

**LIMITED PARTNERSHIP AGREEMENT OF**

**THE MINORITY SECTOR FUND, LP.**

**DATED AS OF [ ] 2009**

THE LIMITED PARTNERSHIP INTERESTS (THE "INTERESTS") OF THE MINORITY SECTOR FUND LP. (THE "PARTNERSHIP") HAVE NOT BEEN REGISTERED UNDER THE ISRAELI SECURITIES LAW (1968), OR ANY OTHER APPLICABLE SECURITIES LAWS, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE ISRAELI SECURITIES LAW (1968) AND ANY OTHER APPLICABLE SECURITIES LAWS; AND (II) THE TERMS AND CONDITIONS OF THIS LIMITED PARTNERSHIP AGREEMENT. THE INTERESTS MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS LIMITED PARTNERSHIP AGREEMENT; THEREFORE, PURCHASERS OF SUCH INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME

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**LIMITED PARTNERSHIP AGREEMENT  
OF  
THE MINORITY SECTOR FUND, L.P.**

THIS AGREEMENT OF LIMITED PARTNERSHIP (this "Agreement" is made as of [REDACTED] [REDACTED], 2009, among [REDACTED], a [REDACTED] (together with any successor general partner of the Partnership, the "General Partner") and the limited partners; listed on Schedule A attached hereto who execute a counterpart of this Agreement as Limited Partners (hereafter individually referred to as a "Limited Partner" and collectively referred to as the "Limited Partners"). The General Partner and the Limited Partners are collectively referred to herein as the "Partners".

Capitalized terms used herein without definition have the meanings specified in Section 1.1.

The parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS; RULES OF CONSTRUCTION**

**1.1 Definitions**

For purposes of this Agreement, unless the context otherwise requires:

"Additional Limited Partner" shall have the meaning set forth in Section 3.5(a).

"Affiliate" shall mean, with respect to a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. The term "control" shall mean (notwithstanding any other definition used in Israeli law) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. No entity in which the Partnership invests shall be deemed to be an affiliate of the Partnership, the General Partner or the Fund Manager, as applicable, solely as a result of such investment or as a result of a Principal serving as a director of such entity. No Related Entities shall be deemed to be affiliates of the Partnership, the General Partner or the Fund Manager.

"Agreement" shall mean this Limited Partnership Agreement of The Minority Sector Fund, L P (including the schedules and exhibits attached hereto) as amended, modified, supplemented or restated from time to time, as the context requires.

"Alternative Vehicle" shall mean an investment structure used for making investments outside of the Partnership on a parallel basis with or in lieu of the Partnership.

"Assumed Tax Rate" shall mean the highest effective marginal statutory local income tax rate for a Fiscal Year prescribed for an individual residing in Israel (taking into account the character (capital gain or ordinary) of the applicable income).

"Board" shall mean the board of directors of the General Partner.

"Breach of Standard of Conduct" shall mean any fraud, willful misconduct, material breach of this Agreement, or gross negligence.

"Break-up Fees" shall mean any fees received by the General Partner, the Fund Manager or any of their respective Affiliates in connection with a potential Investment that is not ultimately made or a Disposition that is not actually consummated.

"Broken Deal Expenses" shall mean all out-of-pocket expenses incurred in connection with a potential Investment that is not ultimately made or a potential Disposition that is not actually consummated, including (i) financing and commitment fees and transaction or similar fees that become payable in connection with a potential Investment that is not ultimately consummated; (ii) legal, consulting and accounting fees and expenses; (iii) printing expenses; and (iv) any other expenses (including travel expenses) incurred in connection with the completion of due diligence with respect to such potential Investment.

"Business Day" shall mean any day other than a Saturday or other day on which banks are authorized or required by law to be closed in Israel.

"Capital Account" shall mean the separate account, maintained by the Partnership, for each Partner.

"Capital Call Notice" shall mean a written notice given by the General Partner requiring Capital Contributions from the Partners to whom such notice is sent.

"Capital Commitment" of a Partner shall mean, the amount set forth under the heading "Capital Commitment" opposite the name of such Partner on Schedule A, as may be amended from time to time.

"Capital Contributions" of a Partner shall mean, as of any date of determination, the total amount of contributions such Partner has made to the Partnership (or any Alternative Vehicles), pursuant to the terms of this Agreement as of the date in question.

"Capital Gains" shall mean gains from the sale of an Investment allocated to the General Partner.

"Capital Losses" shall mean losses from the sale of an Investment allocated to the General Partner.

"Carried Interest Distributions" shall mean, with respect to any Investment, distributions to the General Partner pursuant to clauses (iii) and (iv) of Section 4.2(a) and advances to the General Partner pursuant to Section 4.5(b) never repaid from subsequent distributions.

