

**Delek Drilling - Limited Partnership**  
**(the “Partnership”)**

June 3, 2019

The Israel Securities Authority  
22 Kanfei Nesharim Street  
Jerusalem

Tel Aviv Stock Exchange Ltd.  
2 Ahuzat Bayit Street  
Tel Aviv

Dear Sir/Madam,

Re: **Immediate Report on Notice of a Special General Meeting of the  
Participation Unit Holders**

In accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reports Regulations**”), and the provisions of the Partnerships Ordinance [New Version], 5735-1975 (the “**Partnerships Ordinance**”), which imposes certain provisions of the Companies Law, 5759-1999 (the “**Companies Law**”) and the regulations promulgated thereunder, and the trust agreement of July 1, 1993 signed between Delek Drilling Trusts Ltd. (the “**Trustee**”) and Fahn Kanne & Co. – Accountants and CPA Micha Blumenthal jointly with the company of Gissin & Keidar (the “**Supervisor**”) (as amended from time to time) (the “**Trust Agreement**”), the Partnership respectfully notifies of the calling of a special general meeting of the holders of participation units issued by the Trustee (the “**Units**” and the “**Meeting**”, respectively), as follows:

1. **Time and location of the meeting**

The meeting will be held on Wednesday, July 10, 2019, at 14:00, at the Herods Herzliya Hotel, 11 HaOggen Street, Herzliya.

**Part A – The Issues on the Agenda of the Meeting and a Summary of the  
Proposed Resolutions**

2. **The issues on the agenda and a summary of the proposed resolutions**

2.1. **Resolution No. 1 – Approval of the compensation policy for officers of the Partnership and of the General Partner**

It is proposed to approve the compensation policy for officers of the Partnership and of the general partner, Delek Drilling Management (1993) Ltd. (the “**General Partner**”), for a 3-year period as of the date of approval by the Meeting, in accordance with Sections 65RR and 65TT of the Partnerships Ordinance, in the language attached hereto as **Annex A** (the “**Compensation Policy**” or the “**Proposed Compensation Policy**”).

The language of the proposed Resolution No. 1: “To approve the Compensation Policy for officers of the Partnership and of the General

Partner for a 3-year period as of the date of approval by the Meeting, in the language attached hereto as Annex A.”

2.2. Resolution No. 2 – Approval of an update of the terms and conditions of office and employment of the CEO of the General Partner

It is proposed to approve an update to the terms and conditions of office and employment of Mr. Yossi Abu as the CEO of the General Partner (the “CEO” or “Mr. Abu”) effective as of May 1, 2019, subject to approval of the Compensation Policy, and all as specified in Section 4 below.

The language of the proposed Resolution No. 2: “Subject to approval of the Compensation Policy as set forth in Resolution No. 1, to approve the update of the terms and conditions of office and employment of Mr. Yossi Abu, in the capacity of CEO of the General Partner, as specified in Section 4 hereof.”

2.3. Resolution No. 3 – Approval of the amendment of the Limited Partnership Agreement

It is proposed to amend Section 11 of the Limited Partnership Agreement dated July 1, 1993, as amended from time to time (the “Partnership Agreement”) in respect of exemption, indemnification and insurance of officers of the Partnership and the General Partner, in order to adjust it to the provisions of the Partnerships Ordinance, and, among other things, enable the Partnership to indemnify and insure officers for expenses in relation to a proceeding under Chapter G1 of the Economic Competition, 5748-1988 (the “Economic Competition Law”). The proposed language of the amended Partnership Agreement is attached as **Annex B** hereto.

The language of the proposed Resolution No. 3: “To approve the amendment of Section 11 of the Partnership Agreement, according to the language attached as **Annex B** to the Notice of Meeting Report.”

**Part B – Additional Details with respect to the Approval of the Proposed Compensation Policy (Resolution No. 1) and with respect to the Update of the Terms and Conditions of the Office and Employment of the CEO (Resolution No. 2) which are on the Agenda of the Meeting**

3. Approval of the Proposed Compensation Policy – Resolution No. 1

3.1. Background – The compensation policy for officers of the Partnership and of the General Partner effective on the date of this report (the “Current Compensation Policy”) was approved by the meeting of the holders of the Partnership’s participation units on June 5, 2016, following approval thereof by the compensation committee and the board of directors of the General Partner (in that order), in accordance with the provisions of Amendment No. 5 to the Partnerships

Ordinance, in the framework of which various aspects of the corporate governance of public limited partnerships were regulated, including the structure of compensation of officers of a partnership and of a general partner, similarly to the arrangement in Amendment No. 20 to the Companies Law in relation to officers of public companies and bond companies.

In accordance with the provisions of Section 65RR(d) of the Partnerships Ordinance, a compensation policy should be approved every three years, and accordingly, the Current Compensation Policy will expire on June 4, 2019.

- 3.2. The compensation committee acted for the formulation of the Proposed Compensation Policy. The process of formulation of the Compensation Policy involved the assistance of professionals specializing in the formulation of officer compensation policies. As part of the formulation of the Compensation Policy, the compensation committee was presented, *inter alia*, with comparative figures of officers' compensation in corporations listed on the Tel Aviv Stock Exchange (TASE) and included in the TA-125 Index, whose characteristics are similar to those of the Partnership in terms of operation scope and market cap. The compensation committee held several meetings that discussed, *inter alia*, possible compensation mechanisms and their implications on the achievement of the Partnership's strategic goals and its ability to retain its officers. The compensation committee also examined the fairness of the Compensation Policy in order to ascertain that it ensures fair and reasonable compensation, while taking into account the gamut of interests of the participation unit holders. The compensation committee discussed the Compensation Policy in its meetings of March 5, 2019 and March 14, 2019 and decided to recommend that the board of directors approve the Proposed Compensation Policy in accordance with the provisions of Section 65SS of the Partnerships Ordinance. The members of the compensation committee – Messrs. Amos Yaron (Chairman, Outside Director), Jacob Zack (Outside Director) and Ronnie Bar-On (Independent Director), participated in the aforesaid meetings of the compensation committee.
- 3.3. On March 31, 2019 and May 1, 2019, the board of directors convened and discussed the Proposed Compensation Policy and the compensation committee's recommendations of March 14, 2019, and decided to approve the Compensation Policy based on the compensation committee's recommendations and to present it for approval by the Meeting hereby called. The following directors participated in the board meeting of May 1, 2019 which approved the Compensation Policy: Assi Bartfeld, Chairman of the Board, Gabi Last, Amos Yaron, Jacob Zack, Ronnie Bar-On, Barak Mashraki and Efraim Sadka. At the board meeting that approved the Company Policy, none of the board members objected to the approval thereof.
- 3.4. It is emphasized that the Compensation Policy does not grant rights to the officers serving in the Partnership and/or in the General Partner,

and no officer serving in the Partnership and/or in the General Partner shall, by virtue of the mere approval of the Compensation Policy (if approved), have a vested right to receive any of the compensation components specified in the Compensation Policy. The compensation components to which an officer will be entitled shall solely be those specifically approved by the competent organs of the Partnership and/or the General Partner, subject to the provisions of any law.

3.5. It is noted that (a) All of the directors have a personal interest in the approval of the sections of the Proposed Compensation Policy that concern director compensation as well as in the general parts of the Compensation Policy that apply to all of the officers; (b) The CEO of the General Partner, Mr. Abu, has a personal interest in the part of the Proposed Compensation Policy that concerns the compensation of the CEO as well as in the general parts of the Compensation Policy that apply to all of the officers. The CEO was not present at the time of adoption of the resolutions by the compensation committee and by the board of directors on the sections of the Company Policy concerning the CEO's compensation and on the general parts applicable to all officers.

3.6. It is further noted that, in accordance with the provisions of Section 9.1 of the limited partnership agreement of July 1, 1993 (as amended from time to time), as published in the immediate report of May 16, 2019 (Reference No.: 2019-01-042072) (the "**Partnership Agreement**"), the General Partner is entitled to management fees and to the reimbursement of certain expenses entailed by the management of the Partnership. In this context, the Partnership Agreement provides that the Partnership will bear the costs of employment of the officers who provide the services listed in such Section 9.1 to the Partnership, whereas the General Partner will bear the costs of employment of the other officers who provide services which are not listed in such Section 9.1 to the Partnership<sup>1</sup>.

It is clarified in this respect that the cost of employment of the CEO and an active chairman of the board (if and to the extent one is employed in the future) is imposed solely on the General Partner (which also bears the costs in respect of directors' services (other than outside directors), comptrollership services, secretarial services, as well as the rent and maintenance of the Partnership's offices), in the

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<sup>1</sup> According to Section 9.1 of the Partnership Agreement, the services for which the General Partner is entitled to reimbursement of expenses by the Partnership are as follows: Fees of accountants, legal advice, geological advice, investment advice, geophysical advice and reservoir engineering, engineering advice, economic (financial) advice, insurance advice, strategic and media advice, investor relations advice, regulatory advice, marketing advice, as well as the reimbursement of expenses related to financing and marketing activity and expenses in respect of the preparation of financial statements for the joint ventures, the expenses of preparation of financial statements and reports under the Securities Law, 5728-1968, and the expenses of preparation of certifications for tax purposes, payments payable to the Israel Securities Authority (ISA), the Tel Aviv Stock Exchange (TASE), the Registrar of Companies and the Registrar of Partnerships.

context of the management services provided to the Partnership by the General Partner, and it is not entitled to be reimbursed by the Partnership for expenses in respect of such services.

**It is further clarified that, as of this time, the cost of the provision of management services by the General Partner is considerably higher than the sum of the management fees the General Partner is entitled to receive under the Partnership Agreement<sup>2</sup>, and therefore, as long as the management fee entitlement arrangement as specified in Section 9.1 of the Partnership Agreement is in force – the changes proposed in the Compensation Policy with respect to the compensation of the CEO and an active chairman of the board do not affect the Partnership’s expenses in respect of such services.**

3.7. The principal considerations, assumptions and reasons that guided the compensation committee and the board of directors in setting the Compensation Policy

3.7.1. The Compensation Policy was set, *inter alia*, in accordance with the considerations enumerated in Section 267B(a) of the Companies Law, which have been adopted by Section 65TT of the Partnerships Ordinance, *mutatis mutandis*, and also in accordance with additional principles and considerations, all as specified below:

- a. The Proposed Compensation Policy contributes to the creation of a reasonable and appropriate set of incentives for the officers of the Partnership and of the General Partner, considering, *inter alia*, the characteristics of the Partnership, its business operations, the Partnership’s risk management, the Partnership’s goals, the business strategy and work relations at the Partnership and at the General Partner.
- b. The Proposed Compensation Policy assists in the provision of measures that are required for the purpose of the recruiting, incentivization and retention of talented and qualified managers by the Partnership and by the General Partner, managers who are able to contribute to the Partnership and maximize its profits with a long-term view.
- c. The Proposed Compensation Policy places an emphasis on performance-based compensation and creates a connection between the officers and the Partnership and its performance, while adjusting the officers’

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<sup>2</sup> The difference between the management fees paid to the General Partner and the cost of the management services borne by the General Partner is included in the Partnership’s financial statements as of December 31, 2018 in a special capital reserve (in 2018 the total difference between the cost of the management services and the sum of the management fees amounted to approx. U.S. \$1.8 million).

compensation to the Partnership's work plan and to the officers' contribution to the accomplishment of the Partnership's goals and the maximization of its profits, with a long term view and according to their position.

- d. The Proposed Compensation Policy creates a fitting balance between the various compensation components (such as fixed versus variable components, as well as short-term versus long-term components).

3.7.2. In the context of setting the Compensation Policy, the ratio between the fixed components and the variable components was also examined. Following such examination, the compensation committee and the board of directors are of the opinion that the ratio between the fixed components and the variable components, as determined in the Compensation Policy, duly reflects the Partnership's perception of the required balance between the need to create appropriate performance-based incentives for officers and the need to protect the interests of the public of holders of the participation units of the Partnership.

The compensation committee and the board of directors examined the current terms and conditions of compensation of the other officers of the Partnership and of the General Partner. Also taken into account were the standard terms and conditions of compensation in other corporations with similar features to those of the Partnership, including corporations traded at a market cap similar to that of the Partnership, for officers that hold similar offices in comparable corporations as aforesaid.

In addition, the compensation committee and the board of directors examined the ratio between the proposed cost of employment of the officers and the total employment cost, average and median, of all other employees of the Partnership and the General Partner, while taking under consideration the nature of the officer's position, his seniority, the level of responsibility with which he is entrusted and the number of employees of the Partnership and of the General Partner. The compensation committee and the board of directors examined the aforesaid ratios, in proximity to the date of approval of the Compensation Policy, and determined them to be appropriate and reasonable considering the Partnership's characteristics, its business sector, the scope and nature of its operations, the blend of the manpower employed thereby, and they are not expected to adversely affect work relations at the Partnership.

3.7.3. Based on the foregoing, the compensation committee and the board of directors reached the conclusion that the Compensation Policy that has been formulated and is attached hereto as Annex A is reasonable and appropriate under the

circumstances and reflects, *inter alia*, the Partnership's characteristics, goals and business plans, and they therefore recommend that the Meeting approve the same.

3.8. The principal differences between the Current Compensation Policy and the Proposed Compensation Policy

The main differences between the Proposed Compensation Policy and the Current Compensation Policy are specified below:

3.8.1. No change has been made in the blend of compensation components according to the Current Compensation Policy in the Proposed Compensation Policy, which is also based on fixed components and variable components that include an annual bonus, a retention bonus, an adjustment bonus, a departure bonus, a special bonus and equity-based compensation.

3.8.2. In the Current Compensation Policy, the basic pay cap was specified in terms of cost, whereas in the Proposed Compensation Policy, the basic pay cap is denoted in terms of gross monthly salary.

3.8.3. Changes have been made in the basic pay cap<sup>3</sup>, which, as noted, has been revised to gross monthly salary terms, as specified below<sup>4</sup>:

Officer	Current Compensation Policy	Proposed Compensation Policy
	(For a 100%-position)	
CEO	Monthly cost – ILS 155 thousand	Gross monthly salary – ILS 175 thousand
Active chairman of the board <sup>5</sup>	Monthly cost – ILS 120 thousand	Gross monthly salary – ILS 120 thousand
Senior officers	Monthly cost – ILS 120 thousand	Gross monthly salary – ILS 120

<sup>3</sup> A clarification has been added in relation to the linkage of the basic pay to the Consumer Price Index.

<sup>4</sup> As described above, the cost of employment of the CEO (and of an active chairman of the board, insofar as serving), is imposed on the General Partner alone, as part of the management services provided by the General Partner to the Partnership. Therefore, considering the fact that the cost of provision of the management services by the General Partner is considerably higher than the sum of the management fees due to the General Partner under the Partnership Agreement, then, as long as the arrangement of entitlement to management fees as specified in Section 9.1 of the Partnership Agreement is effective – the changes proposed in the Compensation Policy as to the cap of the basic pay of the CEO and the active chairman of the board do not affect the expenses to be borne by the Partnership in respect of the services of the CEO and active chairman of the board.

<sup>5</sup> As of the date of approval of the Compensation Policy by the board of directors, no active chairman of the board holds office in the General Partner.

		thousand
Other officers	Monthly cost – ILS 85 thousand	Gross monthly salary – ILS 85 thousand

- 3.8.4. The framework of the related benefits for officers of the Partnership and/or of the General Partner has been expanded in a manner that permits the provision of loans to officers as well as payment of the costs of their relocation abroad.
- 3.8.5. In relation to the prior notice period, reference to a 6-month prior notice period in the event of termination of employment relations initiated by the officer has been added to the terms and conditions of service of senior officers and other officers.
- 3.8.6. The Partnership and/or the General Partner may condition the payment of the adjustment bonus on a non-compete undertaking by the officer effective during the adjustment period (as defined in the Proposed Compensation Policy). The sum of the retention bonus may be derived from the duration of the period for which the officer undertakes to continue being employed by the Partnership and/or by the General Partner.
- 3.8.7. The principal changes made with respect to the annual bonus –
- a. Clarifications have been added with respect to the time and manner of approval of the measurable targets for every calendar year.
  - b. For the annual bonus component deriving from the adjusted net profit results, the reference to the weight of such component not falling below 25% and not exceeding 40% has been omitted as was the threshold condition for the grant thereof.
  - c. The blend of the annual bonus component has been revised.
  - d. The definition of the adjusted net profit has been revised.
  - e. The annual bonus cap has been revised as follows<sup>6</sup>:

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<sup>6</sup> In this respect, see Footnote 3, whereby as long as the arrangement of entitlement to management fees as specified in Section 9.1 of the Partnership Agreement is effective – the changes proposed in the Compensation Policy as to the CEO's and the active chairman of the board's entitlement to bonuses do not affect the expenses to be borne by the Partnership.



Officer	Current Compensation Policy	Proposed Compensation Policy
	(For a 100%-position)	
CEO	ILS 1,950 thousand	ILS 2,200 thousand
Active chairman of the board	ILS 800 thousand	15 gross monthly salaries
Senior officers	15 gross monthly salaries	Unchanged
Other officers	6 gross monthly salaries	Unchanged

3.8.8. The special bonus targets have been updated.

3.8.9. The ratio between the fixed compensation components and the variable compensation components has been revised as follows:

Officer	Ratio under Current Compensation Policy	Ratio under Proposed Compensation Policy
CEO	3:1 (In a year in which the special bonus is paid – 3.6:1)	2.1:1 (In a year in which the special bonus is paid – 2.5:1)
Active chairman of the board	1.6:1 (In a year in which the special bonus is paid – 2:1)	1.8:1 (In a year in which the special bonus is paid – 2.1:1)
Senior officers	2.1:1 (In a year in which the special bonus is paid – 2.5:1)	Unchanged
Other officers	1:1 (In a year in which the special bonus is paid – 1.5:1)	1:1 (In a year in which the special bonus is paid – 1.4:1)

It has been clarified that the aforesaid caps do not include an adjustment bonus and a departure bonus, which may be granted in accordance with and subject to the terms and conditions set out in the Proposed Compensation Policy.

3.8.10. Exemption and insurance – Inclusion of the ability to grant an exemption from liability due to the duty of care imposed by law, with the exception of exemptions relating to a decision or a transaction in the approval of which a control holder or an officer has a personal interest, and inclusion of the ability to purchase a “run-off” liability insurance policy.

3.8.11. The principal changes made with respect to the equity-based compensation –

- a. A statement has been added whereby the exercise price will in no event fall below the price of the participation unit on the date of the board resolution on the granting thereof.
- b. A statement has been added allowing for the performance of adjustments to the equity-based compensation, including in cases of structural changes.
- c. The caps of the annual benefit sum in respect of equity-based compensation on the date of granting thereof have been revised as follows:

Officer	Cap under Current Compensation Policy	Cap under Proposed Compensation Policy
CEO	ILS 1,685 thousand	ILS 3,300 thousand
Active chairman of the board	ILS 1,500 thousand	15 gross monthly salaries
Senior officers	15 gross monthly salaries	Unchanged
Other officers	7 gross monthly salaries	Unchanged

3.8.12. It is noted that the notice of the meeting of participation unit holders that convened on June 5, 2016 and approved the Current Compensation Policy included a clarification whereby the sum total of the annual bonus, special bonus and signing/retention bonus to the CEO, during the 3-year period commencing on the date of approval by the meeting (the term of the compensation policy), shall not exceed a sum of ILS 5,850 thousand (for a 100%-position) (the “**Bonuses Cap**”). The Bonuses Cap is not included in the Proposed Compensation Policy.

