratio shall be determined by the Central Bureau of Statistics, and should such ratio not be determined as aforesaid, the Bank, in consultation with financial experts to be selected by it, shall determine the ratio between the aforesaid index and the index which it replaced;
- (b) the term "Maximum Interest Rate" means – the highest rate of interest customary at the Bank, from time to time, regarding debit balances that were not settled to the Bank in due time in a current checking account or current loan account, whichever is higher. Or, at the Bank's discretion and as the case may be, arrears interest at the maximum rate existing from time to time, regarding any amount whatsoever of the Secured Amounts; or, at the Bank's discretion and as the case may be, arrears interest at the maximum rate existing from time to time, regarding credits linked to the index; or, at the Bank's discretion and as the case may be, interest at the

highest rate customary at the Bank from time to time regarding credits linked to foreign currency and/or in foreign currency or regarding credit in foreign currency; and such interest as aforesaid to increase over every period of one month or any other period as customary at the Bank from time to time and likewise to bear maximum interest rate.

- (c) the term “the Rate Customary at the Bank” means – “Bank Leumi Le’Israel rate” or “midday rate” as defined below, as determined by the Bank from time to time, taking into consideration the type and amount of the relevant foreign currency that was purchased or sold; exchange commission and any tax, levy, compulsory payments or any other payments and so on are applicable to any such purchase or sale as aforesaid.

The term “Bank Leumi Le’Israel rate” – regarding any sale of foreign currency by the customers, means – the check or banknote transfer rate, as the case may be, as determined by the Bank at the relevant time as the “Bank Leumi Le’Israel rate”, according to which the Bank shall purchase from its customers the relevant foreign currency in consideration for Israeli currency;

and regarding any purchase of foreign currency by the customers or debit to the customers’ Israeli currency account in consideration for foreign currency, this means – the rate of transfers and checks, or of banknotes, as the case may be, as determined by the Bank at the relevant time as “Bank Leumi Le’Israel rate”, according to which the Bank shall sell the relevant foreign currency to its customers in consideration for Israeli currency.

The term “midday rate” – regarding any sale of foreign currency by the customers, means – the rate of transfers and checks or of banknotes, as the case may be, as determined by the Bank shortly after completion of multilateral trading conducted by the Bank of Israel on the relevant date as the “midday rate”, according to which the Bank buys the relevant foreign currency from its customers in consideration for Israeli currency;

and regarding any purchase of foreign currency by the customers or debit to the customers’ account in Israeli currency in consideration for foreign currency, means – the rate of transfers or checks, or of banknotes, as the case may be, as determined by the Bank shortly after completion of multilateral trading conducted by the Bank of Israel on the relevant date as the “midday rate”, according to which the Bank sells the relevant foreign currency to its customers in consideration for Israeli currency.

In the event that the Bank ceases to determine the “midday rate,” any purchase or sale of foreign currency as aforesaid shall be conducted according to the “Bank Leumi Le’Israel rate”.

Written confirmation from the Bank regarding the rate in force at the Bank at the relevant time shall be deemed as *prima facie* evidence vis-à-vis the Guarantors.

- (d) the term “note” means – any promissory note, bill of exchange, check, withdrawal, payment order and any negotiable instrument of any kind whatsoever;
- (e) the term “the Bank’s books” shall be interpreted to include also – any book, register, bank statement, copy of bank statement, loan contract, promissory note, note signed by the Guarantors or the Debtors, ledger, sheet, spool, any means of data storage for electronic computer purposes,

- and any other means of data storage undertaken in the course of normal business at the Bank;
- (f) the term “records” shall be interpreted to include also – any record or copy of a record, whether recorded or copied in handwriting or typed or whether recorded or copied via printing, duplication, photocopying (including microfilm) or by means of any mechanical, electrical or electronic equipment or by means of electronic computer recording or by any other means of recording or presenting words or figures or any other symbols whatsoever as customary at the Bank;
 - (g) the term “the Bank” – including all branches or offices – whether in Israel or outside of Israel – means also any replacement or proxy of the Bank and any transferee of the Bank;
 - (h) the term “securities” shall be interpreted to include also (in addition to its usual meaning) – any asset (whether prospective or currently vested) regarding which records are kept or shall be kept at the Bank within the framework of an account or deposit, and also any right and any bonus (financial or other) that is additional to the securities or in respect of them.