"Carrying Value" shall mean, with respect to any Partnership asset, the asset's adjusted basis for income tax purposes, except that the Carrying Values of all Partnership assets shall be adjusted to equal their respective Fair Market Values. The Carrying Value of any Partnership asset distributed to any Partner shall be adjusted immediately prior to such distribution to equal its Fair Market Value and depreciation (if any) shall be calculated by reference to Carrying Value, instead of tax basis, once Carrying Value differs from tax basis. The Carrying Value of any asset contributed (or deemed contributed under applicable tax law) by a Partner to the Partnership will be the Fair Market Value of the asset at the date of its contribution thereto.

"Cause Event" shall mean any of the following events: the General Partner or any of the Principals shall have been convicted by a court of competent jurisdiction of (1) fraud by such Person

(other than a violation of fraudulent conveyance or similar laws) or (2) a criminal offense, punishable by imprisonment of such Person, excluding a (a) misdemeanor; (b) an offense punishable by a monetary penalty option; and (c) an offense relating solely to municipal laws, or (3) such Person shall have been convicted of a securities law violation.

"Certificate" shall mean the Certificate of Limited Partnership issued by the Israeli Partnership Registrar.

"Clawback Amount" shall mean an amount, determined separately for each Limited Partner, equal to the lesser of: (i) the greater of the Excess 20% Amount or the Priority Shortfall Amount, and (ii) the amount of Carried Interest Distributions received by the General Partner pursuant to Section 4.2 attributable to such Limited Partner, reduced by the taxes imposed on allocations to the General Partner (or any Person whose taxable income is measured by reference to the General Partner) of taxable income related to such distributions and increased by any Tax Benefit in the year of and as a result of the payment of the Clawback Amount (treating such payment on a "last in" basis for purposes of calculating the amount, if any, of such Tax Benefit); provided, that all tax consequences referred to in this paragraph will be calculated by assuming that (A) the tax rate imposed is the Assumed Tax Rate in effect in the Fiscal Year of such allocations, (B) Capital Losses shall reduce Capital Gains only to the extent of the amount of Capital Gains recognized in the Fiscal Year of the recognition of a Capital Loss or a subsequent Fiscal Year and (C) taxable losses other than Capital Losses allocated to the General Partner shall reduce taxable income allocated to the General Partner only to the extent of the amount of taxable income recognized in the Fiscal Year of the taxable loss or a subsequent Fiscal Year.

"Co-Investment" and "Co-Investors" shall have the meaning set forth in Section 2.10(a).

"Consent" shall have the meaning set forth in Section 12.1.

"Consolidated Capital Account" shall mean a supplemental statement of such Partner's Capital Account on a consolidated basis with respect to such Limited Partner's interest in all Related Entities.

"Contributing Partner" shall mean any Partner (including the General Partner) that shall have contributed capital to the Partnership pursuant to Section 3.3.

"Current Income" shall mean, with respect to any Investment, all income received from that Investment, less reasonable reserves for the payment of Operational Expenses anticipated to be allocated thereto, but disregarding any items of income or expense taken into account in determining Disposition Proceeds from that Investment.

"Defaulting Partner" shall have the meaning set forth in Section 3.7(b).

"Disability" shall mean being unable, due to illness, to be substantially and actively involved in the affairs of the General Partner or the Fund Manager for three (3) consecutive months or 120 days during any 12-month period.

"Disposition" of an Investment shall mean the sale, exchange, or other disposition by the Partnership of all or any portion of that Investment for cash or in exchange for Marketable Securities, and shall include the receipt by the Partnership of a liquidating dividend or other like distribution in cash on such Investment and shall also include the distribution in kind of all or any portion of that Investment as permitted hereby.

"Disposition Proceeds" shall mean the amount received by the Partnership upon the Disposition of an Investment, less Operational Expenses and reasonable reserves for the payment of Operational Expenses anticipated to be allocated thereto.

"Escrow Account" shall have the meaning set forth in Section 10.3(b).

"Event of Withdrawal" shall have the meaning set forth in Section 10.1(ii).

"Exceptions Committee" shall have the meaning set forth in Section 7.1(a).

"Excess 20% Amount" shall have the meaning set forth in Section 10.3(a).

"Fair Market Value" shall mean the value of Partnership assets and, when the reference so requires, of Investments, determined as provided in Section 5.3.

"Fees" shall mean all fees received by the General Partner, the Fund Manager or any of their respective Affiliates from a Portfolio Company (including a potential Portfolio Company that does not become a Portfolio Company) in connection with an Investment (or proposed investment), including without limitation, transaction fees, directors fees, investment banking fees and management consulting fees.

"Final Closing" shall mean the final closing under which the Limited Partners acquire interests in the Limited Partnership.