3.9. Manner of implementation of the Current Compensation Policy

3.9.1. On the date of setting of the Compensation Policy by the board of directors, the terms of office and employment of officers of the Partnership and of the General Partner do not deviate from the Compensation Policy presented for approval by the Meeting, except as pertains to an exemption granted to directors and officers in such form as was presented in the immediate report of June 4, 2012 (Reference No.: 2012-01-147513). The general meeting resolution of July 17, 2012 approved the grant of letters of exemption from liability to directors who are not control holders of the General Partner

and/or the Partnership and/or relatives of theirs, who hold office from time to time in the General Partner and/or in the Partnership's subsidiaries (see the Partnership's immediate report of May 20, 2012 on the convening of a participation unit holder meeting (Reference No.: 2012-01-130026) as amended on the dates June 4, 2012 (Reference No.: 2012-01-147513), June 11, 2012 (Reference No.: 2012-01-153597) and June 21, 2012 (Reference No.: 2012-01-162915), and the Partnership's immediate report of July 17, 2012 (Reference No.: 2012-01-187611).

3.9.2. The ratio between the salary paid to the CEO of the General Partner during the term of the Current Compensation Policy and the pay cap stipulated therein was approx. 99.3%. The ratio between the annual bonus, excluding a special bonus and a retention bonus, that was paid to the CEO of the General Partner during the term of the Current Compensation Policy for the years 2016 and 2017 and the annual bonus cap under the Current Compensation Policy was 100%. The ratio between the equity-based compensation granted to the CEO of the General Partner during the term of the Current Compensation Policy, as of the date of the grant, and the equity-based compensation cap specified in the Current Compensation Policy is approx. 88%. Furthermore, the full Bonuses Cap, as defined in Section 3.8.12 above, has been used (including the bonus for 2018).

3.9.3. It is noted that between the date of approval of the Current Compensation Policy and the date of the notice of the Meeting, no active chairman of the board held office in the General Partner.

4. **Resolution NO. 2 – Update of the terms and conditions of office and employment of the CEO of the General Partner – Mr. Yossi Abu**

4.1. **Background**

4.1.1. Mr. Abu has served as CEO of the General Partner in a full-time position (100%) since April 1, 2011. Since July 3, 2018, Mr. Abu has served as CEO of the General Partner in an 80%-position, simultaneously serving as the CEO of Delek Energy Systems Ltd. (“**Delek Energy**”) in a 20%-position, as specified in the Partnership's immediate reports of May 7, 2018 (Reference No.: 2018-01-036228), May 17, 2018 (Reference No.: 2018-01-049456) and July 4, 2018 (Reference No.: 2018-01-063811), the contents of which are incorporated herein by reference.

When Mr. Abu's office as CEO of Delek Energy in a 20%-position comes to an end (which is expected to take place in 2019), he will resume a full-time position (100%) in the office of CEO of the General Partner.

- 4.1.2. The current terms and conditions of Mr. Abu's office and employment are established in an employment agreement dating from June 2016, which was approved by the general meeting of the participation unit holders on June 5, 2016, in accordance with the Current Compensation Policy, as stated in the Partnership's immediate report of June 5, 2016 (Reference No.: 2016-01-044880) ("**Current Terms of Employment**"). It is noted that the cost of Mr. Abu's employment is imposed on the General Partner alone (a subsidiary wholly-owned by Delek Energy). For further details with respect to Mr. Abu's Current Terms of Employment, see a report regarding a notice of a general meeting of the participation unit holders as amended on May 30, 2016 (Reference No.: 2016-01-039408) and Chapter D of the Partnership's periodic report for 2018, as part of the disclosure according to Section 21 of the Reports Regulations.
- 4.1.3. On May 1, 2019 and May 23, 2019, the board of directors of the General Partner, following approval by the compensation committee and subject to approval by the general meeting of the participation unit holders, approved the update of the terms and conditions of office and employment of Mr. Abu as the CEO of the General Partner. Accordingly, subject to approval by the Meeting hereby called, the terms and conditions of the CEO's employment will be updated according to the revised employment agreement to be signed with him (the "**Revised Employment Agreement**"), the principles of which shall be described below.

4.2. Summary of the terms and conditions of employment of the CEO according to the Revised Employment Agreement

- 4.2.1. **Position:** Mr. Abu will continue to serve in the capacity of CEO of the General Partner, and will, *inter alia*, serve as a director of private subsidiaries of the Partnership. If Mr. Abu serves as a director of companies held by the Partnership or by Delek Energy, he will be entitled to the standard compensation.
- 4.2.2. **Scope of position:** The terms and conditions of office and employment of Mr. Abu as the CEO of the General Partner were determined based on a full-time (100%) position.

Notwithstanding the aforesaid, taking into account the fact that as of the date of approval of the Revised Employment Agreement Mr. Abu is employed as the General Partner's CEO in an 80%-position, concurrently with his service as Delek Energy's CEO in a 20%-position, the General Partner and Delek Energy have agreed that the General Partner will bear the full cost of his salary, following which a settlement of accounts will be conducted between the General Partner and Delek Energy in respect of the payment of Delek Energy's share (20%) in the total cost of Mr. Abu's salary, including all

compensation components to which he is entitled according to the employment agreement and subject to the Proposed Compensation Policy. For further details, see the Partnership's immediate reports of May 15, 2018, May 17, 2018 and July 4, 2018 (Reference No.: 2018-01-036228, 2018-01-049456 and 2018-01-063811, respectively), the information presented in which is incorporated herein by reference.

When Mr. Abu's office as CEO of Delek Energy in a 20%-position comes to an end (which is expected to take place in 2019), he will resume a full-time position (100%) in the office of CEO of the General Partner.

- 4.2.3. **Term of employment:** According to the employment agreement approved in 2016, the term of the CEO's employment is five years and ends on March 31, 2021. It is proposed to extend the said term of employment, in accordance with the Revised Employment Agreement, by three additional years, i.e., until April 30, 2024.
- 4.2.4. **Monthly salary:** The total monthly salary of the CEO shall be in the sum of ILS 160 thousand (in gross terms) (the "**Monthly Salary**"). The Monthly Salary will be updated according to changes in the Consumer Price Index (positive only) once every three months. The CEO may, according to his discretion, endorse his rights under the employment agreement to a company wholly owned and controlled by him.
- 4.2.5. **Related benefits:** The CEO will be entitled to the related benefits standard on the market among executives, including provisions to a pension fund and/or managers' insurance; provisions to a study fund; loss of earning capacity insurance; car (full tax gross-up); payment of communication expenses (cell phone, internet, newspapers, etc.); participation in professional training; 22 days of annual leave; recuperation pay for 21 workdays; sick leave according to the law; health insurance; reimbursement of *per diems* in the context of and for the purpose of the performance of his duties, including for international travel expenses, and all in accordance with the compensation policy as being from time to time.
- 4.2.6. **Bonuses:**
  - a. The CEO will be entitled to an annual bonus every calendar year during the term of the employment agreement and also to a special one-time bonus, in accordance with the compensation policy as approved from time to time, and as of this time – in accordance with the Proposed Compensation Policy (Annex A).

- b. In the event that his employment comes to an end, the CEO will be entitled to an adjustment bonus and to a departure bonus, both of which together shall not exceed six (6) gross monthly salaries, in accordance with Section 7 of the Compensation Policy.

**4.2.7. Variable component – equity-based compensation:**

For information regarding the equity-based compensation to which the CEO of the General Partner is entitled under the Current Terms of Employment, see the Report on the Convening of the General Meeting of the Participation Unit Holders as amended on May 30, 2016 (Ref.: 2016-01-039408). According to the Revised Employment Agreement:

- a. The CEO shall be entitled to 2,742,231 phantom units (whose underlying asset is participation units conferring a working interest in the rights of the limited partner in the Partnership (hereinafter, in this section: the "**Participation Units**")) (subject to adjustments as specified in the Revised Employment Agreement) (the "**Phantom Units**").

The Phantom Units shall vest in three installments (the "**Overall Package**"); Each one of the installments included in the Overall Package is exercisable from the vesting date of such installment until the expiration of one year from the vesting date of the third installment (i.e. until June 1, 2023), all in accordance with the dates and rates as specified below:

	No. of Phantom Units included in the installment	Vesting date	Exercise price (in ILS) per phantom unit <sup>7</sup>	End of the exercise period
<b>First installment</b>	914,077	June 1, 2020	10.79	June 1, 2023
<b>Second installment</b>	914,077	June 1, 2021	11.33	

<sup>7</sup> The exercise price for each phantom unit included in the first installment was determined according to the higher of: (1) the average closing price of the participation units on the 30 trading days preceding the date on which the grant was resolved by the board of directors (2) the price of the participation unit on the date on which the grant was resolved by the board of directors. The exercise prices for each phantom unit included in the following installments (the second and third installments) are the exercise price of the first installment plus five percent (5%) each year.

	No. of Phantom Units included in the installment	Vesting date	Exercise price (in ILS) per phantom unit <sup>7</sup>	End of the exercise period
<b>Third installment</b>	914,077	June 1, 2022	11.89	

- d. According to the Revised Employment Agreement the aforesaid exercise prices and/or number of Phantom Units are subject to adjustments under circumstances of profit distribution and/or under circumstances of tax advances paid by the General Partner on account of the tax for which the participation unit holders are liable and/or under circumstances of distribution of bonus securities and/or under circumstances of split and consolidation of equity and/or under circumstances of structural changes and/or under circumstances of offerings of securities by way of rights and/or under circumstances of mergers and acquisitions.
- e. Furthermore, the General Partner will be entitled, subject to the approval by the compensation committee and the board of directors, to approve an acceleration of the vesting period for the equity-based compensation, in whole or in part, according to the terms and conditions which were determined in this regard in Section 11.4 of the compensation policy.
- f. In the event that the employment of the CEO shall come to an end, the provisions of Section 4.2.10 below shall apply with respect to the CEO's entitlement to the Phantom Units which were granted to him as aforesaid.
- g. Upon the exercise of a Phantom Unit, the CEO will be entitled to a financial bonus equivalent to the difference between the market price of a participation unit known on the exercise date, and the exercise price as defined above, for each phantom unit that will be exercised by him.
- h. The maximum benefit to derive for the CEO from the exercise of each phantom unit shall not exceed 100% of the exercise price that was determined for the phantom unit.
- i. The fair value of the Phantom Units which were granted to the CEO amounts to approx. ILS 6.4 million as of May 22, 2019 (the fair value appraisal was prepared using the binomial model). The main assumptions on

which the aforesaid valuation relies are as follows: (1) exercise price of ILS 10.79 for the first installment, with the following installments including an addition of 5% for each installment; (2) the value of the underlying asset – a participation unit price of approx. ILS 10.57 (the price of a participation unit according to the closing price on the eve of the granting date – May 22, 2019); (3) standard deviation rate of 32.3%; (4) risk-free interest rate of 0.95%; (5) contractual life of approx. 4 years; (6) rate of abandonment after the vesting period 0%; (7) limitation of the benefit as specified in sub-section (h) above.

4.2.8. **Confidentiality and no competition:** the Revised Employment Agreement includes provisions regarding maintaining indefinite confidentiality, and an undertaking of the CEO not to be employed (as an employee or a consultant) in a body competing with the Partnership in the geographical areas included in the oil assets of the Partnership, for a period of one year following the end of the employment agreement. It is clarified in this respect that if the structural change reported by the Partnership on March 18, 2019 (immediate report, Ref.: 2019-01-022080) is executed, the "New Corporation", as defined in the said immediate report, shall not be deemed as a body competing with the Partnership.

4.2.9. **Copyrights:** the Revised Employment Agreement includes provisions regarding the protection of copyrights.

4.2.10. **Termination of the Agreement and prior notice:** each party shall be entitled, at any time, to unilaterally give notice to the other party regarding the termination of the Revised Employment Agreement, by a prior written notice. If the CEO shall wish to terminate his employment, it shall be done by a 12-months prior notice, during which the CEO will continue to hold office (the General Partner may determine that the CEO will not continue to hold office *de facto* during this period). If the General Partner shall wish to terminate the employment of the CEO, it shall be done by a 4-months prior notice, of which the CEO will be required to continue to hold office *de facto* for a period of three months (or a shorter period as shall be determined by the General Partner). The CEO shall be entitled to severance pay as prescribed by law, due to the termination of his employment for any reason whatsoever (other than if the termination of employment is due to a reason which denies, by law, the right to severance pay). During the entire period of the prior notice (including a period in which he shall not actually work) the CEO shall be entitled to his full salary conditions, including the use of a car, however from the time on which his office shall be terminated *de facto*, the vesting period of the



equity-based component will end, the equity-based component which has not yet vested shall expire, while it is clarified that equity-based components that did vest until his actual departure from office, may be exercised until May 1, 2023. Furthermore, from the CEO's actual departure from office, his entitlement to variable components (the bonus) shall stop accumulating.

4.2.11. **Exemption, insurance and indemnification:** the CEO is entitled to be included in the D&O insurance policy which the Partnership and/or the control holder in the General Partner shall take, from time to time, according to the approvals which are required by law. For details regarding the terms and conditions of the D&O insurance as of the date hereof, see Section (I) of Chapter D of the Periodic Report for 2018, in the context of the disclosure which is required under Section 22 of the Regulation. The CEO received letters of indemnification and exemption in the language attached to the immediate report dated June 4, 2012 (Ref.: 2012-01-147513), which remain in effect. Therefore, it is clarified that the granting of a letter of indemnification and exemption for the CEO is not submitted for the approval of the Meeting.

4.2.12. **Below is a concise description of the CEO's compensation components, in terms of cost to the General Partner (in ILS 000 and in reference to a period of one year<sup>8</sup>):**

Compensation recipient				Compensation for services							Other compensation			Total
Name	Title	Scope of position	Rate of holding in participation units	Cost of salary	Annual bonus <sup>9</sup>	Securities-based payment	Management fees	Consulting fees	Commission	Other	Interest	Rent	Other	
Mr. Yossi Abu	CEO of the General Partner	80%	0.05%	2,078	The annual bonus will be granted on the assumption of meeting the quantitative criteria and targets to be pre-determined for every year, subject to the compensation policy.	For description of the equity-based compensation, see Section 4.2.7 above.	-	-	-	94 (gross-up of car use value)	-	-	For details on additional benefits to which the CEO is entitled, see Section 4.2.5 above.	Overall cost of employment (excluding phantom units and bonuses) is estimated at approx. ILS 2,172 thousand

<sup>8</sup> The table represents the cost of the General Partner only, i.e. 80% of the total cost of his terms of employment as specified in Section 4 above.

<sup>9</sup> For further details on the annual bonus and additional bonuses to which the CEO may be entitled, see Section 4.2.6 above.

- 4.3. As aforesaid, the cost of Mr. Abu's employment is borne by the General Partner only, in the framework of the management services which the General Partner provides to the Partnership, which include, in addition thereto, the services of the directors (other than outside directors), accounting services, secretarial services and the lease and maintenance of the Partnership's offices.

It is noted in this respect that the cost of provision of the management services by the General Partner is considerably higher than the total management fees which the General Partner is entitled to receive under the Partnership Agreement, and therefore the Partnership' financial statements as of December 31, 2018 include the said difference in a special capital reserve (the difference between the cost of the management fees and the amount of the management fees in 2018 totaled approx. USD 1.8 million).

**Following the revision of Mr. Abu's terms of office and employment, as specified in this section above, there will be no change to the management fees which the General Partner is entitled to receive from the Partnership for the management services under the limited partnership agreement.** For further details on the management fees to which the General Partner is entitled, see Chapter D of the Partnership' Periodic Report for 2018, within the disclosure submitted pursuant to Regulation 21 of the Reports Regulations.

- 4.4. The reasons of the compensation committee and the board of directors with respect to the revision of the terms of office and employment of the CEO of the General Partner

4.4.1. The deliberations of the compensation committee and the board of directors of the General Partner regarding the revision of the CEO's terms of office and employment were conducted with the assistance of an outside advisor specializing in officer compensation. The compensation committee and the board of directors of the General Partner were presented comparative data which was prepared by the external advisor, comparing the compensation of the CEO and the compensation of CEOs in corporations listed on TASE, with similar features in terms of scope of activity and market value.

The compensation committee and the board of directors of the General Partner concluded that, in view of the reasons specified below, the proposed compensation is appropriate compensation for the CEO in view of his qualifications, professional experience, the responsibility and powers entrusted to him, in consideration of the challenges ahead of him and the Partnership.

The compensation terms and conditions pursuant to the Revised Employment Agreement reflect a reasonable and proper

incentive structure for the CEO, in consideration, *inter alia*, of the Partnership' characteristics, its business activity, the Partnership's risk-management policy, its targets and its business strategy.

The Revised Employment Agreement emphasizes performance-based compensation, and connects the CEO's compensation to the performance of the Partnership, the maximization of its profits and the realization of its goals with a long-term view.

- 4.4.2. Mr. Abu has been employed for approx. 8 years as the General Partner's CEO, he has made a significant contribution to the Partnership's business and handled well a variety of challenges (including with respect to competition, operations and regulation), including successful handling of crises in the Partnership's field of business.
- 4.4.3. Mr. Abu has professional background and rich managerial experience, and he is as dedicated as he is successful in the performance of his duties. Mr. Abu is active in the promotion and the development of the Partnership's business and his office naturally involves heavy responsibility.
- 4.4.4. Mr. Abu's (gross) salary was not updated since June 2016 (other than a revision due to an increase of the CPI), although the employment agreement that was signed with him in 2016 included a provision whereby the compensation committee may update the salary of Mr. Abu at a rate of 5% per year (beyond the update in respect of an increase of the CPI), subject to the considerations which are specified in the compensation policy.
- 4.4.5. The Partnership's field of business – exploration, development and production of natural gas, condensate and oil, and the promotion of use of infrastructures for the export of natural gas, is of unique characteristics which require great expertise which is rare in the domestic market. In view of the business and regulatory challenges ahead of the Partnership, the unique expertise accumulated by Mr. Abu in the Partnership's field of business, with respect to both commercial and regulatory aspects, the General Partner decided to grant the CEO significant compensation in order to secure the continued service of the CEO in the coming years.
- 4.4.6. The CEO's skills as well the compensation terms and conditions (in particular the conditions for receipt of the annual bonus, the special bonus and the equity-based compensation) are meant to incentivize him to act towards improved performance over time, a component which the compensation committee and the board of directors saw as central and critical in the compensation.