24. The Letter of Guarantee

- (a) The Guarantors are not entitled to receive this document – but only a copy thereof – even if the Secured Amounts are paid to the Bank in full and even if the Bank provides them with written confirmation that their liability pursuant to this Guarantee has terminated.
- (b) This Guarantee is in addition to and not *in lieu* of any Guarantee whatsoever that was provided by the Guarantors or any of them for the Debtors in favor of the Bank.

25. The Status of the Signatories to this Document

- (a) That which is stated in this Letter of Guarantee is binding on all signatories hereto effectively, even in the event that one or several of them who should have affixed their signature hereto should fail to do so at all.
- (b) Any reference to the Debtors shall be deemed to refer to all the Debtors jointly and to any of them and to each of them severally.

26. Signature by a Single Guarantor

Should this Letter of Guarantee be signed by a single Guarantor, everything stated herein – insofar as it refers to the Guarantors – shall be deemed to be written in the singular; and in the event that this Letter of Guarantee refers to a single Debtor, everything stated herein – insofar as it refers to the Debtors – shall be deemed to be written in the singular.

27. Signature by a Number of Guarantors

Any right granted to or which shall be granted to the Bank vis-à-vis the Guarantors pursuant to this Letter of Guarantee shall be deemed to be granted to the Bank vis-à-vis the Guarantors jointly and vis-à-vis any of them and vis-à-vis each of them severally.

28. Stamp Duty

All costs pertaining to stamping this document apply to the Guarantors and the Guarantors hereby undertake to pay the Bank immediately upon the Bank's first demand all such costs as aforesaid.

29. Automation of the Guarantors' Particulars

The Guarantors hereby give their assent to the Bank to verify the data and particulars that they deliver or shall deliver to the Bank, at the Bank where their accounts are managed, and to receive information about them to whatever extent is required by the Bank.

The Guarantors are aware that the particulars and data that were and/or shall be delivered to the Bank shall be maintained wholly or partially in data bases at the Bank or at other bodies on the Bank's behalf which deal with technical processing only of such data.

The Guarantors confirm that such information is provided of their own free will and with their agreement, and that it is required by the Bank for the purpose of making decisions regarding the granting of loans, credit and other bank services to the Debtors or the continued availability of such services and regarding the scope thereof.

30. Headings

The section headings in this document are for the purpose of convenience only and should not be taken into account for the purpose of interpretation of this Guarantee.

31. The Date of the Guarantee

The date of the Guarantee is the latest date on which any of the Guarantors signs this document pursuant to this Guarantee.

32. As specified in the Appendix attached herewith, which constitutes an integral part of this Letter of Guarantee.

In Witness Whereof, the Guarantors Have Affixed Their Signature:

Guarantor's Name	ID No.	Guarantor No.	Guarantor's Share in the Secured Amounts	Guarantor's Signature	Date	Confirmation of Guarantor's Signature and ID
Merhav M.N.F. Ltd.	51-061855/6	1	100%	/s/ Merhav M.N.F. Ltd.		
			100%			
			100%			
			100%			

Appendix of Special Conditions to a Perpetual Letter of Guarantee for an Unlimited Amount (for a Regular Guarantor) Signed on 16.5.04 (hereinafter: “the Letter of Guarantee”) to Secure the Secured Amounts Owing to Bank Leumi Le’Israel Ltd. from Y.M Noy Investments Ltd. (hereinafter: “the Debtors”).

By: Merhav M.N.F. Ltd. Private Co. Reg. No. _____ 51-061855/6 _____

The Guarantors hereby agree and confirm that the following amendments shall be implemented in the Letter of Guarantee:-

1. Sub-sections 1(b) and 1(c) to the Letter of Guarantee are deleted.
2. Section 32 is added to the conditions of the Letter of Guarantee, as per the following text:

“Notwithstanding that which is stated in this document, this Guarantee shall remain valid until the date on which a new financing agreement is signed, to the satisfaction of the Bank, regarding the schedule for new settlement of the credits made available to the Debtors and the securities to ensure repayment of such credit as aforesaid, including the financial criteria with which the Company undertakes to comply, and the Bank shall notify us in writing that it no longer continues to rely on our Guarantee as security.”

This Appendix constitutes an integral part of the Letter of Guarantee.

In Witness Whereof, We Have Affixed Our Signature on this day 16/08/2004 :

The Guarantors:

Name of Guarantor: Merhav M.N.F. Ltd.
I.D./Private Co. Reg. No. 51-061855/6

Address: _____

Signature: /s/ Merhav M.N.F. Ltd.

Confirmation of Guarantor’s Identity: _____