"Fiscal Quarter" shall mean the calendar quarter or, in the case of the first and last fiscal quarters, the fraction thereof commencing on the Initial Closing or ending on the date on which the winding up of the Partnership is completed, as the case may be.

"Fiscal Year" shall mean the calendar year starting on January 1 and ending on December 31, or, in the case of the first and the last fiscal years, the fraction thereof commencing on the Initial Closing or ending on the date on which the winding up of the Partnership is completed, as the case may be.

"Follow-On Investments" shall mean any further investment by the Partnership in an existing Portfolio Company or an Affiliate thereof, which Affiliate is designated by the General Partner.

"Fund Manager" or "Manager" shall mean the General Partner in its capacity as the manager of the Partnership's investments, or, in the event the General Partner decides that the duties of the Fund Manager under this Agreement be performed by a separate legal entity, any other entity whose ownership structure is identical to the extent practical to the ownership structure of the General Partner and which, pursuant to a contract with the Partnership, manages the investments of the Partnership.

"General Partner" shall have the meaning set forth in the introductory paragraph of this Agreement.

"General Partner Event" shall mean the occurrence of any event listed in Section 8.1(Assignment of the General Partner's Interest) without the required Limited Partner's Consent specified in such Section 8.1.

"Giveback" shall have the meaning set forth in Section 6.3(a).



"Government" shall mean the Government of the State of Israel through its Prime Minister's Office, Ministry of Finance and Ministry of Industry, Trade and Labor.

"Government Excess Return" shall have the meaning set forth in Section 10.4.

"Incapacity" shall mean, as to any Person, (i) the adjudication of incompetence or insanity, (ii) the filing of a voluntary petition in bankruptcy, the entry of an order of relief in any bankruptcy or insolvency proceeding or the entry of an order that such Person is a bankrupt or insolvent, (iii) any involuntary proceeding seeking liquidation, reorganization or other relief against such Person under any bankruptcy, insolvency or other similar law now or hereafter in effect that has not been dismissed 120 days after the commencement thereof, and (iv) the death, dissolution or termination (other than by merger or consolidation), as the case may be, of such Person.

"Increasing Limited Partner" shall have the meaning set forth in Section 3.5(a).

"Indemnatee" shall have the meaning set forth in Section 6.1(a).

"Initial Closing" shall mean the Initial Closing under which Limited Partners have acquired interests in the Partnership.

"Initial Closing Date" shall mean the date of the Initial Closing.

"Interest" shall mean the entire interest owned by a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement.

"Investment Period" shall mean the period commencing on the Initial Closing and ending on the fifth anniversary of the Initial Closing Date, unless terminated earlier as set forth in Section 10.5.

"Investment Proceeds" shall mean the collective reference to Current Income and Disposition Proceeds in paragraphs (i) and (ii) of Section 4.1(a).

"Investments" shall mean equity and equity-related investments (not to include Short Term Investments) by the Partnership in Persons that become Portfolio Companies by virtue of such investment.

"Israeli Partnership Ordinance" shall mean the Israeli Partnership Ordinance (New Version) 5735-1975, as amended from time to time.

"Joint Industrial Park" shall mean an industrial park shared by at least two municipalities of which at least one is a Minority Town.

"Key Person Event" shall have the meaning set forth in Section 10.5(a).

"Key Persons" shall mean (i) each of the Principals that the General Partner identified as "Key Persons" in the Tender Documents and holding more than 55% of each Means of Control of the General Partner and (ii) any other natural Person designated as a Key Person by the General Partner and approved by Two Thirds of Interest of the Limited Partners. At the Initial Closing, the Key Persons are: [REDACTED], [REDACTED], [REDACTED].

"LIBOR" shall mean, with respect to each calendar year, the Annual London Interbank Offered Rate as published by the British Bankers' Association on the first Business Day of the subsequent calendar year.

"Limited Partner" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Liquidating Trustee" shall have the meaning as set forth in Section 10.2(a) of this Agreement.

"Majority (or other specified percentage or fraction) in Interest of the Limited Partners" shall mean, as of any date of determination, a group of Limited Partners of which the Government is a member and comprised of Limited Partners who are entitled to vote and have made a majority (or such other percentage or fraction) of all Capital Contributions that have been made to the Partnership by all Limited Partners (other than limited partnership interests held by the General Partner, the Fund Manager or any of their respective Affiliates). For the avoidance of doubt, any such majority, other percentage or fraction must include the Government to constitute a "Majority or such other percentage or fraction in Interest".

"Management Agreement" shall mean the management agreement between the Partnership and the Fund Manager which shall be entered into as of the Initial Closing Date.

"Management Fee" shall have the meaning set forth in Section 5.6(b).