- 4.4.7. The equity-based compensation is meant to incentivize the CEO for the long term and connect the increase in the Partnership's value and its contribution to all of the Partnership's participation unit holders to the scope of the compensation.
- 4.4.8. According to the Current Terms of Employment, in 2016 the CEO was granted compensation based on participation units through phantom units whose vesting spread over five annual installments. For further details on the terms and conditions of the phantom options which were granted to the CEO, see the disclosure under Regulation 21 of the fourth chapter of the Periodic report for 2018. The compensation committee and the board of directors view compensation which is based on participation units as an appropriate incentive which can, *inter alia*, generate value to the participation unit holders. Accordingly, and in view of the challenges the Partnership is expected to face in the next three years and the CEO's leading role in handling them, it was decided to grant the additional Phantom Units according to the Revised Employment Agreement as specified in Section 4.2.7 above, at high exercise prices as compared with the exercise prices of the previous grant. According to the compensation committee and the board of directors, the equity-based compensation under to the Revised Employment Agreement creates an up-to-date incentive that can retain the continued office of the CEO in the coming years, and concurrently sets forth a target price for the Participation Units, for the purpose of generating value for the participation unit holders.
- 4.4.9. In view of the fact that the development of projects in the gas and oil industry is lengthy, the Partnership seeks a long term office for its CEO. Therefore, the compensation committee and the board of directors resolved to approve the employment agreement for a period of five years, even though the compensation policy period is three years. It was further resolved to grant the CEO equity-based compensation spread over a vesting period of three years, in order to retain the CEO at least for this period.
- 4.4.10. The terms of office and employment of the CEO pursuant to the Revised Employment Agreement are consistent with the compensation policy of the Partnership and the General Partner as submitted for the approval of the General Meeting of participation unit holders alongside the approval of the CEO's revised terms of office and employment.
- 4.4.11. In view of all of the aforesaid reasons, the members of the compensation committee and the board of directors found the engagement with the CEO in the Revised Employment Agreement, and the approval of his terms of employment

thereunder, are in the best interest of the Partnership and the General Partner.

4.5. **Names of the directors who participated in the deliberations of the compensation committee and board of directors regarding the revision of the terms of office and employment of the General Partner's CEO**

4.5.1. The following directors participated in the meeting of the compensation committee: Messrs. Amos Yaron, Chairman of the Compensation Committee, Jacob Zack, Ronnie Bar-On and Efraim Sadka.

4.5.2. The following directors participated in the meeting of the Company's board of directors, held on May 1, 2019: Messrs. Assi Bartfeld, Chairman of the Board, Gabi Last, Amos Yaron, Jacob Zack, Ronnie Bar-On, Barak Mashraki and Efraim Sadka.

4.5.3. The following directors participated in the meeting of the Company's board of directors, held on May 23, 2019: Messrs. Gabi Last, (chairman of the board meeting), Amos Yaron, Jacob Zack, Ronnie Bar-On and Efraim Sadka.

5. **Resolution No. 3 – Amendment of Section 11 of the Partnership Agreement**

The provisions of Section 11 of the Partnership Agreement in respect of liability, indemnification and insurance of officers of the Partnership and the General Partner, were determined within the amendment of the Partnership Agreement dated July 17, 2012.

Amendment No. 13 of the Economic Competition Law allows the indemnification and insurance of officers for expenses in relation to a proceeding under Chapter G1 of the Law, provided that the Company's articles of association include a clause to permit the same. Furthermore, according to Amendment No. 5 of the Partnerships Ordinance, Section 35K thereof prescribes that with respect to exemption, indemnification and insurance, a public limited partnership will be subject to the provisions included in Title C of the third chapter in the sixth part of the Companies Law, 5759-1999, *mutatis mutandis*.

In view of the aforesaid, it is proposed to amend Section 11 of the Partnership Agreement with respect to exemption, indemnification and insurance of officers of the Partnership and the General Partner, in order to *inter alia* adjust it to the provisions of the law applicable to the Partnership in this respect, and to enable the Partnership, among other things, to indemnify and insure officers for expenses related to a proceeding under Chapter G1 of the Economic Competition Law, and in addition, to delete Section 11.2(f) of the Partnership Agreement (regarding the manner in which the granting of exemption and indemnity to officers is to be approved), which became redundant following

Amendment No. 5 of the Partnerships Ordinance. The proposed language of the amended Partnership Agreement is attached as **Annex B** hereto.

**Part C – Details with respect to the Convening of the Meeting, the Required Majority, Quorum and the Manner of Voting**

6. **Details with respect to the Convening of the Meeting**

6.1. **Required legal quorum and adjourned meeting**

No discussion will be opened at the general meeting, unless a quorum is present when the meeting turns to do so, and no resolution will be adopted, unless a quorum is present when the resolution is voted upon.

A quorum will be formed when two unit holders, who together hold units that represent no less than 50% of the Units issued by the Trustee until the business day preceding the meeting, are present in person or by proxy. If a quorum is not present 30 minutes after the time scheduled for the meeting, the meeting will be adjourned to the same day the following week at the same time and place, i.e., Wednesday, July 17, 2019 at 14:00, without there being an obligation to inform the unit holders thereof, or to any other day, time or place as the Trustee, with the Supervisor's consent, shall determine in a notice to the unit holders.

(a) With respect to Resolutions No. 1 and 2 only:

If no quorum is present at such adjourned meeting 30 minutes after the scheduled time, two unit holders present in person or by proxy shall then constitute a quorum, and the meeting will be at liberty to address the issues for which it was called. If no such quorum is present at a second adjourned meeting – the meeting will be cancelled.

(b) With respect to Resolution No. 3:

If no quorum is present at such adjourned meeting 30 minutes after the scheduled time, then a quorum shall be constituted upon the presence, in person or by proxy, of two unit holders jointly holding units representing no less than 10% of the Units issued by the Trustee until the business day preceding the adjourned meeting, and the meeting will be at liberty to address the issues for which it was called.

If no quorum is present at such adjourned meeting 30 minutes after the scheduled time, the meeting will be adjourned once again, to the first business day thereafter, at the same time and place, without there being an obligation to inform the unit holders thereof, or to any other day, time or place as the Trustee, with the Supervisor's consent, shall determine in a

notice to the unit holders. In such second adjourned meetings, two unit holders present in person or by proxy shall constitute a quorum, and the meeting will be at liberty to address the issues for which it was called. If no such quorum is present at an adjourned meeting – the meeting will be cancelled.

For quorum purposes, two proxies of one registered unit holder which is a nominee company (i.e., a company the sole business of which is holding securities on behalf of others), who participate in the meeting by virtue of powers of attorney granted to them, in respect of different Units, by the same registered unit holder, shall also be deemed “two unit holders”.

6.2. **The required majority**

- (a) In respect of Resolutions No. 1 and 2 (approval of the Proposed Compensation Policy and approval of the update of the terms and conditions of office and employment of the CEO of the General Partner, respectively):

In accordance with Sections 65SS(b) and 65WW of the Partnerships Ordinance, the majority required for the approval is a simple majority, provided that one of the following is fulfilled:

- 1) The count of the majority votes at the general meeting shall include a majority of the total of votes of participation unit holders participating in the vote other than the General Partner or the control holder thereof or holders of a personal interest in the approval of the said resolutions; the count of the total of votes of such participation unit holders shall exclude the abstaining votes;
- 2) The total of dissenting votes in the vote from among the participation unit holders mentioned in paragraph (1) above shall not exceed a rate of 2% of all voting rights of the participation unit holders.

- (b) In respect of Resolution No. 3 (approval of the amendment of the Partnership Agreement):

In accordance with Section 22.2 of the Trust Agreement and Section 65K of the Partnerships Ordinance, the approval of the resolution requires a majority of no less than 75% of all votes of the participation unit holders participating in the vote, provided that one of the following is fulfilled:

- 1) The count of the majority votes at the general meeting shall include a majority of the total of votes of participation unit holders participating in the vote who are not holders of a personal interest in the approval of this resolution. The count of

the total of votes of such participation unit holders shall exclude the abstaining votes;

- 2) The total of dissenting votes in the vote from among the participation unit holders mentioned in paragraph (1) above shall not exceed a rate of 2% of all voting rights of the participation unit holders.

6.3. **Record date and proof of ownership**

- a) The record date for establishing the right to vote in accordance with Section 182 of the Companies Law and Section 3 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 is June 12, 2019 (the “**Record Date**”).
- b) In accordance with the Companies Regulations (Proof of Shareholding for the purpose of Voting at a General Meeting), 5760-2000, a unit holder, to whose credit a participation unit is registered with a TASE member, and such unit is included in the Units listed in the name of the nominee company in the participation units register (“**Unregistered Unit Holder**”), shall furnish the Partnership with confirmation by the TASE member with which the unit is registered to his credit of his ownership of the unit on the Record Date, in accordance with the provisions of the aforesaid Regulations and the form in the Schedule of the aforesaid Regulations.
- c) In addition, an Unregistered Unit Holder may instruct that his ownership confirmation be transferred to the Partnership by means of the electronic voting system operating under Title B of Chapter G2 of the Securities Law (the “**Electronic Voting System**”).

6.4. **Voting**

- a) With respect to the resolutions on the agenda of the Meeting, a unit holder may vote in person, by a proxy for the vote holding a document of appointment as a proxy for the vote, via voting card and also via an electronic voting card transferred to the Partnership by means of the Electronic Voting System.
- b) Voting by appointing a proxy

It is required that a document of appointment of a proxy for the vote, or a copy thereof, certified by a notary, be deposited with the Trustee’s offices on 19 Abba Eban Boulevard, Herzliya Pituach (09-9712424), at least 48 hours before the time of the Meeting, i.e., no later than July 8, 2019, at 14:00, failing which such appointment document shall have no force and effect at the Meeting and at any adjourned meeting.



If the Meeting is adjourned as stated in Section 6.1 above, and a unit holder shall have deposited a document of appointment of a proxy for the vote, in the manner and on the conditions stipulated above, at least 48 hours prior to the time of the adjourned meeting, the unit holder that deposited the power of attorney may vote by proxy at the adjourned meeting, regardless of whether he was present in the original meeting, in person or by proxy, or was not present in the original meeting, in person or by proxy. For the avoidance of doubt, a unit holder who was present in the original meeting by proxy will not be required to re-deposit a power of attorney for the purpose of voting at an adjourned meeting only in the event that such adjourned meeting is convened within ten (10) days as of the date of the original meeting.

c) Voting by voting card and position statements

In addition, a unit holder may also vote at the Meeting by means of the voting card annexed hereto. For this purpose, the vote of a unit holder voting via the voting card will be deemed as his presence and participation in the Meeting.

Voting via the voting card by a unit holder who wishes to vote via voting card *in lieu* of his participation in the meeting in person and/or by proxy and/or electronic voting card, will be effected by Part Two of the voting card, as posted on the distribution website.

The deadline for the delivery of voting cards for unit holders who are registered in the unit holders' register is up to six (6) hours prior to the time of convening of the Meeting, i.e., July 10, 2019 by 08:00, and for Unregistered Unit Holders – up to four (4) hours prior to the convening of the Meeting, i.e., July 10, 2019 by 10:00.

The deadline for the delivery of position statements by unit holders is up to ten (10) days before the date of convening of the Meeting, i.e., June 30, 2019. The Partnership will publish such position statements no later than one business day after receipt thereof. A position statement that includes the response of the General Partner's board of directors may be submitted no later than 5 days before the date of convening of the meeting, i.e., July 5, 2019.

A unit holder may directly contact the Partnership to receive therefrom the language of the voting card and the position statements (insofar as given).

A TASE member shall send by email, free of charge, a link to the language of the voting card and the position statements on the distribution website, to any unit holder not registered in the

unit holders register whose units are registered with such TASE member, unless the unit holder shall have notified that he does not wish to receive the same, provided that the notice was given for a specific securities account and on a date that precedes the Record Date.

A unit holder whose units are registered with a TASE member is entitled to receive the confirmation of ownership from the TASE member by which he holds his units, at a branch of the TASE member or by postal delivery to his address for a charge of postage only, if he so requests, and a request on this matter shall be given in advance for a specific securities account.

The Partnership shall send the unit holders registered in the unit holders register, free of charge, a voting card on the date of release of this notice.

d) Voting via the electronic system

After the record date, upon the receipt of an identifying number and an access code from the TASE member and after an identification process, an unregistered unit holder will be able to vote via the electronic system. The deadline for voting via the electronic system is up to 6 hours before the time of convening of the meeting, i.e., July 10, 2019 by 08:00.

If a unit holder votes by more than one means, his later vote shall be counted, with the vote of a unit holder in person at the Meeting or by proxy being deemed later than a vote via voting card.

6.5. Changes in the agenda

After the date of release of this voting card, there may be changes in the agenda, including the addition of an issue to the agenda, and the up-to-date agenda will be available for inspection in the Partnership's reports posted on the TASE website at: [www.maya.tase.co.il](http://www.maya.tase.co.il) and on the ISA distribution website at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il)

According to the provisions of Section 65DD(b) of the Partnerships Ordinance and Section 14.1(e) of the trust agreement signed between the limited partner (the Trustee) and the Supervisor, one or more unit holders, holding at least one half of a percent (0.5%) of all of the participation units of the Partnership, may request the board of directors to include an issue in the agenda of the general meeting by submitting a request that shall be delivered to the Partnership up to seven (7) days after the meeting is called, provided that the issue is suitable for discussion by the general meeting.

If the board of directors of the General Partner deems an issue that has been requested to be included in the agenda to be suitable for

discussion by the general meeting, an updated agenda shall be prepared and posted on the distribution website (as specified below) no later than seven (7) days after the deadline for the delivery of a request by a participation unit holder for the inclusion of an issue in the agenda, as aforesaid. It is clarified that the release of an updated agenda does not change the Record Date as determined in the notice of the meeting.

6.6. **Notice of the existence of a personal interest and additional required information**

- a) A participation unit holder who participates in the vote shall notify the Partnership before voting at the Meeting, or – if the vote is via voting card – on the voting card, or if the vote is by power of attorney and/or by electronic voting card – in the space designated therefor in Part Two of the electronic voting card, whether or not he has a personal interest in the approval of the engagement.
- b) A participation unit holder who fails to notify the Partnership of the existence or absence of personal interest in the approval of the resolution shall not vote and his vote shall not be counted.

6.7. **The Partnership's representatives for the purpose of the meeting report**

The Partnership's representative for the purpose of this report is Adv. Sari Singer Kaufman, General Counsel of the Partnership, whose office address is: 19 Abba Eban Street, Herzliya Pituach; Telephone: 09-9712424; Facsimile: 09-9712425.

6.8. **Inspection of documents**

The language of the immediate report, position statements and voting card are available for inspection on the TASE website at: [www.maya.tase.co.il](http://www.maya.tase.co.il) and on the ISA distribution website at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il). Furthermore, the notice to the unit holders and a copy of any document pertaining to the aforesaid resolutions are available for inspection at the offices of the Trustee, 19 Abba Eban Street, Herzliya Pituach, subject to any law, Sundays through Thursdays, during normal business hours, after prior coordination with Adv. Sari Singer Kaufman (09-9712424), until the convening of the unit holders meeting.

Sincerely,

**Delek Drilling Management (1993) Ltd., the General Partner**

By: Yossi Abu, CEO  
and Yossi Gvura, Deputy CEO

**Annex A- Compensation Policy**

**Delek Drilling – Limited Partnership**  
(the "**Partnership**")

**Delek Drilling Management (1993) Ltd.**  
(the "**General Partner**")

**Compensation Policy for Officers of the Partnership  
and the General Partner**  
(the "**Policy**" or "**Compensation Policy**")

1. **Introduction**

The purpose of this document is to describe, define and specify the compensation policy for the officers of the Partnership and for the officers of the General Partner with respect to compensation paid by the Partnership and the General Partner, all in accordance with the provisions of the Partnerships Ordinance [New Version], 5735-1975.

2. **Definitions**

In this Compensation Policy, the following terms shall have the meaning set aside them:

<b>"Board"</b>	-	The board of directors of the General Partner;
<b>"Compensation Committee"</b>	-	Compensation Committee of the General Partner;
<b>"Gross Monthly Salary"</b>	-	The monthly salary to be paid to the Officers, excluding social costs, provisions by the employer, perks and other Related Benefits as specified in Section 6.3 below;
<b>"Partnerships Ordinance"</b>	-	The Partnerships Ordinance [New Version], 5735-1975;
<b>"Companies Law"</b>	-	The Companies Law, 5759-1999;
<b>"Officer"</b>	-	As defined in the Companies Law;
<b>"Subsidiary"</b>	-	A corporation (including a partnership) in which the Partnership holds 50% or more of the issued and paid-up share capital or the voting rights;
<b>"Related Benefits"</b>	-	As defined in Section 6.3 below.

3. **Purpose of the Compensation Policy**

The Compensation Policy is intended to assist in achieving the Partnership's objectives and work plans and long-term policy by means of:

- 3.1. Creating a reasonable and appropriate incentive system for the Officers of the Partnership and the General Partner, considering, *inter alia*, the characteristics of the Partnership, its business operations, the risk management policy of the Partnership, compliance with targets and the execution of business strategy and the working relations at the Partnership and at the General Partner.
- 3.2. Providing necessary means for recruiting, incentivizing and retaining skilled and qualified executives at the Partnership and at the General Partner, who are able to contribute to the Partnership and maximize its profits from a long-term perspective.

- 3.3. Placing an emphasis on performance-based compensation and tying the Officers to the Partnership and its performance, while adjusting the compensation of the Officers to the Partnership's work plan and the Officers' contribution to the achievement of the Partnership's goals and the maximization of its profits, based on a long-term view and according to their position.
- 3.4. Creating a proper balance between the various compensation components (such as fixed versus variable components and short-term versus long-term components).

For the avoidance of doubt, it is clarified that – (a) the Compensation Policy shall not change the terms of office and/or employment approved prior to the approval of the Compensation Policy; and (b) Although the Compensation Policy also relates to the compensation of Officers in the General Partner, it shall not modify and/or amend the Partnership Agreement, nor the amounts that the Partnership is required to pay the General Partner for its services under the Partnership Agreement.

4. **Parameters for Examination of the Terms and Conditions of Compensation**

Following are the general parameters to be taken into account when examining the terms and conditions of compensation of Officers of the Partnership and the General Partner:

- 4.1. The Officer's education, qualifications, expertise, professional experience and achievements.
- 4.2. His function, measure of responsibility and previous salary agreements signed between the Partnership and/or General Partner and the Officer.
- 4.3. The Officer's contribution to the Partnership's performance, profits and stability.
- 4.4. The measure of responsibility borne by the Officer due to his position.
- 4.5. The Partnership's need to retain the Officer in view of his qualifications, experience, knowledge and/or unique expertise.
- 4.6. Examination of the ratio between the fixed components and the variable components according to the caps set out in this Policy.
- 4.7. The existing terms and conditions of compensation of the additional Officers of the Partnership and the General Partner. The standard terms of pay in the market and in the industry in which the Partnership operates, or in corporations with other similar characteristics to those of the Partnership, including corporations traded at a market value

similar to that of the Partnership, for officers in similar positions in such comparable corporations, if any, may also be taken into account.

- 4.8. Examination of the ratio between Officer compensation and the average and median salary of the other employees of the Partnership and the General Partner, while taking into consideration the nature of the Officer's position, his seniority, the measure of responsibility borne by him, and also the number of employees of the Partnership and the General Partner.

The Compensation Committee and the Board conducted an examination of the said relations in proximity to the date of approval of this Compensation Policy and determined that they are reasonable and appropriate considering the characteristics of the Partnership, its field of business, the scope and nature of its activity and the mix of manpower employed therein and they are not expected to have an adverse effect on the labor relations in the Partnership.

In proximity to the date of approval of the Compensation Policy, the said relations, as presented before the Compensation Policy and the Board, are as follows (based on figures of 2018)<sup>1</sup>:

	<b>Ratio to average cost of employment</b>	<b>Ratio to median cost of employment</b>
<b>CEO<sup>2</sup></b>	6.9	8.5
<b>Senior Officers</b>	3.5	3.7
<b>Additional senior Officers<sup>3</sup></b>	2.1	3

- 4.9. Examination of the compatibility of the Officer's compensation and compensation structure with the risks and exposures including legal exposures with the supervision and/or management of which the Officer is entrusted.

<sup>1</sup> Taking into consideration the total salary cost, for employees in the General Partner and the Partnership, including Officers; It is noted that on the date of approval of this Compensation Policy, there is no active Chairman of the Board; It is noted that the cost of employment of the CEO is relative to all of the employees in the Partnership and in the General Partner; It is noted that the cost of employment of senior Officers is relative to all of the employees included below their rank; It is noted that the cost of employment of additional Officers is relative to employees ranked below their rank.

<sup>2</sup> As of the date of approval of the Compensation Policy, the CEO is employed at 80% position. The above figures were calculated according to the standardization of the CEO's cost of employment for a full-time position, *inter alia* taking into consideration that the CEO of the General Partner may resume to serve full time. For further details, see the Immediate Reports released by the Partnership on February 19, 2018, May 7 and 17, 2018 and July 4, 2018 (Ref. 2018-01-013761, 2018-01-036228, 2018-01-049456 and 2018-01 -063811, respectively).

<sup>3</sup> It is noted that the distinction between "senior Officers" and "additional Officers", as specified in the table, is in accordance with various criteria and considerations examined by the CEO of the General Partner, including: the position of the Officer, the responsibilities of the Officer; the nature of the position which he fulfils; the complexity of his position, including the risks and exposures, including legal exposures to which the Officer is responsible for supervising and/or managing. It is clarified that both "senior Officers" and "additional Officers" are Officers who are subordinate to the CEO.



5. **Compensation Terms and Conditions – General Principles**

5.1. The overall compensation of Officers will consist of several components, in whole or in part, such that every component compensates the Officer for a different aspect of his contribution to the Partnership and the General Partner:

**Fixed Components**

5.1.1. Basic Pay/Salary and Related Benefits: Intended to compensate the Officer for the time he invests in performing his function at the Partnership and/or the General Partner and for performance of the ongoing tasks of the position on a daily basis. The basic pay reflects the Officer's qualifications, experience, education, the expertise he has gained in the field of occupation, his professional authority, and also the requirements of the position and the responsibilities and authority he carries.

**Variable Components**

5.1.2. Performance-Contingent Variable Compensation: Intended to compensate the Officer for the achievement of business and strategic objectives and goals of the Partnership, according to measurable criteria, as set forth below.

5.1.3. Equity-Based Variable Compensation: Intended to tie the maximization of value for the participation unit holders, as reflected in the increase in value of the Partnership's participation units over time, and the compensation granted to Officers. This compensation creates a closeness of interests between the Officers and the participation unit holders and assists in creating motivation and in retaining senior executives and key position holders of the Partnership and/or the General Partner.

5.1.4. Variable Discretionary Compensation, as specified in the Compensation Policy below.

5.2. Furthermore, Officers will also be entitled to full reimbursement of reasonable business expenses expended by them in their capacity (such as expenses of transportation, lodging, etc.). Such reimbursement of expenses shall be carried out against the presentation of appropriate receipts and/or by way of the Partnership and/or the General Partner directly bearing such expenses, according to the procedures of the Partnership and/or the General Partner, as shall be approved by the organs authorized thereto.

5.3. The Partnership and/or the General Partner shall also set arrangements in respect of termination of employment relations according to the common practice in the market and in the sector in which the Partnership and the General Partner operate and the practices of the

Partnership and/or the General Partner in this respect, as specified in Section 7 below.

- 5.4. It is stressed that this Compensation Policy does not grant rights to officers of the Partnership and/or the General Partner, and no Officer of the Partnership and/or the General Partner shall have a vested right, by virtue of the mere adoption of the Compensation Policy, to receive any of the compensation components specified in the Compensation Policy. The compensation components to which an Officer will be entitled will be solely those specifically approved for him by the organs authorized thereto at the Partnership and/or the General Partner, subject to the provisions of any law.
- 5.5. In the event that an Officer receives compensation that is lower than the compensation cap or than the possible compensation under the Compensation Policy, this shall neither be deemed a deviation nor a divergence from the Compensation Policy.
- 5.6. The Board and the Compensation Committee shall determine the method of supervision of the proper implementation of the Compensation Policy and shall have the authority to interpret the provisions of the Compensation Policy in any case of doubt as to the method of implementation thereof.
- 5.7. If after the date of approval of the Compensation Policy, relaxations pertaining to compensation of Officers shall be determined in the Partnerships Ordinance or in regulations or orders thereunder and/or according to ISA positions, including with regard to the manner of approval of the Compensation of Officers, such relaxations shall be deemed as included in this Compensation Policy, notwithstanding any other provision set forth herein.

## 6. **Fixed Components**

### 6.1. General

- 6.1.1. The basic pay shall be composed of a gross monthly salary and the Related Benefits as specified in Section 6.3 below.<sup>4</sup>
- 6.1.2. The Officer's basic pay will be determined, *inter alia*, taking into consideration the parameters specified in Section 4 above.

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<sup>4</sup> For the avoidance of doubt, it is clarified that nothing in the provisions of this Compensation Policy in general and in this section in particular derogates from the entitlement of Officers in the General Partner and in the Partnership to receive compensation of directors for their office in corporations held by the Partnership, as is customary in the said held corporations, which will not be considered as part of the compensation granted to the Officer in the Partnership under this Compensation Policy.

6.2. Basic Pay

6.2.1. Active Chairman of the Board<sup>5</sup>

The gross monthly salary of an active Chairman of the Board shall not exceed ILS 120 thousand for a 100% position.

6.2.2. CEO<sup>6</sup>

The gross monthly salary of the CEO shall not exceed ILS 175 thousand for a 100% position.

6.2.3. Officers who are neither CEO nor Chairman of the Board<sup>7</sup>

The specification of the maximum gross monthly salary for Officers (for a 100% position) broken-down by rank:

<b>Rank of the Officer</b> <sup>8</sup>	<b>Maximum Gross Monthly Salary</b>
Senior Officers	ILS 120 thousand
Other Officers	ILS 85 thousand

6.2.4. The cap of the gross monthly salary as specified in Sections 6.2.1. to 6.2.3 above shall be linked to the rise in the Consumer Price Index known on the date of adoption of the Compensation Policy. An Officer may be entitled, in the employment agreement, to linkage of his salary to the index. In such a case, the linkage will be as of the date of approval of his terms of office and/or employment of the relevant Officer.

6.2.5. The Compensation Committee may update the gross monthly salary of the Officers at a rate of up to 5% per year since the last update of such salary, beyond and in addition to the rise in the Consumer Price Index, as specified in Section 6.2.4 above, subject to the considerations described as to the determination of the terms of office and employment of Officers, and such update shall not be deemed a deviation from the Compensation Policy, even if the gross monthly salary of the Officer exceeds the cap of the maximum gross monthly salary under this section above.

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<sup>5</sup> As of the date of adoption of this Policy, the incumbent Chairman of the Board is not defined as an Active Chairman of the Board. In addition, the General Partner and/or the Partnership do not bear the cost of employment of the Chairman of the Board.

<sup>6</sup> See Footnote 2 above.

<sup>7</sup> As of the date of adoption of this Policy, the Officers other than the CEO are employed in the Partnership, in a full-time position (100%), with the Partnership bearing the full cost of their employment, other than: (1) the Deputy CEO which the General Partner bears 10% of the cost of his employment; and (2) the CFO which the General Partner bears 70% of the cost of his employment.

<sup>8</sup> See Footnote 3 above.

### 6.3. Related Benefits

6.3.1. Officer of the Partnership and/or the General Partner shall be entitled to Related Benefits as commonly accepted for executives in the market, including: provisions to a pension fund and/or managers' insurance; provisions to an advanced study fund; insurance against loss of working capacity; car (including car expenses and the bearing of costs of the tax gross-up); the bearing of communication expenses (cellular telephone, internet, newspapers, etc.); participation in professional training; annual leave and leave encashment; recuperation pay; sick leave; health insurance; exemption, indemnification and insurance of officers (subject to the conditions specified in Section 13 below), receipt of loans in accordance with the commonly accepted procedures of the Partnership and/or the General Partner, as being approved by the authorized organs thereto, where the interest on the loans shall be no less than the interest rate under Section 3(i) of the Income Tax Ordinance [New Version] and regulations by virtue of the Income Tax Ordinance [New Version], as being from time to time; etc.

6.3.2. The Officers shall also be entitled to Related Benefits, which are connected to their activity and granted to their employees, in accordance with the common practice at the Partnership and/or the General Partner and in consideration of their position and their rank.

6.3.3. In the event that the Officer provides services to the Partnership and/or to the General Partner (including through a management company) and is not an employee of the Partnership and/or the General Partner, the Officer will be paid a management fee based on the fixed salary and the Related Benefits (as specified in Section 6.3 above) against the issuance of an invoice (plus taxes as required by law, such as V.A.T.), provided that no change occurs in the employment costs borne by the Partnership and/or the General Partner due to such engagement with a service provider compared with the engagement with him if he were an employee.

### 6.3.4. Relocation overseas

The Partnership and/or the General Partner may determine in an engagement with the Officer that they will bear the expenses (as well as the tax gross-up costs therefor) for the relocation of the Officer outside of Israel as part of his position, including: rent for residential apartment; educational expenses of the children of the Officer who are under the age of 18; medical insurance expenses for the Officer, his/her spouse and their children, as well as car rental expenses (including vehicle usage

expenses). Such expenses shall be in the customary scope with respect to Officers in the position filled by the relevant Officer. Without derogating from the aforesaid, the Officer shall be entitled to reimbursement of expenses for one-time expenses of relocating to the foreign country and returning to Israel upon termination of the position and during his stay abroad, the Officer, his/her spouse and their children will be entitled to airline tickets to Israel twice a year. In the event that following the payment of the expenses as specified in this section above, the Officer will be liable for tax, the General Partner and/or the Partnership may bear the expense for such tax liability.

7. **Prior Notice, Adjustment Bonus and Terms of Retirement**

7.1. **Prior Notice and Adjustment Bonus**

7.1.1. Without derogating from the rights of the Officers of the Partnership and the General Partner under law, termination of the employment of Officers of the Partnership and/or the General Partner will be with prior notice, as specified in the following table. Furthermore, the Partnership and the General Partner may approve an adjustment bonus to an Officer, subject to the caps specified below and subject to the provisions of Section 7.3 below.

Officer	Prior Notice Period (in months)	Adjustment Bonus (in Gross Monthly Salaries)
Active Chairman of the Board	Up to 3	Up to 6
Chief Executive Officer	If the relations' termination is initiated by the CEO – up to 12	Up to 6
	If the relations' termination is initiated by the employer – up to 4	
Senior Officers	Initiated by the senior officer – up to 6 Initiated by the employer – up to 3	Up to 6
Other Officers	Initiated by the officer – up to 6 Initiated by the employer – up to 3	-

continue in his position during the prior notice period, unless the General Partner or the Partnership decides not to require the

Officer to work during the prior notice period, in whole or in part. The Officer will be entitled to the full compensation owing to him for the prior notice period if he actually works during the prior notice period. If the General Partner or the Partnership decide not to require the Officer to work during the prior notice period, in whole or in part, he will be entitled to the basic pay and the Related Benefits, but the entitlement to a bonus and the vesting period of the equity-based component will discontinue on the date of discontinuance of his employment. The Partnership and/or the General Partner shall be entitled to condition the payment of the adjustment bonus on the undertaking of the Officer for no-competition during the adjustment period.

## 7.2. Retirement Bonuses

- 7.2.1. In the event of a relations' termination initiated by the Partnership or the General Partner, after a term of service that shall not to fall under 3 years at the Partnership and/or the General Partner, the Compensation Committee and the Board shall have the authority to grant a retirement bonus (above and beyond the payments under law), which shall not exceed an amount equal to the product of multiplication of the Officer's years of employment by his last salary (Gross Monthly Salary) subject to the provisions of Section 7.3 below.
- 7.2.2. In the event of a relations' termination initiated by the Officer, after a term of service that shall not to fall under 3 years at the Partnership and/or the General Partner, the Compensation Committee and the Board shall have the authority to grant retirement bonuses (above and beyond the payments under law), which shall not exceed an amount equal to the product of multiplication of the Officer's years of employment by one half of his last salary (Gross Monthly Salary) subject to the provisions of Section 7.3 below.
- 7.2.3. The criteria to be examined for the purpose of granting retirement bonuses shall include, *inter alia*, the following:
- a) The circumstances of retirement: Age, medical condition, termination of the relations initiated by him or by the employer.
  - b) The Officer's contribution to the achievement of the Partnership's goals during the term of his office.
  - c) Tenure with the Partnership and with the General Partner.
  - d) Recommendation and approval by the CEO (or the Chairman of the Board, in the case of a retiring CEO).

7.3. The adjustment bonus (if granted) and the retirement bonus (if granted) together, shall not exceed six (6) Gross Monthly Salaries.

8. **Cash Variable Component ("Bonus" or "Annual Bonus")**

8.1. General

8.1.1. The Partnership and the General Partner may grant Officers a Bonus as part of the terms and conditions of their compensation.

8.1.2. An Officer entitled to a Bonus in respect of a relevant calendar year will only be entitled to receive the same provided that he is employed with the Partnership and/or with the General Partner for at least 3 months in that year.

8.1.3. The Bonus may be composed of three components (for the blend of bonus components see Section 8.4 below):

- A component contingent upon the achievement of a business target (the "**Business Target**") as shall be predetermined every year by the Compensation Committee and the Board.
- A component contingent upon quantitative tests (a change in adjusted annual profit, the execution of investments or the making of investment decisions, and raising funds or signing gas sale agreements, as specified in Section 8.3 below) (the "**Measurable Bonus**").

It is noted that the Business Target and the Measurable Bonus will be predetermined every year no later than the date of approval of the previous year's audited financial statements of the Partnership for the following year, but for 2019 they were determined on the said date, subject to approval of the Compensation Policy.

Regarding the CEO of the General Partner, the Business Target and the Measurable Bonus will be determined by the Compensation Committee and the Board and with respect to the Officers who are subordinate to the CEO, the Business Target and the Measurable Bonus (if determined for them), will be determined by the CEO.

- The discretion of the Compensation Committee and the Board.

8.1.4. The Board may, according to its discretion, reduce the amount of the Annual Bonus to which an Officer is entitled, upon the

occurrence of circumstances that justify such reduction (for the avoidance of doubt – the discretion to reduce the amount of the Bonus is valid also in the event that the Officer met targets (and threshold conditions) determined with respect to him).

## 8.2. Business-Target-Contingent Component

- 8.2.1. The date for the realization of the business target entitling to this component in respect of any calendar year shall be by the approval of the annual financial statements for that year.
- 8.2.2. Insofar as the Board does not define a business target for an Officer for a certain calendar year, the weight of the Measurable Bonus component for the Officer that year shall be 75% of the bonus cap of that Officer, rather than as specified in Section 8.4 below.
- 8.2.3. Insofar as the business target set as a condition for the Officer's entitlement to the business-target-contingent component for that year is not realized, the Officer shall not be entitled to a Bonus for the business-target-contingent component, and accordingly, the amount of the Annual Bonus for the Officer in respect of that year shall not exceed the Measurable Bonus component cap plus the discretionary component cap.

## 8.3. Measurable Bonus Components

The Measurable Bonus components (in whole or in part) are as follows:

### 8.3.1. Change in Adjusted Net Profit

The rate received from the division of the Adjusted Net Profit (as per its meaning below) in the year for which the bonus is paid by the average of the Partnership's Adjusted Net Profit in the three years preceding the year for which the bonus is paid ("**Change in Adjusted Net Profit**"). For the purpose of this section, "**Adjusted Net Profit**" shall mean – the net profit attributed to the holders of participation units of the Partnership in the year for which the bonus is granted, **excluding** expenses due to exploration drilling as stated in the Statement of Comprehensive Income of the Partnership for that year and **excluding** the capital gain and/or loss to derive from the Partnership's holding of an investee company and/or from financial assets available for sale and/or in profit and/or loss from disposition and/or loss from disposition of assets **and excluding** the effects deriving from changes in accounting standards (including restatement as a result thereof) or the adoption of a new accounting policy.



The bonus-entitling Change in Adjusted Net Profit shall be between 90% and 120% and calculated linearly, i.e.: The Officer shall be entitled to a bonus if the Change in Adjusted Net Profit exceeds 90%, where the bonus amount shall increase insofar as the Change in Adjusted Net Profit shall be higher than 90% and the maximum bonus (for such component) shall be granted when the Change in Adjusted Net Profit is 120%.

8.3.2. Execution of Investments/Making an Investment Decision

Actual investments made by the Partnership in a petroleum asset during the year for which the bonus is paid in an amount no lesser than US \$50 million (excluding investments in exploration drilling) or, alternatively, a decision made by the Partnership jointly with its partners (if any) to invest in a petroleum asset in an amount exceeding US \$300 million (in 100% terms) (excluding a decision to invest in an exploration drilling) during the year for which the bonus is paid.

8.3.3. Raising Funds / Signing Gas Sale Agreements

Capital raising or debt raising by the Partnership (directly or indirectly), with its share in such raising being no less than US \$200 million or, alternatively, the Partnership signing, together with its partners (if any), binding agreements for the sale of natural gas in quantities exceeding 25 BCM or, alternatively, signing export agreements, all during the year for which the bonus is paid.

8.3.4. The compensation cap for the measurable compensation components shall not exceed the aggregate weight of such components as specified in the table in Section 8.4 below.