"Marketable Securities" shall mean securities that are traded on an established U.S. or non-U.S. securities exchange (including the Tel Aviv Stock Exchange), reported through the NASDAQ or comparable non-U.S. established over-the-counter trading system, otherwise traded over-the-counter or traded on PORTAL (in the case of securities eligible for trading pursuant to Rule 144A).

"Means of Control" shall have the meaning set forth in the Israeli Banking (Licensing) Law, 1981.

"Minority Member" shall mean an individual of the Arab, Druze or Circassian Sectors of the State of Israel.

"Minority Owned" shall mean, with respect to any entity, an entity regarding which Minority Members own more than a 50% of each Means of Control in such entity.

"Minority Sector" shall mean the Arab, Druze or Circassian Sectors of the State of Israel.

"Minority Town" shall mean a municipality or other local authority in which at least 80% of the population is non-Jewish according to the Israeli Central Bureau of Statistics.

"NASDAQ" shall mean the National Association of Securities Dealers Automated Quotation System.

"Operational Expenses" shall have the meaning set forth in Section 5.6(e).

"Organizational Expenses" shall mean expenses (other than Placement Fees), including, travel, attorneys' fees and auditors' fees incurred by either of the Partnership, any Alternative Vehicle, any Parallel Regulatory Vehicle, the General Partner or the Fund Manager or any Affiliates thereof in connection with the organization of the Partnership, any Alternative Vehicles, and any Parallel

Regulatory Vehicles (including the formation of such entities) and the initial and subsequent closings of the Partnership any Alternative Vehicles, and any Parallel Regulatory Vehicles.

"Outstanding Investments" shall mean as of the first day of any calendar quarter, the aggregate amount of the costs of Investments that as of such date have not been the subject of a full Disposition or a full writedown (other than to the extent such Investment has been the subject of a subsequent partial or full writeup). Notwithstanding the foregoing, for purposes of calculating Outstanding Investments, the General Partner shall reduce the amount of the Outstanding Investments by the amount of the cost of the portion of any Investment which undergoes a partial Disposition thereof..

"Parallel Regulatory Vehicle" shall have the meaning set forth in Section 2.9.

"Participating Limited Partner" and "Participating Third Party" shall have the meaning set forth in Section 2.10(a).

"Partner" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Partnership" shall mean the limited partnership governed hereby.

"Percentage Interest" of a Contributing Partner in an Investment shall mean the ratio of (i) such Partner's Capital Contributions with respect to such Investment to (ii) the total Capital Contributions of all Partners with respect to such Investment.

"Permitted Reinvestment Amounts" shall mean, with respect to any Limited Partner, the sum of: (i) the amount of Capital Contributions contributed by such Limited Partner pursuant to Section 3.3(a) to fund an Investment that is made the subject of a full or partial Disposition for cash during the Investment Period (which such amount was not yet distributed to the Limited Partners pursuant to Section 4.2(a)); (ii) the amount of any Capital Contribution by a Limited Partner pursuant to Section 3.3 which is returned to such Partner in lieu of its utilization by the Partnership; (iii) the amount distributed to a Limited Partner pursuant to Section 3.5(c) (excluding any interest component) with respect to a prior Capital Contribution by such Limited Partner; and (iv) the amount distributed to a Limited Partner pursuant to Section 3.7(d) as a result of the default in payment of another Limited Partner.

"Person" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization or association, trust (including the trustees thereof in their capacity as such) or other entity.

"Placement Fees" shall mean any sales commissions paid in connection with the sale of Interests in the Partnership or any Related Entity. For the avoidance of doubt, Placement Fees do not constitute Organizational Expenses for the purpose of this Agreement.

"Portfolio Company" shall mean any Person in which an Investment is made by the Partnership directly or through one or more intermediaries.

"Portfolio Company Remuneration" shall have the meaning set forth in Section 5.6(c).

"Principals" shall mean (i) the two or more natural persons, each holding at least 15% of each Means of Control of the General Partner that were presented by the General Partner in the Tender Process as "Member of the General Partner" and (ii) any other natural Person designated as a Principal

by the General Partner and approved by Two Thirds in Interest of the Limited Partners. At the Initial Closing, the Principals are: [REDACTED], [REDACTED], [REDACTED]\*\*.

"Priority Return" shall mean, with respect to each Limited Partner, as of any date, an amount equal to 5% compounded annually (in NIS terms) on the amounts distributable pursuant to Section 4.2(a)(i) from the time of acquisition of the related Investments, or payments of Management Fees or Operational Expenses, as the case may be, to the time of such distributions.

"Priority Shortfall Amount" shall have the meaning set forth in Section 10.3.

"Profit and Losses" shall mean for each Fiscal Year or other period, the taxable income or loss of the Partnership, respectively, or particular items thereof, determined in accordance with the IFRS rules, subject to any adjustments required under the Israeli tax laws.