8.4. Blend of Annual Bonus Components

	<b>Business-Target-Contingent Component</b>	<b>Measurable Bonus Component</b>	<b>Discretion</b>	<b>Total</b>
<b>Weight (out of Bonus Cap)</b>	30%-40%	35%-45%	25%	100%

The weight of each one of the Annual Bonus components out of the total Annual Bonus will be determined by the Compensation Committee and the Board and with respect to Officers who are subordinate to the CEO, by the CEO (subject to the provisions of Section 8.3.1 above) for the following year by the date of approval of the financial statements for the previous year, however with respect to

2019, their weight was determined in the said date subject to the approval of the Compensation Policy.

Notwithstanding the aforesaid, the CEO may recommend the granting of an Annual Bonus to Officers who report to him up to the amount of the Annual Bonus cap (as specified in Section 8.5 below), according to his evaluation of the performance of the Officers and the manner of their function in the past year, which shall be granted subject to the approval of the Compensation Committee and the Board.

8.5. Annual Bonus Cap

The total Annual Bonus for a 100%-position shall not exceed:

8.5.1. ILS 2,200 thousand for the CEO.

8.5.2. 15 Gross Monthly Salaries for the Active Chairman of the Board.

8.5.3. 15 Gross Monthly Salaries for senior Officers.

8.5.4. 6 Gross Monthly Salaries for other Officers.

8.6. Signing/Retention Bonus

8.6.1. The Compensation Committee and the Board shall have the authority to approve a signing/retention bonus to an Officer in an amount not to exceed 3 Gross Monthly Salaries.

The Compensation Committee and the Board shall be entitled to condition the grant of the signing/retention bonus upon receipt of an undertaking by the Officer not to retire from his position in the Partnership or the General Partner for a period as they deem fit to determine. The bonus amount (up to the cap set out in this section) may be derived from the duration of the period in which the Officer undertakes to continue to be employed by the Partnership or the General Partner.

8.6.2. It is clarified that signing/retention bonuses are not included in the caps stated in Section 6.2 above and/or in Section 8.5 above, and that this is a one-time bonus that will be granted (if and to the extent granted) at most once every three years to that same Officer.

9. Special bonus

9.1. Subject to the approvals required under any law, the Partnership or the General Partner may grant Officers a special bonus that may be granted in the event that the Partnership makes a decision to drill an exploration well to the deep targets in the Leviathan leases; **or**

alternatively, the Partnership decides to make an investment decision (sanction) for development of the Aphrodite reservoir in Cyprus; **or** alternatively, the Partnership will commence the commercial flow of gas from the Leviathan reservoir to Egypt; **or** alternatively, the Partnership will approve a project for the export of natural gas to the liquefaction plants located in Egypt or for purposes of supply of natural gas to the FLNG; **or** alternatively, the Partnership sells its remaining direct holdings in the Tamar and Dalit leases; **or** alternatively, the Partnership makes an investment decision (sanction) on additional development phases in the Leviathan project (beyond Phase 1A of the development plan).

- 9.2. Such special bonus will be granted to the same Officer, at most, once every period of Compensation Policy, and shall not exceed 6 Gross Monthly Salaries, and will be in addition to the Annual Bonus.

For this purpose, it is clarified that insofar as in a specific calendar year, there is an impediment to granting the full special bonus notwithstanding establishment of entitlement to receive the same (for example, if the payment of the special bonus in full would exceed the total compensation cap under this Compensation Policy above and below), the special bonus may be paid in installments over several years.

10. **Repayment of Compensation Granted based on Incorrect Financial Information**

- 10.1. An Officer will be required to repay the Partnership and/or the General Partner, as applicable, including by way of setoff, excess payments paid to him as part of his terms of employment, insofar as paid based on data that were found to be incorrect and were restated in the Partnership's financial statements during a period of three years as of the date of payment of the excess payments.
- 10.2. It is hereby clarified that a restatement resulting from a change in accounting policy or the first-time adoption of an accounting policy shall not cause the repayment of amounts by the Officer as aforesaid.
- 10.3. The Compensation Committee shall decide the manner of implementation of the repayment mechanism According to its discretion, while taking into account the circumstances of the specific case.

11. **Equity-Based Compensation**

- 11.1. Equity-based compensation constitutes an appropriate mechanism for retaining and incentivizing Officers while creating a closeness of interests between the Officers and the participation unit holders of the Partnership and striking a proper balance between short-term and long-term considerations. Thanks to the long-term nature of equity-based

compensation plans, they support the ability of the Partnership and the General Partner to retain their senior executives in their positions for a long time.

- 11.2. The Partnership and/or the General Partner may, subject to receipt of the approvals required under law, grant the Officers equity-based compensation, such as options for participation units of the Partnership and/or for the securities of a Subsidiary and any other type of payment based on the performance of the participation units of the Partnership and/or the securities of a Subsidiary (including equity-based compensation settled in cash, non-recourse loans and/or guarantees for a loan for the purpose of purchasing participation units of the Partnership and/or securities of a Subsidiary or any other arrangement that will be treated in the Partnership's books as payment based on participation units and/or shares, as applicable), according to equity-based compensation plans to be adopted from time to time. The equity-based compensation may include additional arrangements, including: conditions for the purpose of entitlement to distribution of profits and to voting rights in respect of participation units or other securities included in the equity-based compensation; adjustment of the equity-based compensation including by way of extending or expediting the vesting period, due to a distribution of profits, a distribution of securities by way of a benefit, capital consolidation and split, rights offerings and mergers and acquisitions, structural changes; right of first refusal in the transfer of securities. It is clarified that the grant of equity-based compensation in a Subsidiary is contingent upon that Officer holding office in such Subsidiary.

11.3. Caps

11.3.1. Cap for a Benefit deriving from the Exercise of Equity-Based Compensation Settled in Cash

The Officer will be entitled to a maximum benefit deriving from the exercise of equity-based compensation settled in cash, up to the price of the participation unit (or share) on the exercise date, which shall not exceed 100% of the exercise price determined for a participation unit (or share) included in the exercised portion on the grant date.

Example for illustration only: insofar as the exercise price determined for the option for the participation unit (settled in cash) allocated to the Officer is ILS 10 per participation unit and the Officer was allocated 2 options to exercise 2 participation units (settled in cash), then the maximum benefit cap deriving from the exercise of the equity-based compensation settled in cash is ILS 20. Accordingly – insofar as the price of the participation unit at the exercise date is ILS 28, the Officer shall not be entitled to a benefit deriving from the exercise price of ILS 36 (for the two participation units),

but up to the cap amount, which, according to the above example, is ILS 20.

#### 11.3.2. Cap for the Value of Equity-Based Compensation on the Date of Grant thereof

The annual benefit for this compensation shall be subject to the caps described below (for this purpose, the annual benefit will be calculated as the quotient resulting from the division of the financial value of participation-unit-based (or share-based) compensation on the date of approval by the Board for the grant thereof (the “**Grant Date**”) by the number of years required until the full vesting of the participation-unit-based (or share-based) compensation (linear division), rather than according to the accounting record of the expense):

- a) The amount of the annual benefit in respect of equity-based compensation on the Grant Date (as defined above) to be granted to the CEO shall not exceed ILS 3,300 thousand.
- b) The amount of the annual benefit in respect of equity-based compensation on the Grant Date (as defined above) to be granted to the Active Chairman of the Board shall not exceed 15 Gross Monthly Salaries.
- c) The amount of the annual benefit in respect of equity-based compensation on the Grant Date (as defined above) to be granted to senior Officers shall not exceed 15 Gross Monthly Salaries of each one of such Officers.
- d) The amount of the annual benefit in respect of equity-based compensation on the Grant Date (as defined above) to be granted to other Officers shall not exceed 7 Gross Monthly Salaries of each one of such Officers.

The Compensation Committee and the Board have examined the possibility of setting a limit to the benefit on the exercise date of the equity-based compensation (which is not settled in cash) and have chosen not to implement this feature, since, according to their position, this feature stands in contrast to the rationale for granting equity-based compensation and the characteristics thereof.

- 11.4. The vesting period for the full equity-based compensation to be granted to an Officer shall be at least 3 years as of the grant date. The Partnership and/or the General Partner may accelerate the equity-based compensation for the Officer, and to make adjustments to the exercise price under circumstances so justifying, including under the circumstances specified in Section 11.2 above (regarding arrangements in the terms of the equity-based compensation), including in cases of

change of structure, change of control or suspension of trading in the securities granted in the framework of the equity-based compensation and/or employment termination in certain circumstances, in order to preserve the value of the equity-based compensation and all subject to approval by the Compensation Committee and the Board of the General Partner.

11.5. The expiration date of the equity-based compensation shall be no earlier than the elapse of one year as of the date of the vesting of every portion (with the exception of special cases to be determined, such as employment termination) and no later than 8 years as of the allotment date.

11.6. Upon the grant of participation-unit-based (or share-based) compensation, the exercise price shall be determined such that it constitutes a proper incentive for maximization of the value of the Partnership (or the Subsidiary) for the long term. If the equity-based compensation is based on marketable securities, the exercise price of the first installment shall not fall under the price of the participation unit (or the share) on the Grant Date (as defined above) and shall not fall under the average of closing prices in the period of 30 trading days preceding the Grant Date (as defined above).

The exercise price to be determined for the second installment onwards, shall be equal to the exercise price of the first installment plus five percent (5%) each year.

11.7. The entitlement of an Officer to equity-based compensation at the time of termination of employment relations shall be according to the conditions of the equity-based compensation plans adopted or to be adopted by the Partnership and/or the General Partner and/or in accordance with the provisions of the employment agreements.

12. **Ratio of Fixed Compensation Components to Variable Compensation Components**

12.1. Chairman of the Board

For the Active Chairman of the Board, the maximum ratio between the variable components and the fixed component shall not exceed 1.8 (in a year in which the special bonus is paid, the maximum ratio shall be 2.1).

12.2. CEO

12.3. For the CEO, the maximum ratio between the variable components and the fixed component shall not exceed 2.1 (in a year in which the special bonus is paid, the maximum ratio shall be 2.5).

#### 12.4. Senior Officers

For senior Officers, the maximum ratio between the variable components and the fixed components shall not exceed 2.1 (in a year in which the special bonus is paid, the maximum ratio shall be 2.5).

#### 12.5. Other Officers

For Officers, the maximum ratio between the variable components and the fixed components shall not exceed 1 (in a year in which the special bonus is paid, the maximum ratio shall be 1.4).

12.6. It is noted that the calculation of such ratios, excludes signing/retention bonuses (see Section 8.6 above); adjustment bonus and retirement bonus (see Section 7.3 above), which may be granted in accordance with and subject to the terms and caps set forth above. In addition, the calculation does not include the cap for the maximum benefit deriving from the exercise of equity-based compensation settled in cash, but rather the value caps as of the date of approval of the Board of the General Partner for the grant thereof, as specified in Section 11.3.2 above.

12.7. It is clarified that a deviation of up to 5% above the ratios specified in 12.1 to 12.5 above shall not be deemed a deviation or a divergence from the Compensation Policy.

### 13. Insurance Exemption and Indemnification of Directors and Officers

#### 13.1. Officers Liability Insurance

13.1.1 The directors and Officers may be entitled to be included in the directors and officers liability insurance policy to be taken out by the Partnership ("**Independent Policy**") and/or the controlling shareholder of the General Partner ("**Group Policy**"), in accordance with the approvals required under law. The insurance liability cap in an Independent Policy and/or in a Group Policy shall not exceed US \$300 million per occurrence and in the aggregate. The Partnership may take out an Independent Policy if it elects not to be included in the Group Policy or if it elects to take out a policy to cover the difference between the actual insurance liability cap in the Group Policy and the insurance liability cap as aforesaid. The annual premium both for an Independent Policy and for a Group Policy (the Partnership's share) shall not exceed US \$800 thousand plus up to 15% per year, and a deductible for the Partnership which shall not exceed US \$250 thousand per event.

13.1.2 The Partnership shall be entitled to purchase liability insurance policies deriving from public offerings by the Partnership

and/or a subsidiary of securities pursuant to prospectuses, in the event of such offerings (hereinafter in this section: the “**Offerings**” and “**POSI Policy**” respectively) where each POSI Policy in connection with each offering shall include the following conditions: Liability cap of up to \$300 million per event for a period of up to approx. 7 years from the offering date, plus reasonable trial costs beyond the liability cap, to insure the following insureds: Employees and/or officers in the Partnership, the General Partner and a subsidiary; The Partnership and/or the General Partner for their liability regarding the prospectus and their liability to indemnify certain third parties in connection with the prospectus. The insurance premium for the Partnership’s engagement in the POSI Policy shall not exceed \$150 thousand per year, plus up to 15% per year, and the excess shall not exceed \$500 thousand per claim.

13.1.3 In addition, in the event that the Officers’ liability insurance policy has not been renewed, for any reason, and in any other case in which it is required to do so, the Partnership shall be entitled to approve the activation of the sections for the extension of a discovery period of up to 7 years and to purchase run-off insurance. The maximum liability limits of a run-off policy purchased by the Partnership shall not exceed US \$300 million per event and for the policy period. Such insurance shall be made in consideration for payment by the Partnership of a premium in a sum total not to exceed US \$350 thousand per year (relative for the period for which it shall apply).

13.1.4 The Partnership and the General Partner shall be entitled, subject to any law and the approval of the authorized organs, at any time during the Compensation Policy period to purchase D&O liability insurance policies (including control holders serving as directors and officers and/or directors/officers with whom the control holders have a personal interest, as serving from time to time), which also include the Officers and directors serving in a subsidiary of the Partnership, including coverage to the General Partner for its liability, and to extend and/or renew the existing insurance policy and/or enter into a new policy on the renewal date or during the insurance period, with that same insurer or other insurer in Israel or overseas (the “**Insurance Policies**”), provided that such engagements are at market prices and will not have a material effect on the Partnership’s profitability, its assets or liabilities and will be based on the fundamental terms and conditions specified above. Insofar as the above Policies are extended to cover civil claims against the Partnership itself (as distinguished from claims against its Officers) concerning Entity Coverage for Securities Claims, payment arrangements shall be determined for such extension with respect to insurance benefits, if any, whereby



the right of the Officers to receive indemnification from the insurers precedes the Partnership's right.

13.2. Indemnification

The directors and Officers may be entitled to indemnification subject to the approvals required under law, in a total amount of up to 25% of the Partnership's equity on the date of exercise of the indemnification.

13.3. Exemption from liability

Subject to the provisions of any law, an Officer (including for the avoidance of doubt, a director and external director) including an Officer who is a control holder or relative thereof shall be entitled to receive a letter of exemption from liability in such language as shall approved by the authorized organs. Such exemption shall not apply to a resolution or transaction in which the control holder or any Officer (also another Officer for whom the exemption is granted) has a personal interest.<sup>9</sup>

14. **Immaterial change in the terms of office and employment of Officers (excluding directors)**

It is noted that in accordance with the provisions of Section 65-53(a) of the Partnerships Ordinance, the Compensation Committee is entitled to approve a change in the terms of office and employment of Officers, excluding directors, provided that the Compensation Committee confirms that the change in the terms of office and employment is immaterial relative to the current transaction.

15. **Compensation of Directors**

Compensation of the outside directors and the other directors of the General Partner, other than the Active Chairman of the Board, insofar as he serves in the General Partner, will be determined according to the provisions of the Companies Regulations (Rules regarding Remuneration and Expenses of Outside Directors), 5760-2000. The provisions of this section shall not apply to the Active Chairman of the Board, and the compensation to which he is entitled shall be subject to the provisions of this Compensation Policy.

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<sup>9</sup> It is noted that as of this date, some of the Officers serving in the General Partner and in the Partnership were granted, in accordance with the approvals of the organs in the General Partner and in the Partnership, letters of exemption, in a form that does not include the said exclusion. It is clarified, for the avoidance of doubt, that in accordance with the provisions of Section 3 above, this Compensation Policy does not derogate from the validity of letters of exemption previously issued to Officers in the Partnership or the General Partner.

**Annex B – Proposed Language of the Amended Partnership Agreement**

*All English versions / translation are given only for the convenience of the reader. The only official information is that which is included in the formally Hebrew constitutional documents of the entity as well as in formally Hebrew published immediate and financial reports of the entity and other reports made by the entity to the Israeli Securities Authority and the Tel Aviv Stock Exchange. In the event of any conflict between translated constitutional documents and/or immediate and/or financial and/or business information given and the formally Hebrew published financial reports, the formally Hebrew published one shall prevail.*

**Limited Partnership Agreement**  
**[Restated Version]**

This Agreement was entered into and signed in Tel Aviv on July 1, 1993<sup>1</sup>

**Between:** Delek Drilling Management (1993) Ltd.  
as the general partner  
(the “**General Partner**”)

**of the first part;**

**And between:** Delek Drilling Trusts Ltd.  
as the limited partner  
(the “**Limited Partner**”)

**of the second part;**

**Whereas** the parties are interested in establishing a limited partnership according to Israeli law, for the purpose of participating in oil and/or gas exploration;

Therefore it has been agreed and stipulated between the parties as follows:

1. Preamble

The preamble to This Agreement forms an integral part thereof.

2. Definitions and interpretation:

2.1. Definitions

The "**Rights Transfer Agreement**" – an agreement to be signed following the execution of This Agreement and prior to the public offering mentioned below, between the Limited Partnership which is hereby established and between Delek Oil Exploration Ltd. and Delek The Israel Fuel Corporation Ltd., as it shall be amended from time to time, regarding the transfer of working interests in oil assets and any

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<sup>1</sup> **Amendments:** amendment (1) August 2, 1993, amendment (2) August 3, 1993, amendment (3) September 18, 1994, amendment (4) July 20, 1999, amendment (5) December 1, 2004, amendment (6) December 23, 2004, amendment (7) February 7, 2005, amendment (8) June 22, 2005, amendment (9) November 19, 2006, amendment (10) December 23, 2007, amendment (11) January 5, 2009, amendment (12) December 29, 2009, amendment (13) April 8, 2010, amendment (14) October 9, 2011, amendment (15) July 17, 2012, amendment (16) October 22, 2015, amendment (17) May 17, 2017, amendment (18) May 16, 2019, amendment (19) July 10, 2019.

agreements which the Limited Partnership may enter whereby rights to oil assets shall be transferred thereto and/or its rights to oil assets or liabilities in relation thereto shall be determined.

The "**Partnership**" or "**Limited Partnership**" – The limited partnership which is being established by This Agreement.

"**Oil Assets**" – Oil rights, preliminary permits, preemptive rights to receive a license, permissions, grants, concessions for the exploration and/or production of oil in a certain place or area and other rights which confer a right to oil which will be discovered or produced in a certain place or area.

The "**Completion Date**" – The date falling one day after the closing of list of subscriptions in the Public Offering (as defined below), but no earlier than the registration in the oil registry, in the name of the Limited Partnership, of the rights to licenses (224) Negev Ashkelon, (227) Negev Nirim [and the licenses which shall be received instead of the preliminary license Negev Med] which are transferred thereto according to the Rights Transfer Agreement to be signed immediately prior to the publication of the prospectus.