"Related Entities" shall mean any Alternative Vehicles and Parallel Regulatory Vehicles.

"Short-Term Investment Income" shall mean any income (net of expenses and reserves allocated thereto) from any Short Term Investments.

"Short-Term Investments" shall mean (A) Israeli government obligations (which are expressly backed by the full faith and credit of State of Israel) maturing within 180 days, (B) commercial paper rated not lower than A-1 by Standard & Poor's Corporation or P-1 by Moody's Investor Services, Inc., with maturities of not more than six (6) months and one (1) day, and (C) money market mutual funds with assets of not less than US \$750,000,000, substantially all of which assets are reasonably believed by the General Partner to consist of items described in one or more of the foregoing clauses (A) and (B); and (D) bank deposits with reputable commercial banks.

"Subsequent Limited Partner" shall have the meaning set forth in Section 3.5(a).

"Substituted Limited Partner" shall mean any Person admitted to the Partnership as a Limited Partner pursuant to the provisions of Section 9.3.

"Successor General Partner" shall have the meaning set forth in Section 10.1(ii).

"Suspension Period" shall mean an interim period during which the Investment Period is deemed to have terminated for all purposes of this Agreement including the extent to which Partners shall be required to make Capital Contributions.

"Tax Advances" shall have the meaning set forth in Section 4.5(a).

"Tax Benefit" shall mean a refund, credit, reduction of tax or other tax benefit that accrues to the General Partner (or its direct and indirect owners) as a result of the payment of the Clawback Amount.

"Tax Ordinance" shall mean the Israeli Income Tax Ordinance (New Version) 5721-1961, as amended from time to time.

"Tender Documents" shall mean the documents of the Israeli government's tender process which led to the formation of the Partnership (the "Tender Process").

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\*\* General Partner to insert names prior to signing

"Transfer" shall mean any sale, exchange, transfer (including any mortgage, hypothecation or pledge), assignment or other disposition.

"Unpaid Priority Return" shall mean with respect to each Limited Partner the excess of its Priority Return over the aggregate amount distributed to it pursuant to Section 4.2(a)(ii).

"Unused Capital Commitment" shall mean, with respect to any Partner and as of any date of determination, the amount of such Partner's Capital Commitment plus all Permitted Reinvestment Amounts with respect to such Partner as of such date minus the amount of all Capital Contributions made by that Partner as of such date. For the avoidance of doubt, Capital Contributions to fund Management Fees shall reduce the Unused Capital Commitment of the Partner making such contribution.

## **1.2 Rules of Construction.**

The use in this Agreement of the term "including" shall mean "including, without limitation". The words "herein", "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole, including the schedules and exhibits, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to sections, paragraphs, schedules and exhibits mean the sections and paragraphs of this Agreement and the schedules and exhibits attached to this Agreement, except where otherwise stated. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine or the neuter gender shall include the masculine, the feminine and the neuter. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Unless expressly provided otherwise, the measure of a period of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date, provided that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date. For example, one month following February 18 is March 18, and one month following March 31 is May 1. All such terms which relate to accounting matters shall be interpreted in accordance with Israeli generally accepted accounting principles in effect from time to time, except as otherwise specifically provided herein. All references herein to funds, NIS or payments shall mean New Israeli Shekels.

## **ARTICLE II**

### **ORGANIZATION**

#### **2.1 Formation.**

The General Partner and the Limited Partners hereby form the Partnership pursuant to and in accordance with the Israeli Partnership Ordinance. The term of the Partnership shall continue until dissolution of the Partnership in accordance with the provisions of Article X hereof. Upon the execution of this Agreement on behalf of the Persons listed on Schedule A hereto as Limited Partners, such Persons shall be admitted to the Partnership as limited partners of the Partnership, effective as of the

date hereof. By their execution of this Agreement, the Limited Partners are making the representations, and undertaking the covenants and obligations, set forth in Schedule B of this Agreement.

**2.2 Name.**

The name of the Partnership shall be The Minority Sector Fund, LP. The Partnership shall have the exclusive ownership and right to use the Partnership name as long as the Partnership continues, provided that the Government shall have the right to use the name "Minority Sector", or any combination of words including that name, for any purpose whatsoever.

**2.3 Place of Business and Office; Registered Agent.**

The Partnership shall maintain its principal office at the address of the General Partner as set forth in Schedule A or such other place as determined by the Partnership from time to time. The General Partner may at any time change the location of the Partnership's offices and may establish additional offices; provided, however, that the Partnership shall at all times maintain an office in Israel. Notice of any such change shall be given to the Limited Partners on or before the date of any such change.

**2.4 Purpose.**

Subject to the express limitations set forth herein, the principal purpose of the Partnership is to seek income and gain by acquiring, owning, holding and disposing of investments to further the development of businesses in the Minority Sector by improving and upgrading existing businesses in the Minority Sector, or assisting Minority Sector businesses with management, strategic planning and financing.

**2.5 Certificate of Limited Partnership.**

The General Partner shall cause a notice of Limited Partnership within the meaning of the Israeli Partnership Ordinance (the "Certificate") to be filed and recorded in the office of the Israeli Partnership Registrar and, to the extent required by applicable law, shall cause any required notice or certificate to be filed in the appropriate place in each jurisdiction in which the Partnership may hereafter establish a place of business, but the Partnership shall not be obligated to provide the Limited Partners with a copy of any amendment to or restatement of the Certificate. The General Partner shall also cause to be filed, recorded and published, such amendments, notices, certificates, statements or other instruments required by any provision of any applicable law which governs the formation of the Partnership or the conduct of its business from time to time.

**2.6 Term.**

Except as otherwise provided herein, the term of the Partnership shall commence on the Initial Closing and shall continue in full force and effect until the tenth anniversary thereof, which period may be extended by the General Partner, subject to the Consent of a Majority in Interest of the Limited Partners, for up to two additional one-year periods from such date. The existence of the Partnership as a separate legal entity shall continue until cancellation of the Certificate as provided in the Israeli Partnership Ordinance.

**2.7 Qualification in Other Jurisdictions.**

The General Partner shall cause the Partnership to be qualified or registered under assumed or fictitious names or foreign limited partnership statutes or similar laws in any jurisdiction in which the Partnership owns property or transacts business to the extent such qualification or registration is necessary or, in the judgment of the General Partner, advisable in order to protect the limited liability of the Limited Partners or to permit the Partnership to lawfully own property or transact business, and shall cause the Partnership not to own property or transact business in any such jurisdiction until it is so qualified or registered. The General Partner shall execute, file and publish all such certificates, notices, statements or other instruments necessary to permit the Partnership lawfully to own property and conduct business as a limited partnership in all jurisdictions where the Partnership elects to own property or transact business and to maintain the limited liability of the Limited Partners.

## **2.8 Alternative Investment Structure.**

(a) If the General Partner determines in its sole discretion that for legal, tax or regulatory reasons it is in the best interests of some or all of the Partners that an Investment be made through an alternative investment structure, the General Partner shall be permitted to structure the making of all or any portion of such Investment by requiring any Partner or Partners to make such Investment either directly or indirectly through an Alternative Vehicle. The Partners shall be required to make Capital Contributions directly to each such Alternative Vehicle, to the same extent, for the same purposes and on the same terms and conditions as Partners are required to make Capital Contributions to the Partnership, and such Capital Contributions shall reduce the Unused Capital Commitment of the Partners to the same extent as if Capital Contributions were made to the Partnership with respect thereto. Each Partner shall have the same economic interest (on a pre-tax basis) in all material respects in Investments made pursuant to this Section 2.8(a) as such Partner would have if such Investment had been made solely by the Partnership, and the other terms of any such Alternative Vehicle shall be substantially identical in all material respects to those of the Partnership, except for differences required for tax or regulatory reasons. Such Alternative Vehicle (or the entity in which such Alternative Vehicle invests) shall provide for the limited liability of the Limited Partners as a matter of the organizational documents of such Alternative Vehicle (or the entity in which such Alternative Vehicle invests) and as a matter of local law. The General Partner or an Affiliate thereof will serve as the general partner (or equivalent thereof) with respect to such Alternative Vehicle. Subject to applicable legal, tax and regulatory considerations any Alternative Vehicle shall terminate upon the termination of the Partnership.

(b) The determination of the allocations and distributions pursuant to Article IV, the Giveback and the Clawback Amount shall be calculated by treating investments made by any Alternative Vehicles as having been made by the Partnership. For purposes of calculating the tax in the definition of Clawback Amount, Losses pertaining to Carried Interest Distributions and allocated to the General Partner, to the extent the deduction of such Losses is limited, deferred or disallowed under the tax law, shall not be treated as reducing capital gains and taxable income from Investments made by Alternative Vehicles, nor shall Losses from Alternative Vehicles pertaining to Carried Interest Distributions from such Alternative Vehicles and allocated to the general partner of such Alternative Vehicles, to the extent the deduction of such Losses is limited, deferred or disallowed under the tax law, be treated as reducing capital gains and taxable income from the Partnership unless such capital gains and taxable income are recognized in the year of the dissolution of the Partnership pursuant to Section 10.1 (but then only to the extent of the Clawback Amount with respect to such Alternative Vehicle). For purposes of the obligation of the General Partner to contribute the Clawback Amount to the Partnership pursuant to Section 10.3(a), the Clawback Amount shall be allocated among, and contributed to the capital of, the Partnership and/or any Alternative Vehicles in proportion to the negative capital account balance