"**This Agreement**" – This Agreement as shall be amended from time to time upon both parties' consent.

The "**Trust Agreement**" – The trust agreement which was executed on the execution date of This Agreement between the Limited Partner, as trustee for the unit holders, of the first part, and between Somekh Chaikin CPA (the "**Supervisor**") of the second part, regarding the issuance of units which confer a working interest in the Trustee's rights as the Limited Partner in the Partnership, as shall be amended from time to time.

The "**Trustee**" – The Limited Partner according to This Agreement and whomever shall serve, from time to time, as Trustee according to the Trust Agreement.

The "**Supervisor**" – The partnership Somekh Chaikin CPA and whomever shall serve, from time to time, as Supervisor according to the Trust Agreement and This Agreement.

The "**Offeror**" and the "**Operator**" – The General Partner.

The "**Public Offering**" – An offering, as per a prospectus to be published by the Offeror, of units which shall be issued according to the Trust Agreement by the Limited Partner as the issuer to the Offeror and which will confer (towards the Limited Partner) a working interest in its rights in the Partnership and in series 1 warrants.

## 2.2. Interpretation

- 2.2.1. Terms defined in the Israeli Petroleum Law, 5712-1952 shall have in This Agreement the same meaning as per their definition therein. Terms which are common in the oil and gas exploration industry shall be construed as per their common meaning.
- 2.2.2. Subject to the aforesaid, terms which are defined in the Israeli Interpretation Law 5741-1981 shall have in this law the same meaning as per their definition therein.
- 2.2.3. In This Agreement, the singular/masculine form of words and definitions shall be interpreted as also including the plural/feminine language, and vice versa.
- 2.2.4. The provisions of this section shall not apply if anything in essence or in context is inconsistent with the aforesaid interpretation provisions.
- 2.2.5. The headlines of This Agreement shall not be considered for the purpose of its interpretation.

## 3. Establishing the Partnership

- 3.1. The parties to This Agreement agree to establish a limited partnership according to the Partnership Ordinance (New Version) 5735-1975 (the "**Ordinance**"). The Partners' rights and liabilities shall be determined according to the provisions of the Ordinance, unless they are inconsistent with a specific provision of This Agreement in relation to the matter in reference.
- 3.2. The provisions of This Agreement form the Partnership's articles of association, as per Section 61 of the Ordinance.

## 4. The Partnership's Name

The Partnership shall be named "Delek Drilling" or any other name as shall be determined by the General Partner.

## 5. The Partnership's Goal, Authorities and Powers

- 5.1. The goal of the Limited Partnership is to take part in oil and/or gas exploration. The Partnership shall only engage in oil or gas exploration or production according to an oil right or preliminary permit with a preemptive right to receive a license (within the meaning of these terms in the Oil Law 5712-1952) in the geographical areas included in the following licenses and permits, whether the following specified licenses and permits apply thereto, or such other substitute licenses, permits and leases that are issued to the Partnership in their stead: "Noa" I/7 lease, "Ashkelon" I/10 lease, "Tamar" I/12 lease, "Dalit" I/13 lease, "Rachel"/349 License, "Amit"/350 License, "Hanna"/351 License, "David"/352 License, "Eran"/353 License, "Ruth

### Amendments:

July 20, 1999  
December 1, 2004  
June 22, 2005  
November 19, 2006  
December 23, 2007  
January 5, 2009  
October 9, 2011  
July 17, 2012  
May 16, 2019

A"/358 License, "Ruth B"/359 License, "Ruth C"/360 License, "Alon A"/364 License, "Alon B"/365 License, "Alon C"/366 License, "Alon D"/367 License, "Alon F"/369 License, "Royee"/399 License, "Ofek New"/405 License, "Yahel New"/406 License, as well as the geographical areas included in Block 12 in Cyprus and in adjacent areas to all the aforesaid areas which shall be included in the existing Oil Assets as a result of border changes thereto or to any preliminary permit or oil right which shall be issued to the Partnership in the areas adjacent to any of the aforesaid areas or to other areas as shall be defined in This Agreement in the future.

- 5.2. The Partnership's main expenses shall be "Exploration and Development Expenses" as this term is defined in the Income Tax Regulations (Rules for the calculation of tax due to holding and selling of participation units in an oil exploration partnership) 5749-1988 ("**Exploration and Development Expenses**").
- 5.3. The Limited Partnership shall have all authorities and powers which are required and/or useful for the purpose of advancing the Limited Partnership's goal or related thereto.
6. The Partnership's Equity

6.1. The Partnership's equity shall be comprised of the following amounts:

6.1.1. NIS 1,000 to be contributed by the Partners on the execution date of This Agreement, of which NIS 999.9 shall be contributed by the Limited Partner and NIS 0.1 shall be contributed by the General Partner; as well as

6.1.2. The amounts contributed by the Limited Partner on the Completion Date according to Sections 6.2 and 6.3 below.

- 6.2. The Limited Partner shall contribute to the Partnership, on the Completion Date, an amount equal to the entire amount of the (net) issue proceeds of the units issued thereby and offered according to the prospectus (after deduction of an amount equal to the expected trust expenses, including the Trustee's and the Supervisor 's fees according to the Trust Agreement); an additional amount shall also be contributed, which shall be received after the registration of the Partnership in consideration for the issuance of units issued by the Trustee to the General Partner soon before the date of the prospectus. This amount, together with the amount paid by the Limited Partner according to Section 6.1.1, shall constitute approx. 100% of the Limited Partnership's equity.
- 6.3. Whenever the Limited Partner shall have received funds as a result of the exercise of the series 1 warrants that are offered to the public according to the prospectus, the Limited Partner shall be obligated to put these funds, after deduction of any fees payable thereon, into the Partnership's equity.
- 6.4. A partner shall not be entitled to interest in relation to its payments to the Partnership's equity.

Amendment  
August 2, 1993

- 6.5. After the Limited Partner shall have paid its share of the Limited Partnership's equity according to this Section 6, the Limited Partner shall be under no liability to further invest additional amounts in the Limited Partnership's equity, nor shall it be responsible for the Limited Partnership's liabilities beyond the amount it had contributed as aforesaid.
- 6.6. In the event that the parties shall agree to increase the Limited Partnership's equity, the Limited Partner's share shall be 99.99% of the additional equity contributed to the Partnership and the General Partner's share shall be 0.01% thereof.

7. Place of Business Management

The place of the Partnership's business management shall be on 7 Giborei Israel St., Netanya. The General Partner may, from time to time, change the place of the business management, and in that case it shall notify such change to the Limited Partner and to the Supervisor within 20 days of the date of the change.

8. The Partnership's Expenses

- 8.1. The General Partner shall be responsible for the Partnership's expenses, throughout the term of existence of the Partnership, being mainly Exploration and Development Expenses, as defined in Section 5 above.
- 8.2. In case of a discovery, the Limited Partnership might have additional expenses for the purpose of preparing the well for production, completing the well, building production facilities and taking actions for the development of the oil field and/or the production of oil. In such a case the General Partner shall be entitled (but not obligated) to take on behalf of the Limited Partnership credit on terms as it shall deem fit for the purpose of financing the aforesaid expenses, and to pledge for this purpose the assets of the Limited Partnership, including the Limited Partnership's share in the well and/or oil field and/or Oil Assets. In addition, the Limited Partnership shall pay, in case of a discovery, the royalties said in Section 9 below. Prior to taking any action for the receipt of credit and pledge of assets according to this Section, the General Partner shall give the Supervisor a written notice in relation thereto, and it shall not take any such action if the Supervisor had notified, within reasonable time, that in his opinion the actions which the General Partner seeks, or any part thereof, should not be undertaken, provided, however, that he shall have given reasons in writing therefore, based on his opinion that the said actions should violate the Limited Partner's rights.
- 8.3. In case the General Partner believes there is room to participate in drillings and/or exploration activities which entail additional amounts, beyond those invested in the Limited Partnership's equity by any of the partners (plus the revenues of their investment for the purpose of preserving their real value), or in case of a discovery as aforesaid in Section 8.2 above, whereby the Limited Partnership is required to contribute to the necessary expenses in relation to the preparation of the well for production, or the completion of the well, or the construction of production facilities in the development of the oil field and/or

Amendment  
September  
19, 1994

any other action for the production of oil, or if the General Partner believes that there might be in the future a possibility that the Limited Partnership shall be made an offer to participate in such actions, then the General Partner shall so notify the Limited Partner and the Supervisor and specify the amount by which it believes the Limited Partnership's equity should be increased in order to enable the Limited Partnership to participate in the drilling and/or exploration activities and/or aforesaid expenses or, as the case may be, reserve the Limited Partnership's possibility to accept such an offer, if any, and in the event that such an offer is actually being made, the General Partner shall include in his notice the last date for acceptance as per the terms of the offer (the "**Last Date for Acceptance**").

In case the General Partner has, on the date of the notice, a well-formed plan for the execution of oil exploration activities, the notice should specify in which Oil Asset the oil exploration activities are planned, and in case there is also an estimated budget for the said actions – its total amount. In such a case the Limited Partner shall act to publish a prospectus subject to the conditions and approvals according to Section 2.4.2 of the Trust Agreement. For the avoidance of doubt it is clarified that should the possibility of publication of prospectus as aforesaid be precluded, then the General Partner shall be entitled to notify the offering party, or any other relevant entity, as the case may be, that the Limited Partnership shall not take part in the aforesaid drilling and/or exploration activities and/or expenses and take any measures necessary for that purpose, including also the abandonment of rights (if such a possibility was stated in the said notice of the General Partner to the Supervisor as the only possibility for preventing the Partnership's bearing these expenses and the Supervisor shall not have challenged this statement within the said period). In such a case the Limited Partnership might lose its rights to an Oil Asset in which it has rights.

9. Participation in Income, expenses and Losses; Royalties

9.1. The General Partner shall be entitled to 0.01% of the income and bear 0.01% of the expenses and losses of the Limited Partnership, as well as the expenses and losses of the Limited Partnership which are not borne by the Limited Partner as a result of the limitation on the Limited Partner's liability as per Section 12.2 below.

The General Partner shall be entitled to management fees as specified below:

9.1.1 Current management fees in the amount in NIS which is the equivalent of US\$ 40,000 per month; And in addition,

9.1.2 Management fees at the rate of 7.5% from half the Limited Partnership's expenses due to oil exploration activities on a quarterly basis and no less than a total amount of US\$120,000 per quarter.

The General Partner shall also be entitled to reimbursement of all direct expenses related to the management of the Limited Partnership

Amendments

August 2, 1993  
August 3, 1993  
September 18, 1994  
July 20, 1999  
December 23, 2004  
February 7, 2005  
December 29, 2009  
April 8, 2010  
July 17, 2012  
May 17, 2017



and which shall have been incurred by the General Partner. Unless the Supervisor's approval had been received regarding other types of expenses, the aforesaid expenses shall only include the following:

Accountants' fees, legal consultation, geological consultation, investment counsel, geophysical consultation and reservoir engineering, engineering consultation, economic (finance) consultation, insurance consultation, strategic and media consultation, investor relations consultation, regulatory consultation, marketing consultation and reimbursement of expenses related to marketing and financing activities and expenses incurred in the preparation of financial statements for the joint transactions, financial statements and reports according to the Securities Law 5728-1968 and the certificates for tax purposes, payments due to the ISA, TASE, Registrar of Companies and Registrar of Partnerships.

Other than the aforesaid, no fee shall be paid to the General Partner or to interested parties therein (as within the meaning of the term in in the Securities Law, 5728-1968).

Notwithstanding the aforesaid, the Partnership may directly hire employees and/or officers who shall provide the Partnership services of the kind for which the General Partner is entitled to such reimbursement, and in such a case the Partnership shall bear the full cost of their salary and the General Partner shall not be entitled to reimbursement of expenses for these services.

- 9.2. The Limited Partner shall be entitled to 99.99% of the income and bear 99.99% of the Limited Partnership's expenses and losses.
- 9.3. No loans and/or deposits shall be given out of the Limited Partnership's funds to the General Partner, the General Partner's directors, Delek, the Israel Fuel Corporation or any subsidiary or affiliated company thereof.
- 9.4. All of the Limited Partnership's profits which are lawfully available for distribution by the Partnership as profit, after deduction of those amounts (which were not taken into consideration for the purpose of determining the profits) and which the Partnership needs, as per the General Partner's discretion, for the purpose of the Limited Partnership's existing undertakings or in relation thereto (including the repayment of loans and the amounts which the General Partner deems necessary in order to pay unexpected expenses and which shall not exceed US\$ 250,000) (the "**Profits**") shall be distributed to the partners according to their rights, as aforesaid, in the following manner:

Once a year, soon before the year end, the General Partner shall prepare, in consultation with the Partnership's auditors, an estimate of the Partnership's annual chargeable income. Based on that estimate, the General Partner shall determine the amount for the initial distribution, *inter alia*, for the purpose of the Partnership's fulfillment of its

undertakings as per the tax collection agreement of October 21, 2004, signed between the Partnership of the first part and the assessing officer for large enterprises of the second part (the "**Amount for the Initial Distribution**"). The Amount for the Initial Distribution shall be announced by the General Partner before the year end and be thereafter distributed to the partners according to their aforesaid rights.

The balance of profit for distribution for that year (if any) shall be determined by the General Partner and announced soon after the release of the Partnership's audited financial statements for that year (the "**Second Distribution Balance**").

It is hereby clarified that should it transpire, after the performance of the second distribution, as a result of a change in circumstances, that additional amount could have been distributed for that year, the General Partner may distribute further amounts for that year ("**Additional Distributions**"), and it shall be obligated to do so if the additional distributable amount exceed a total of US\$3 million.

The calculation of the Profits shall always be made for the year ending on December 31. Notwithstanding the aforesaid, no amount shall be distributed if the receipt thereof by the Limited Partner shall be deemed as withdrawal of its investment or any part thereof, as per Section 63(b) of the Partnerships Ordinance (New Version) 5735-1975. Whenever in doubt whether the distribution of any amount to the Limited Partner shall be deemed as withdrawal of its investment or any part thereof, as aforesaid, the distribution shall not be made unless upon the Supervisor's consent. If the Limited Partnership shall have funds that shall not be distributed to the partners as aforesaid (including those deriving from the Limited Partnership's equity and undistributed profits), the General Partner shall be entitled, should it so deem fit as per its sole discretion, to invest them until they are used for the purposes for which they were intended, in the manner it shall deem fit, so long as the said investments are made for the purpose of preserving as much as possible the real value of the funds and their availability for the purpose of executing the Limited Partnership's goals. For this purpose – investment of money in liquid deposits in banks, in bonds rated with an average rating of no less than A locally or the international equivalent thereof, investments in exchange traded funds whose market value, on the date of the making of the investment, exceeds U.S. \$1 billion, and which are traded in one or more of the following countries: Israel, the U.S., Canada, England, Germany, France, Spain, Switzerland, at a scope that does not exceed 7.5% of the Partnership's overall investment portfolio on the date of the making of the investment, and investments in securities of corporations whose market value, on the date of making of the investment, exceeds U.S. \$1 billion and which are included in one or more of the following indexes: S&P 500, FTSE 100, SMI SWISS, MARKET, DAX, NIKKEI 500, HANG SENG, ASX 200, TSX 60 and Tel Aviv 100, with the exception of Delek Group Ltd. ("Delek Group"), subsidiaries or

<p><u>Amendments:</u> July 17, 2012 October 22, 2015</p>
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affiliates of Delek Group, the controlling shareholder (in concatenation) of the Partnership's general partner, at a scope that does not exceed 7.5% of the Partnership's overall investment portfolio on the date of the making of the investment, shall be deemed as investments which maintain the real value of the funds and their availability and/or any other investment which shall be approved by the Supervisor.

For the avoidance of doubt it is hereby clarified that the General Partner may not, in the absence of the written approval of the Supervisor, refrain from the distribution of profits for the purpose of carrying development and production works and participating in further exploration activities beyond those regarding which plans were included in the prospectus whereby units are issued or shall be issued to the public and/or those which were approved by the general assembly and/or in development activities in leases I/12 Tamar and I/13 Dalit, as shall be approved by the General Partner from time to time according to the joint operation agreement which applies to leases I/12 Tamar and I/13 Dalit.

It is further clarified that in the case of a wrong estimation of the Profits or in the case whereby following the provisions of Section 63(b) of the Partnership Ordinance, there shall be an impediment to performing any distribution, in whole or in part, even after the amount for distribution has been announced, then the General Partner shall be exempt from any liability unless it acted in bad faith.

- 9.5. The opinion of the Limited Partnership's auditor (who was appointed for the Limited Partnership concurrently with the execution of the Limited Partnership Agreement, or any auditor that shall substitute him) on all matters regarding the determination of the distributable profits' amount and the calculation of the partners' share, according to the Limited Partnership Agreement, in the Limited Partnership's income, expenses and losses, shall be final and conclusive. If for whatever reason the said auditor's office is vacated, another auditor shall be appointed by the General Partner in his stead, so long as the appointment shall have received the Supervisor's written approval.

9.6. Royalties

The Partnership is liable for royalties as follows:

- a. According to the provisions of the Rights Transfer Agreement dated August 2, 1993, attached hereto as **Annex A1** and the royalties notes signed pursuant thereof from time to time, all undertakings with respect to royalties shall apply to all of the Oil Assets of the Partnership (existing and future). However, the rate of royalties for such shall be reduced by 50% with respect to the rate of royalties immediately prior to the amendment of this Section, other than leases Ashkelon I/10 and Noa I/7 for which the royalties rate shall be reduced by 47.42%. It is

Amendment:  
May 17, 2017

clarified that any term not defined in this Section 9.6(a) shall have the meaning ascribed to it under the Rights Transfer Agreement and the said royalties notes (which shall remain in full force with respect to the parties therein). For the avoidance of doubt, it is hereby clarified that the aforesaid shall not add and/or derogate from the royalties holders rights under the said Rights Transfer Agreement and royalties notes.

- b. According to Section 9.1.1 of the limited partnership agreement dated August 6, 1991 (as amended from time to time) signed between Avner Oil & Gas Ltd. as a general partner of the first part and Avner Trusts Ltd. as a limited partner of the second part, attached hereto as **Annex A2** (the "**Avner Partnership Agreement**") and the royalties notes signed pursuant thereof from time to time, all undertakings with respect to royalties shall apply to all of the Oil Assets of the Partnership (existing and future). However, the rate of royalties for such shall be reduced by 50% with respect to the rate of royalties immediately prior to the amendment of this section, other than leases Ashkelon I/10 and Noa I/7 for which the royalties rate shall be reduced by 52.58%. It is clarified that any term not defined in this section 9.6(b) shall have the meaning ascribed to it under the Avner Partnership Agreement and the said royalties notes (which shall remain in full force with respect to the parties therein). For the avoidance of doubt, it is hereby clarified that the aforesaid shall not add and/or derogate from the royalties holders rights under to the said section 9.1.1 and the said royalties notes.