(immediately prior to the contribution of the Clawback Amount), if any, of the General Partner in each such Alternative Vehicle. If an Alternative Vehicle is not treated as a partnership for income tax purposes, the calculations described in this Section 2.8(b) shall be made as if such Alternative Vehicle were a partnership except that any taxes imposed on such entity shall be a deduction from Profit and Losses. If the General Partner determines in its reasonable discretion that the Alternative Vehicles shall not be treated as a partnership, the calculations described in this Section 2.8(b) shall be made as if the Alternative Vehicle were not a partnership. Notwithstanding the foregoing, allocations and distributions pursuant to Article IV, the Giveback and the Clawback Amount may be calculated separately from such amounts of a particular Alternative Vehicle (and vice versa) with the approval of Two-Thirds in Interest of the Limited Partners.

## **2.9 Parallel Regulatory Vehicle.**

(a) In addition to the Alternative Vehicles authorized by Section 2.8, the General Partner may form one or more pool investment vehicles to accommodate the legal, tax, regulatory or other considerations of particular investors to co-invest with the Partnership (subject to any legal, tax, regulatory or other considerations of such investors) on substantially the same terms as the Partnership, (a "Parallel Regulatory Vehicle"). The last date on which the investors can be admitted to any Parallel Regulatory Vehicle will be no later than the date of the Final Closing.

(b) The financial terms of any Parallel Regulatory Vehicle shall be substantially the same as those of the Partnership. The participation of the Partnership and any Parallel Regulatory Vehicle in any Investment and related obligations will be in proportion to their respective total capital commitments at the time, subject to adjustment by the General Partner to reflect the effect of Partners or investors in any Parallel Regulatory Vehicle who opt out or are excluded from particular investments because of provisions in this Agreement or comparable agreement of any Parallel Regulatory Vehicle.

(c) Upon formation of any Parallel Regulatory Vehicle pursuant to this Section 2.9, and immediately following any change in total capital commitments to either the Partnership or the Parallel Regulatory Vehicle, the Partnership will acquire from, or transfer, to any Parallel Regulatory Vehicle, at cost, a proportion of all Investments held by the Partnership or the Parallel Regulatory Vehicle as necessary to reflect the appropriate ratio of Investments to their relative capital commitments and adjustments comparable to those for Subsequent Limited Partners under Section 3.5 will be made.

(d) Any Parallel Regulatory Vehicle will acquire and dispose of Investments at the same time as the Partnership.

(e) If a Parallel Regulatory Vehicle is formed pursuant to this Section 2.9, the term "Limited Partner" as defined in this Agreement shall be deemed to mean the combination of the Limited Partners of this Partnership and the limited partners of any Parallel Regulatory Vehicle and the definition "Majority (or other specified percentage or fraction) in Interest of the Limited Partners" shall be deemed to refer to the Limited Partners of this Partnership, and the combined limited partners of any Parallel Regulatory Vehicle for determining any requisite percentage or fractional interest in such definition.

## **2.10 Co-Investment Rights.**

(a) Certain Limited Partners of the Partnership and any third party may be invited by the General Partner, but none, except as otherwise provided in this Agreement, will have a right to be



invited, to participate individually in Investments conducted by the Partnership (the "Co-Investment"). Such participation by such Limited Partners and such third parties who have accepted the invitation by the General Partner to invest in Co-Investments (hereinafter, respectively, the "Participating Limited Partner", the "Participating Third Party"; and together – the "Co-Investors") may include participation as lenders, placement agents, underwriters and purchasers of debt, equity and equity-related securities of Portfolio Companies, and may be made available through limited partnerships or other entities formed to make such participations. The General Partner will allocate available investment opportunities among the Partnership, any Limited Partners and any third parties as it may in its sole discretion determine, but in any event subject to the following allocation order: (i) first, among the two Limited Partners who made the greatest Capital Commitments pro rata based on their respective Capital Commitments (if more than two Limited Partners made the two greatest Capital Commitments, then all such Limited Partners would benefit from this priority in allocation), (ii) then, among the remaining Limited Partners, pro rata based on their respective Capital Commitments, (iii) and then among any third parties. Notwithstanding any implication to the contrary in the foregoing, any participation by such Co-Investors in a Co-Investment:

(i) will be entirely the investment decision and responsibility of the Co-Investor, and neither the General Partner, the Fund Manager, nor any of their respective shareholders or Affiliates, will assume any risk, responsibility or expense, or be deemed to have provided any advice or recommendation in connection with such participation in a Co-Investment and such Co-Investor shall bear its pro-rata portion of all costs and expenses incurred with respect to the Co-Investment, based on its respective interest in the Co-Investment, it being understood that no capital contributed by the participating Limited Partner to such Co-Investment or paid on account of the foregoing costs and expenses related to the Co-Investment, will be reduced from the Unused Capital Commitment of such Participating Limited Partner;

(ii) will be consummated and disposed of at substantially the same time, on an arm's length basis, and on terms and conditions that are substantially similar to those obtained by the Partnership; and

(iii) will not entitle the Co-Investor to participate in the management or control of the Investments.