10. Authorities and Responsibilities of the General Partner

<u>Amendments</u> August 2, 1993 August 3, 1993 September 18, 1994 December 23, 2004 July 17, 2012
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The General Partner shall have full control over the Limited Partnership's management and business. The General Partner shall run the Limited Partnership's business and affairs as per its discretion and to the best of its ability, and it shall use its best efforts to execute the Limited Partnership's goals as per This Agreement. The General Partner shall have all the authorities and powers to take or initiate any action which it may deem necessary and/or useful for the execution of the Limited Partnership's goals (other than those authorities and powers which shall be specifically excluded in This Agreement, as shall be amended from time to time), and without derogating from the generality of the above, including also the following:

- 10.1. Sign on behalf of the Limited Partnership all the following agreements and documents and any change or amendment thereto or to any document which an action thereby shall entail, including:
- a. Right transfer agreements and right transfer notes from and to the Limited Partnership.
  - b. Applications for the receipt of Oil Assets and the change of terms thereof.

- c. Agreements with other entities engaged in oil and gas exploration for cooperation therewith in oil and gas exploration.
- d. Any application to the Ministry of Finance, the Ministry of Energy or any other governmental office.
- e. Any other agreement or document which is connected to exploration, development and production activities.

So long as the transfers from the Limited Partnership, as stated in sub-section "a" shall not be entered into or signed by the General Partner without the Supervisor's approval, and the rest of the actions and documents shall not be taken or signed by the General Partner unless in the General Partner's opinion they do not prejudice the Limited Partner's rights. The Supervisor shall not deny its approval without written reasons, based on his opinion that such action might violate the rights of the unit holders.

- 10.2. In general, and subject to the provisions of Section 10.1 above, sign agreements and documents on behalf of the Limited Partnership which include those conditions, stipulations and provisions as the General Partner shall deem fit.
- 10.3. Take credit on behalf of the Limited Partnership, as per its discretion, and subject to the provisions of Section 8.2 above, for the Limited Partnership's goals, and pledge for that purpose the Limited Partnership's assets, including (but not limited to) taking credit and pledging the Limited Partnership's assets for the purpose of operating and developing the Limited Partnership's Oil Assets.
- 10.4. Attend to any claim or legal proceeding on behalf of the Limited Partnership, whether as claimant or defendant, and resolve any such claims and legal proceedings; the General Partner may also settle the same, at its discretion, subject to the Supervisor's approved thereof.
- 10.5. Give any notice on behalf of the Limited Partnership.
- 10.6. Take any decision regarding the participation in production and/or the continuation thereof, provided that no profit distribution shall be delayed thereby, nor the Limited Partnership's equity increased, other than with the Supervisor's consent and in the manner stated in the Limited Partnership's agreement.
- 10.7. The General Partner shall keep full and accurate registrations and prepare reports regarding the affairs of the Limited Partnership and its business, and it shall release, on behalf of the Limited Partner the financial statements and any information which should be reported by the Limited Partner and the Partnership according to any law, including to the tax authorities, the ISA, the TASE and to holders of securities which the Limited Partner shall issue, all in the time, manner and specification level which are required according to law or to the

Trust Agreement or to any prospectus according to which units are offered to the public, or according to the TASE rules.

10.8. Upon the written request of the Supervisor or the Limited Partner, as the case may be, which states that such request is required for the preservation of the Limited Partner's rights in the Limited Partnership (including for the preparation of a prospectus for the issuance of more units), the General Partner shall allow inspection of any of the Limited Partnership's documents, or any document which the Limited Partnership has a right to inspect, and shall provide any information in the possession of the Limited Partnership, and allow the Supervisor to carry out any inspection (including the appointment of an auditor or legal counsel on his behalf) which the Limited Partnership is entitled to do. All applicable confidentiality obligations according to the aforesaid agreements shall also apply to the Supervisor and the Limited Partner and they shall not use the said information except for the aforesaid purposes.

10.9. The General Partner shall prepare the following reports for the Limited Partner:

The General Partner shall prepare, for December 31 (the "**Report Date**") of each year in which the Limited Partnership shall have Oil Assets, an audited financial statement which shall specify all the expenses incurred during the previous year by the Partnership, and the amount of expenses deductible for tax purposes according to the principles determined in a legal opinion it shall have received, as well as all of the Partnership's profits (if any), and the tax to be withheld (if any).

The General Partner shall deliver the report to the Trustee not later than 90 days after the Report Date. The General Partner shall arrange to publicly release the report through TASE members, in the accepted manner for release of financial statements of companies whose securities are traded on the TASE.

10.10. The General Partner shall provide the Limited Partner with all the services which are required for the fulfillment of its duties vis-à-vis the income tax authorities.

## 11. Liability, Indemnification and Insurance

### 11.1. Liability, indemnification and insurance of the General Partner

(a) The General Partner shall not be liable towards the Limited Partnership and/or the Limited Partner for any act, including omission, made on behalf of the Limited Partnership according to the authorities vested in the General Partner by or according to This Agreement or by law, unless the acts are fraudulent or malicious or constitute gross negligence.

Amendments:

August 2, 1993

July 17, 2012

July 10, 2019

The Limited Partnership shall indemnify the General Partner for any loss, expense or damage caused thereto or which it will be required to bear, whether directly or indirectly, in relation to any action it took on behalf of the Limited Partnership according to the authorities vested in the General Partner by This Agreement or by law.

For the avoidance of doubt it is clarified that the aforesaid indemnification shall not apply to loss, expense or damage which the General Partner is liable for as a result of act or omission made fraudulently or maliciously or which constitute gross negligence.

- (b) The Limited Partnership shall engage in an insurance contract under a single policy or several policies to cover any loss and/or expense and/or damage which the General Partner shall bear or be required to bear, directly or indirectly, for any act or omission which it, or its representative, have made in fulfillment of their duties on behalf of the Limited Partnership according to the authorities vested in any of them, including by virtue of This Agreement or according thereto, or according to the law. The insurance fees shall not be higher than the amount approved by the Supervisor. Such insurance contract may be entered into directly by the Partnership and/or through the General Partner and/or its controlling party, so long as the Partnership shall bear the expenses of the said insurance; and all subject to the provisions of This Agreement, the Trust Agreement and any law.

11.2. Liability, indemnification and insurance of officers of the General Partner and/or officers of the Partnership

- (a) Officers of the General Partner and/or officers of the Partnership shall be liable towards the Limited Partnership and/or the Limited Partner for damage caused by any act, including omission, made on behalf of the Limited Partnership according to the authorities vested in any of them, including by virtue of This Agreement or according thereto, or according to any law, in each of the following cases:
  - 1. If they have acted in violation of the duty of care (as per title A of the third chapter of the sixth part of the Companies Law) – which is hereby applied thereto pursuant to Section 65J of the Ordinance.
  - 2. If they have acted in violation of the fiduciary duty (as per title B of the third chapter of the sixth part of the Companies Law) – which is hereby applied thereto pursuant to Section 65J of the Ordinance.

Service and/or employment of an officer in the General Partner and/or officer in the Partnership shall be subject to his or her consent to undertake the aforesaid duty of care and fiduciary duty.

- (b) Subject to the provisions of the Ordinance, the Partnership may approve any of the actions which are listed in Section 254(a) of the Companies Law which was executed by officers of the General Partner and/or the Partnership, so long as the conditions specified in Section 255 of the Companies Law are fulfilled.
- (c) Subject to the provisions of any law and the provisions of Section 11.3 below, the Limited Partnership may exempt in advance officers of the General Partner and/or the Partnership from their liability, in whole or in part, for damage resulting from breach of the duty of care towards the Partnership and/or the Limited Partner, or any other breach for which officers may be legally exempted. Notwithstanding the aforesaid, the Partnership may not exempt in advance a director in the General Partner from its liability towards the Partnership and/or the Limited Partner as a result of breach of duty of care upon distribution of the Partnership's profits.
- (d) Subject to the provisions of any law and the provisions of Section 11.3 below, the Limited Partnership may indemnify each of the officers of the General Partner and/or officers of the Partnership for any liability or cost imposed thereon or which they shall have incurred as a result of fulfillment of their duties in the General Partner and/or the Partnership, as the case may be, in any of the following cases:
  - 1. Monetary liability shall have been imposed thereon and/or on their representatives, in Israel and/or overseas, in favor of a person and/or other body by virtue of a court ruling, including a judgment issued in a compromise or an arbitrator's award which was approved by the court.
  - 2. Reasonable litigation expenses, including attorney's fees, incurred by officers and/or their representatives, due to an investigation or proceeding conducted against them by an authority authorized to conduct an investigation or a proceeding, either in Israel or overseas, and having ended without the filing of an indictment against them and without a monetary liability being imposed upon them in lieu of a criminal proceeding, or having ended without the filing of an indictment against them but with the imposition of a monetary liability – in lieu of a criminal proceeding in an offense requiring no proof of general intent or in



relation to pecuniary sanction; In this paragraph – a "proceeding ending without the filing of an indictment in a matter in which a criminal investigation had been launched" and "monetary liability in lieu of a criminal proceeding" – as their meaning in Section 260(a)(a1) of the Companies Law.

3. Reasonable litigation expenses including attorney's fees, incurred by officers and/or their representatives, or which were imposed thereon by a court, in a proceeding launched against them by the Partnership or on its behalf, or by another person and/or body, or in a criminal indictment of which they were acquitted, or in a criminal indictment of which they were convicted in an offense requiring no proof of general intent.
  4. Payment to a party injured by a breach which is specified in Section 52-54 (a)(1)(a) of the Securities Law and/or for expenses incurred in relation to proceedings according to chapters H3, H4 or I1 of the Securities Law, including reasonable litigation expenses including attorney's fees.
  5. Expenses incurred by him in relation to a proceeding which was conducted in relation to him under Chapter G1 of the Economic Competition Law, 5748-1988 (the "**Economic Competition Law**") and/or in respect thereof, including reasonable litigation expenses including legal fees;
  6. Any other liability or expense for which it is, or shall become, legal to indemnify an officer of a company, according to the Ordinance.
- (e) Subject to the provisions of any law and the provisions of Section 11.3 below, the Limited Partnership may:
- (1) Grant an advanced undertaking to indemnify each of the officers of the General Partner and/or the Partnership in any of the following:
    - (a) As detailed in section 11.2(d)1, so long as the indemnification undertaking shall be limited to occurrences which the board of directors of the General Partner consider to be expected in light of the Partnership's actual activity at the time of the indemnification undertaking, and to an amount or criterion which the board of directors of the General Partner determined as reasonable under the circumstances, and provided that the indemnification undertaking shall specify the

occurrences which the board of directors of the General Partner determined as expected in light of the Partnership's actual activity at the time of the indemnification undertaking, as well as the amount or criterion which the board of directors of the General Partner determined as reasonable under the circumstances.

(b) As detailed in Sections 11.2(d)2 to 11.2(d)6 above.

(2) Retrospectively indemnify officers in the Partnership or the General Partner.

(Cancelled)

(f) It is hereby clarified that in case the Limited Partnership shall give an advanced undertaking as per Section 11.2(e) above, the General Partner shall not make an advanced undertaking to indemnify the officers of the General Partner and/or the officers of the Partnership.

(g) Insurance

The Limited Partnership may engage in an insurance contract under a single policy or several policies to cover any loss and/or expense and/or damage which shall be borne, or required to be borne, directly or indirectly, by any of the officers of the General Partner and/or any of the officers of the Partnership (each of them shall be hereinafter referred to as "**Officeholder**"), for any act or omission which they, or their representatives, have made during the fulfillment of duties on behalf of the Limited Partnership pursuant to the authorities vested in any of them, including by virtue of This Agreement or according thereto, or according to the law. Without derogating from the aforesaid, the Limited Partnership may insure an officer for expenses incurred by him in relation to a proceeding under Chapter G1 of the Economic Competition Law and/or with respect thereto, including reasonable litigation expenses, including legal fees. The insurance fees shall not be higher than the amount approved by the Supervisor. Such insurance contract may be entered into directly by the Partnership and/or throughout the General Partner and/or its controlling party, so long as the Partnership shall bear the expenses of the said insurance; and all subject to the provisions of This Agreement, the Trust Agreement and any law.

11.3. Notwithstanding the aforesaid, it shall not be possible to insure the liability of an Officeholder nor to indemnify and/or exempt an Officeholder for any of the following:

- (a) Breach of the Officeholder's fiduciary duty towards the Partnership and/or the Limited Partner and/or a subsidiary of the Partnership, excluding a breach of fiduciary duty in good faith, when the Officeholder had reasonable cause to believe that the act would not harm the best interest of the Partnership and/or the Limited Partner and/or the Partnership's subsidiary;
- (b) Breach of the Officeholder's duty of care which was performed intentionally or recklessly, unless performed with negligence or gross negligence;
- (c) An act of an Officeholder taken with the intention to reap unlawful personal gain;
- (d) A fine, civil fine, pecuniary sanction or penalty imposed on an Officeholder.
- (e) Administrative enforcement proceeding, excluding payment to a party injured by a breach, as stated in Section 52BBB(a)(1)(a) of the Securities Law and/or for expenses incurred by an Officeholder in relation to an administrative enforcement proceeding, including reasonable litigation expenses, including attorney's fees.
- (f) A counterclaim of the Partnership following a claim filed by an Officeholder against the Partnership which the Partnership won against an Officeholder.

11.4. For the avoidance of doubt, it is hereby clarified that nothing in the provisions of Sections 11.2 to 11.3 above shall derogate from resolution no. 1 which was adopted in the general assembly of the holders of participation units, which was convened on October 9, 2011.

## 12. The Limited Partner

- 12.1. The Limited Partner shall not participate in any way in the management of the Limited Partnership or its business and shall not take any legal action on behalf of the Limited Partnership. The Limited Partner's actions shall not bind the Limited Partnership.
- 12.2. The Limited Partner shall not be liable for the Limited Partnership's liabilities beyond the amounts which it contributed to the Limited Partnership's equity as aforesaid.
- 12.3. The Limited Partner is the sole owner of its rights according to This Agreement towards the General Partner and towards the Limited Partnership and nothing in This Agreement, including also the reference in This Agreement to provisions of the Trust Agreement and

the prospectus regarding the public offering or matters which require the Supervisor's approval or consent, shall be construed as conferring a right according to This Agreement on any party, other than the Limited Partner itself, nor as rendering it a partner in the Limited Partnership.

13. The Supervisor

13.1. The Supervisor is not a partner in the Limited Partnership. The sole purpose of everything stated in the Limited Partnership Agreement regarding matters which require the Supervisor's approval or consent or any other authority vested in the Supervisor is to secure the Supervisor's supervision that the General Partner's actions are taken thereby in the best interest of the Limited Partnership and without prejudice to the rights of the Limited Partner. In order to grant his approval, the Supervisor will not be required to examine the terms of transactions and the economic reasonableness of decisions and transactions, but merely the question whether the transactions and/or decisions and/or the considerations on which they are based might violate the rights of the Limited Partner. The Supervisor shall not prevent the granting of a requested approval other than for reasons based on the aforesaid considerations and given in writing. Both the General Partner and the Limited Partner may apply to the court, asking that should it find the requested approval to be not in violation of the rights of the unit holders it shall order the Supervisor to grant the requested approval.

13.2. Where the Supervisor's approval is required according to This Agreement, no such approval shall be valid unless issued by the Supervisor in writing. Where an approval is requested of the Supervisor, he shall reply thereto within reasonable time, and in the case of refusal, shall reason in his reply how the approval will lead to the violation of the rights of the unit holders.

13a. Internal Auditor

The Partnership shall have an internal auditor. The provisions of the Companies Law which apply to internal auditors in public companies shall also apply, *mutatis mutandis*, to the office of the Partnership's internal auditor. For that matter, it is clarified, for the avoidance of doubt, that all references made by the provisions of the Companies Law to an audit committee, chairman of the board of directors and CEO – shall be considered as referring to the Supervisor, the chairman of the board of the General Partner and the General Partner's CEO, respectively.

Amendment  
July 17, 2012

14. Competing with the Limited Partnership and Limitation of Transactions with the General Partner and its Controlling Parties

14.1. The partners may not compete with the Limited Partnership and may not engage in the business of oil and/or gas exploration and/or production or any other business which the Limited Partnership shall engage in during the term of This Agreement (excluding the purchase

Amendment  
April 8, 2010

of securities on the stock exchange, including securities which confer participation rights in the Trustee's rights in the Limited Partnership or which confer a right to purchase such securities, or which are convertible thereto, and also including securities of companies which have interest in Oil Assets in which the Limited Partnership also has interest in).

- 14.2. Unless upon the Supervisor's written approval, no irregular transactions (within the meaning of the term in the Companies Law) shall be entered between the Limited Partnership of the first part and the General Partner (or its controlling parties, as aforesaid), or in irregular transactions in which the controlling party of the General Partner has a personal interest (within the meaning of the term in the Companies Law), excluding transactions of types which were allowed by This Agreement or the Trust Agreement and transactions which shall be described as existing transactions in the prospectus whereby units will be offered to the public for the first time.

It is clarified that the aforesaid shall not apply to the Partnership's interaction (in which there is a personal interest as aforesaid) if it is a part of an interaction of all partners in a joint venture which includes the Partnership and which the Partnership does not control, provided that the interaction is on equal terms to those of the other partners (considering their relative share in the joint venture).

15. Introduction of Additional Partners and Changes to the Shares in the Limited Partnership

No partners shall be further added to the Limited Partnership, and the share of each of the partners in the Limited Partnership, its profits and losses, shall remain unchanged, unless it was specifically agreed, in advance and in writing, by the Supervisor and the General Partner.

16. Engagement with other entities in a joint operation agreement

The General Partner may decide, on behalf of the Limited Partnership and with the Supervisor's approval, that the Limited Partnership shall join additional entities in a joint transaction whose purpose shall be oil and gas exploration in the Oil Assets in which the Limited Partnership has interest.

In that case, a joint operation agreement shall be signed, whereby all expenses related to oil and gas exploration shall be divided between the partners, and the partners shall be entitled to a certain part of future income, if any, when oil or gas are found. The execution of the joint operation agreement is subject to receipt of the Supervisor's approval, after his confirmation and examination that the execution of the agreement does not violate the rights of the unit holders. Engagement with additional partners in a joint operation agreement shall lead to dilution of the Limited Partnership's share in income deriving from oil and gas exploration, if any.

17. Term of the Limited Partnership

The term of the Limited Partnership's existence is so long as the Limited Partnership has, directly or indirectly, a valid Oil Asset or a right thereto or to the produced oil or gas. The Limited Partnership shall terminate prior to the aforesaid dates in case it was previously dissolved according to the provisions of This Agreement or by law or upon the partners' consent.

18. Changes to the Limited Partnership's Agreement

No changes shall be made to the agreement unless by another written agreement between the General Partner and the Limited Partner.

19. Termination of the General Partner's Duties

The General Partners' duties shall terminate according to This Agreement upon the occurrence of any of the following:

19.1. A decree was issued or a valid decision was reached regarding the liquidation of the General Partner, except for liquidation for the purposes of merger with another company or re-organization of the General Partner.

19.2. A receiver was appointed to the General Partner or to a substantial portion of its assets, such that the receiver gains control over the General Partner's business.

19.3. The General Partner shall become permanently incompetent to perform its duties according to This Agreement.

Whenever the duties of the General Partner shall terminate, another partner (which is not a limited partner) shall be appointed in its stead to fulfill the General Partner's functions according to This Agreement, and should it be necessary, another partner shall be added for that purpose to the Partnership as a general partner, which shall invest in the Partnership's equity the amount equivalent to 0.01% of the Limited Partnership's equity (or such other amount as the partners shall agree upon), and its share in the Limited Partnership, regarding losses and profits, shall be the same as the share of its investment in the Limited Partnership's equity.

20. Dissolution

The Limited Partnership shall be dissolved upon one of the following occurrences:

20.1. The time shall have arrived for the Limited Partnership to terminate according to Section 17 above.

20.2. The General Partner has terminated its duties according to the provisions of Section 19 above and no other partner was appointed as its substitute within 6 months thereafter.

Amendment  
August 3, 1993

20.3. The partners have agreed to dissolve the Limited Partnership.

21. Dissolution Exclusions

The Limited Partnership shall not be dissolved on the sole ground that:

21.1. An order being issued for the liquidation or receivership of the General Partner, or it becoming permanently incompetent to fulfill its duties according to This Agreement – and in such a case the General Partner shall withdraw from its responsibilities and the provisions of Section 19 above shall apply.

21.2. An order being issued for the liquidation or receivership of the Limited Partner, or it becoming permanently incompetent to fulfill its duties according to This Agreement. Upon the occurrence of one of the above, the Limited Partner shall be substituted by whoever is entitled and/or authorized to act in the Limited Partner's assets.

22. Dissolution Administration

22.1. The administration of the dissolution shall be carried by whoever is appointed by the court for this purpose and it may be the General Partner (if the court so orders) unless one of the occurrences specified in Sections 19.1 and 19.2 above shall have happened, and in that case another person or legal entity shall be appointed as the dissolution administrator (the General Partner or the person so appointed shall be hereinafter referred to, in this section, as "**The Dissolution Administrator**").

22.2. The Dissolution Administrator shall have, for the purpose of the administration of the dissolution, the full authorities and powers of the General Partner and he may continue the management of the Partnership's business until the dissolution is finalized.

22.3. At the commencement and conclusion of the dissolution, the Dissolution Administrator shall cause the Limited Partnership's auditors to prepare appropriate accounts of the Limited Partnership's assets, liabilities and actions as of the dates of commencement and conclusion of the dissolution.

22.4. The assets of the Limited Partnership shall be used by the Dissolution Administrator in the following manner and order:

- a) Payment of all expenses related to the dissolution of the Limited Partnership's affairs.
- b) Payment of the Limited Partnership's liabilities towards those who are not partners therein.
- c) Payment of the Limited Partnership's liabilities towards the partners.

- d) The balance of the Limited Partnership's funds and assets which shall remain after the aforesaid payments and expenses, or after the provision of funds and assets by the Dissolution Administrator for that purpose, shall be distributed amongst the partners pro rata to their share in the Limited Partnership's profits, expenses and losses according to Section 9 above.

23. Limitation on Transfer of Rights to the Limited Partnership

The transfer of the Limited Partner's rights to the Limited Partnership, or any part thereof, or their pledge, requires the consent of the General Partner which may refuse the transfer and/or pledge as per its discretion and for whatever reason, and without having to give any reason to its refusal. The General Partner's consent could be given in advance for certain types of cases during the entire term of the Limited Partnership or any part thereof, and once granted, it shall become irrevocable. (The General Partner hereby agrees to the transfer of the Limited Partner's rights in the Limited Partnership in those cases in which, according to the Trust Agreement, the substitution of the Trustee is allowed).

24. The Partnership's Election at the Beginning of Chapter B of the Income Tax Law (Adjustments for Inflation), 5745-1985

Unless otherwise decided by the General Partner, with the Supervisor's advanced approval, the Limited Partnership shall elect that the provisions of Chapter B of the Income Tax Law (Adjustments for Inflation), 5745-1985 shall apply thereto.

25. Miscellaneous

25.1. This Agreement is subject to Israeli law and the parties agree that the exclusive venue for any matter related to This Agreement shall be the competent court in Tel Aviv.

25.2. The Supervisor may petition the court for instructions on the manner in which the General Partner should execute its authorities, or avoid such execution, in certain cases that shall be specified in the petition. The Supervisor shall not act in the aforesaid manner unless, in his opinion, the General Partner's act or omission are with prejudice to the rights of the Limited Partner and only for the purpose of removing or preventing the violation (but not for the purpose of management or interruption in the management of the Limited Partnership), and all that after having approached the General Partner in writing, specifying the reasons for to the Supervisor's position whereby the act or omission of the General Partner which were specified in the letter are in violation of the rights of the Limited Partner, and this letter was not answered within 7 days, or if the General Partner's response did not satisfy the Limited Partner. The Supervisor may petition the court even after a period shorter than 7 days from his approach to the General Partner, and even without approaching at all, if it considers such urgent petition as necessary for the prevention of the violation of rights of the unit holders or warrant



holders, which cannot be delayed pending receipt of an answer. The stamping costs of This Agreement shall be borne by the Limited Partner.

26. The General Partner is hereby granted power-of-attorney to sign on behalf of the partners and the Partnership any document and take any action it may deem fit for the purpose of registering the Partnership according to Israeli law.
27. Notices according to This Agreement or in relation thereto shall be delivered by hand or by regular mail. The delivery date of notices delivered by hand shall be the day of delivery. The delivery date for notices which were mailed to the addresses which appear in the heading of This Agreement, or to other addresses of which notice had been given, shall be the fourth day following their delivery in the post office.

In witness whereof, the parties have hereto set their hands:

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The General Partner

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The Limited Partner

**Delek Drilling - Limited Partnership**  
**(the "Partnership" or the "Limited Partnership")**

**Voting Card – Part One**

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5766-2005, mutatis mutandis (the "Regulations")

1. **Name of Partnership:** Delek Drilling – Limited Partnership.
2. **Type of Meeting:** Special general meeting of holders of participation units issued by Delek Drilling Trusts Ltd. (the "Trustee") and granting a participation right in the Trustee's rights as a limited partner in the Partnership (the "Meeting").
3. **Time of the Meeting:** Wednesday, July 10, 2019 at 14:00.
4. **Location of Meeting:** Herods Herzliya Hotel, 11 HaOggen St., Herzliya.
5. **Specification of the issues on the agenda with respect to which voting via this voting card is available**

- 5.1. **Resolution No. 1 – Approval of the compensation policy for officers of the Partnership and of the General Partner**

It is proposed to approve the compensation policy for officers of the Partnership and of the General Partner, Delek Drilling Management (1993) Ltd. (the "General Partner"), for a 3-year period as of the date of approval by the Meeting, in accordance with Sections 65RR and 65TT of the Partnerships Ordinance [New Version], 5735-1975 (the "Partnerships Ordinance"), in the language attached as **Annex A** to the immediate report of notice of meeting, to which this voting card is attached (the "Notice of Meeting Report").

For details with respect to the compensation policy presented for approval, see Section 3 of the Notice of Meeting Report.

The language of the proposed Resolution No. 1: "To approve the compensation policy for officers of the Partnership and of the General Partner for a 3-year period as of the date of approval by the Meeting, in the language attached as Annex A to the Notice of Meeting Report."

- 5.2. **Resolution No. 2 – Approval of an update of the terms and conditions of office and employment of the CEO of the General Partner**

It is proposed to approve an update to the terms and conditions of office and employment of Mr. Yossi Abu as the CEO of the General Partner effective as of May 1, 2019, subject to approval of the compensation policy (as specified in Section 5.1 above), and all as specified in Section 4 of the Notice of Meeting Report.

The language of the proposed Resolution No. 2: “Subject to approval of the compensation policy as set forth in Resolution No. 1, to approve the update of the terms and conditions of office and employment of Mr. Yossi Abu, in the capacity of CEO of the General Partner, as specified in Section 4 of the Notice of Meeting Report .”

5.3. Resolution No. 3 – Approval of the amendment of the Limited Partnership Agreement

It is proposed to amend Section 11 of the Limited Partnership Agreement dated July 1, 1993, as amended from time to time (the “**Partnership Agreement**”) in respect of exemption, indemnification and insurance of officers of the Partnership and the General Partner, in the language attached as **Annex B** to the Notice of Meeting Report, in order to adjust it to the provisions of the Partnerships Ordinance, and, among other things, allow the Partnership to indemnify and insure officers for expenses in relation to a proceeding under Chapter G1 of the Economic Competition, 5748-1988.

For details regarding the amendment of the Partnership Agreement, see Section 5 of the Notice of Meeting Report.

The language of the proposed Resolution No. 3: “To approve the amendment of Section 11 of the Partnership Agreement, according to the language attached as **Annex B** to the Notice of Meeting Report.”

6. **The place and time at which the full language of the resolutions proposed in the documents may be inspected**

The language of the immediate report, position statements and voting card are available for inspection on the website of the Tel Aviv Stock Exchange (TASE) at: [www.maya.tase.co.il](http://www.maya.tase.co.il) and on the distribution website of the Israel Securities Authority (ISA) at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il). Furthermore, the notice to the unit holders and a copy of every document pertaining to the aforesaid resolutions are available for inspection at the offices of the Trustee on 19 Abba Eban Street, Herzliya Pituach, subject to any law, Sundays through Thursdays, during normal business hours, after prior coordination with Adv. Sari Singer Kaufman (09-9712424), until the convening of the Meeting.

7. **The majority required for the adoption of the proposed resolutions**

- (a) In respect of Resolutions No. 1 and 2 (approval of the Proposed Compensation Policy and approval of the update of the terms and conditions of office and employment of the CEO of the General Partner, respectively):

According to Sections 65SS and 65WW of the Partnerships Ordinance, the majority required for the approval of Resolutions No. 1 and 2 as specified in Section 5 above (approval of the proposed compensation policy and approval of an update of the terms and conditions of office

and employment of the CEO of the General Partner, respectively) is a simple majority, provided that one of the following is fulfilled:

- (1) The count of the majority votes at the general meeting shall include a majority of the total of votes of participation unit holders participating in the vote other than the General Partner or the control holder thereof or holders of a personal interest in the approval of the said resolutions; the count of the total of votes of such participation unit holders shall exclude the abstaining votes;
- (2) The total of dissenting votes in the vote from among the participation unit holders mentioned in paragraph (a) above shall not exceed a rate of 2% of all voting rights of the participation unit holders.

- (b) In respect of Resolution No. 3 (approval of the amendment of the Partnership Agreement):

In accordance with Section 22.2 of the Trust Agreement and Section 65K of the Partnerships Ordinance, the approval of the resolution requires a majority of no less than 75% of all votes of the participation unit holders participating in the vote, provided that one of the following is fulfilled:

- (1) The count of the majority votes at the general meeting shall include a majority of the total of votes of participation unit holders participating in the vote who are not holders of a personal interest in the approval of this resolution. The count of the total of votes of such participation unit holders shall exclude the abstaining votes;
- (2) The total of dissenting votes in the vote from among the participation unit holders mentioned in paragraph (1) above shall not exceed a rate of 2% of all voting rights of the participation unit holders.

## 8. Additional details

- 8.1. Voting in writing shall be effected by Part Two of this voting card.
- 8.2. Resolutions 1, 2 and 3 on the agenda of the Meeting, as specified in Section 5 above, require disclosure of a voter's links (or the absence of such links). Part Two of this voting card designates a space for indicating the existence or absence of links and describing the nature of the relevant links. **It is hereby clarified that the vote of a participation unit holder who fails to indicate such links, or fails to describe the nature of the links, will not be counted.**
- 8.3. In addition, according to the Regulations and the ISA disclosure directive of November 30, 2011 with respect to the manner of voting in meetings by interested parties, senior officers and institutional bodies,

Part Two of the voting card designates as space for indicating the classification of the participant in the vote.

- 8.4. This voting card shall be valid for a unit holder in whose favor units are registered with a TASE member, which units are among the units registered in the Partnership's unit holders register in the name of a nominee company ("**Unregistered Unit Holder**"), only if a confirmation of ownership shall have been attached thereto from the nominee company or via the electronic voting system operating under Title B of Chapter G2 of the Securities Law, 5728-1968 (the "**Electronic Voting System**"), and for a unit holder who is registered in the Trustee's books – only if a photocopy of an identity card, passport or certificate of incorporation shall have been attached thereto. An Unregistered Unit Holder may instruct that his confirmation of ownership be transferred to the Partnership via the Electronic Voting System, such confirmation of ownership being deemed as a confirmation of ownership with respect to every Unregistered Unit Holder included therein.
- 8.5. The deadline for the delivery of voting cards by Unit holders who are registered in the unit holders' register is up to six (6) hours prior to the time of convening of the Meeting, i.e., July 10, 2019 by 08:00, and by Unregistered Unit Holders – up to four (4) hours prior to the convening of the Meeting, i.e., July 10, 2019 by 10:00.
- 8.6. The Electronic Voting System shall be locked 6 hours before the time of convening of the Meeting. The voting card should be delivered via the Electronic Voting System by the aforesaid time.
- 8.7. Unregistered participation Unit Holders may vote via the Electronic Voting System.
- 8.8. Voting cards and position statements (if any) shall be delivered by hand delivery or by registered mail to 19 Abba Eban Blvd., Herzliya 4672530, insofar as not sent via the Electronic Voting System. The time of delivery of each document in connection with the Meeting shall be only upon its actual arrival at the Partnership's offices.
- 8.9. The deadline for the delivery of position statements to the Partnership shall be up to 10 days before the date of the Meeting, i.e., June 30, 2019.
- 8.10. The deadline for the delivery of the board of directors' response to the position statements shall be no later than 5 days before the date of the Meeting, i.e., July 5, 2019.
- 8.11. The voting card and the position statements are available on the TASE website at: [www.maya.tase.co.il](http://www.maya.tase.co.il) and on the ISA distribution website at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il).
- 8.12. A unit holder is entitled to receive the confirmation of ownership at a branch of the TASE member or by postal delivery, if he so requests, and a request in this respect shall be made in advance for a specific securities

account. An Unregistered Unit Holder may instruct that his confirmation of ownership be transferred to the Partnership via the Electronic Voting System.

- 8.13. An Unregistered Unit Holder is entitled to receive from the TASE member by which he holds his units, by e-mail, free of charge, a link to the language of the voting card and position statements (if any) on the distribution website, unless he shall have notified the TASE member that he does not wish to receive such link or that he wishes to receive voting cards by post for a charge; a notice for the purpose of voting cards shall also be applicable for the purpose of receipt of position statements.
- 8.14. One or more unit holders holding units that constitute five percent or more of all the voting rights in the meetings of holders of units issued by the Trustee, as well as anyone holding such a percentage out of all voting rights not held by the General Partner and by control holders of the General Partner, is entitled, in person or by a proxy on his behalf, after the convening of the unit holders meeting, to inspect, at the Partnership's registered office, during normal business hours and after prior coordination, the voting cards that shall have been received by the Partnership.

The number of units constituting 5% of all voting rights issued by the Trustee is approx. 58,690,735 units. The number of units constituting 5% of all the voting rights issued by the Trustee and not held by the General Partner and control holders of the General Partner is approx. 23,437,509 units.

- 8.15. After the date of release of this voting card, there may be changes in the resolutions on the agenda (including the addition of an issue) and position statements may be released as well. Insofar as changes are made as aforesaid and/or position statements are released, they will be available for inspection in the Partnership's reports on the ISA distribution website.

In the event that there are changes in the agenda, including the addition of an issue to the agenda, the Partnership shall produce an amended voting card form on the date of release of the notice regarding the updated agenda.

**A participation unit holder shall indicate his vote on the issue on the agenda on Part Two of this voting card.**

## Voting Card – Part Two

In accordance with the Companies Regulations (Voting in Writing and Position Statements), 5766-2005, *mutatis mutandis*

Name of Limited Partnership: Delek Drilling - Limited Partnership

Address of Partnership (for delivery and dispatch of the voting cards): 19 Abba Eban, Herzliya Pituach

Partnership No.: 550013098

Date of Meeting: July 10, 2019

Type of Meeting: Special meeting of unit holders

Record Date: Monday, June 12, 2019

1. Name of unit holder: \_\_\_\_\_
2. I.D.: \_\_\_\_\_
3. If the unit holder does not have an Israeli identity card:  
Passport No.: \_\_\_\_\_  
The country in which it was issued: \_\_\_\_\_  
Valid until: \_\_\_\_\_
4. If the unit holder is a corporation:  
Corporation No.: \_\_\_\_\_  
Country of incorporation: \_\_\_\_\_

### Classification of the participant in the meeting

Please indicate whether you are:

- An “**interested party**”, as defined in Section 1 of the Securities Law, 5728-1968.
- An “**institutional investor**”, as defined in Section 1 of the Control of Financial Services Regulations (Provident Funds) (Participation of Managing Company in a General Meeting), 5769-2009, and manager of a joint investment trust fund, within the meaning thereof in the Joint Investment Trust Law, 5754-1994.

A “senior officer”, as defined in Section 37(d) of the Securities Law, 5728-1968.

I am none of the above.

**Vote on the resolutions on the agenda:**

Number of Issue on the Agenda	Vote <sup>1</sup>			Are you a control holder of the Partnership or of the General Partner, holder of a personal interest in the resolution, a senior officer or an institutional investor? <sup>2</sup>	
	For	Against	Abstaining	Yes*	No
<b>Resolution No. 1</b> – “To approve the compensation policy for officers of the Partnership and of the General Partner for a 3-year period as of the date of approval by the Meeting, in the language attached as Annex A to the Notice of Meeting Report”.					
<b>Resolution No. 2</b> – “Subject to approval of the compensation policy as set forth in Resolution No. 1, to approve the update of the terms and conditions of office and employment of Mr. Yossi Abu, in the capacity of CEO of the General Partner, as specified in Section 4 of the Notice of Meeting Report”.					
<b>Resolution No. 3</b> – “To approve the amendment of Section 11 of the Partnership Agreement, according to the language attached as <b>Annex B</b> to the Notice of Meeting Report.”					

<sup>1</sup> No indication shall be deemed as abstention from voting on such issue.

<sup>2</sup> The vote of a unit holder who fails to fill-in this column or indicates "yes" and fails to specify, shall not be counted.



**\* Specify:**

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**Notes pursuant to the Regulations**

1. For unit holders holding units by a TASE member (according to Section 65A of the Partnerships Ordinance) – this voting card is only valid when accompanied by a confirmation of ownership, except in cases where voting is via the electronic system.
  
2. For unit holders registered in the unit holders’ register – the voting card is valid when accompanied by a photocopy of an identity card or a passport or a certificate of incorporation.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_