(b) In consideration for providing any Co-Investment opportunity, the General Partner or its respective Affiliates shall be entitled to a co-investment management fee and a co-investment performance fee. Both fees will be determined by the General Partner on a case-by-case basis and will be presented to any Limited Partner invited to participate in such Co-Investment as part of the Co-Investment transaction terms. Each Co-Investor shall bear and pay to the General Partner its pro-rata portion of such fees, based on the portion of capital contributed by it to the relevant Co-Investment.

## **2.11 Certain Rules Relating to Investment Structuring.**

Each Limited Partner acknowledges and agrees that (i) the General Partner shall be entitled to make all determinations with respect to structuring Investments pursuant to this Agreement in its discretion and based upon the advice or recommendation of the Fund Manager, (ii) subject to Sections 2.8 and 2.9, the General Partner shall in no event be obligated to structure any Investment in order to address or give effect to the individual objectives or considerations of any single Partner or group of Partners, and (iii) the General Partner shall have no liability to the Partnership, any Partner, or any other Person arising from any such determination or from structuring any Investment in any particular manner, except for any liability resulting from the General Partner's Breach of Standard of Conduct (provided, that the General Partner shall, to the fullest extent permitted by law, have no

liability to the Partnership, any Partner or any other Person as a result of or in connection with the structuring of an Investment other than through an Alternative Vehicle); and (iv) the General Partner shall invest or maintain all cash held by the Partnership in Short Term Investments.

## ARTICLE III

### PARTNERS AND CAPITAL

#### 3.1 General Partner.

The name, address and Capital Commitment of the General Partner are set forth in Schedule A hereto, as amended from time to time. For the avoidance of doubt, the General Partner shall have the economic rights of a Limited Partner to the extent of such Capital Commitment.

#### 3.2 Limited Partners.

(a) The name, address and Capital Commitments of the Limited Partners are set forth in Schedule A hereto, as amended from time to time. A Person shall be deemed admitted as a Limited Partner of the Partnership at the time such Person has executed a counterpart signature page to this Agreement and is listed as a limited partner of the Partnership on Schedule A attached hereto. The Interests issued to the Limited Partners represent valid limited partner interests in the Partnership.

(b) No Limited Partner shall be required to lend any funds to the Partnership.

(c) Except as expressly provided for herein, the Limited Partners shall not participate in, or take part in the control of, the business of the Partnership, and shall have no right or authority to act for or bind the Partnership. The exercise by any Limited Partner of any right conferred herein shall not be construed to constitute participation by such Partner in the control of the business of the Partnership so as to make such Partner liable as a general partner for the debts and obligations of the Partnership for purposes of the Israeli Partnership Ordinance.

(d) Unless admitted to the Partnership as a General Partner or Limited Partner, as provided in this Agreement, no Person shall be considered a Partner. The Partnership and the General Partner need deal only with Persons as Partners that are so admitted. They shall not be required to deal with any other Person (other than with respect to distributions to assignees pursuant to assignments in compliance with Article IX) merely because of an assignment or Transfer of an Interest to such Person or by reason of the Incapacity of a Partner; provided, that any distribution made in accordance with this Agreement by the Partnership to the Person shown on the Partnership records as a Partner or to its legal representatives, or to the assignee of the right to receive Partnership distributions as provided herein, shall acquit the Partnership and the General Partner with respect to such distribution of all liability to any other Person who may be interested in such distribution by reason of any other assignment by the Partner with respect to such distribution or by reason of his Incapacity, or for any other reason.

(e) The General Partner and its Affiliates may also be Limited Partners of the Partnership, upon acquiring the Interest of a Limited Partner or otherwise.

(f) All Limited Partners of the Partnership shall be deemed to constitute a single class or group and, except as may be specifically otherwise provided herein, shall vote or grant written consents

as a single class with respect to any matters on which Limited Partners have the right to vote or act by written consent hereunder or under the Israeli Partnership Ordinance, as applicable. If pursuant to the terms of this Agreement any Limited Partner is excluded from voting or granting or withholding written consent on any matter to be acted on by the Limited Partners, then the Interest of such Limited Partner shall not be included (and shall not be deemed outstanding) for purposes of determining whether the required vote or written consent of Limited Partners has been obtained hereunder or under the Israeli Partnership Ordinance, as applicable.

### **3.3 Capital Contributions.**

(a) Except as provided below, and in addition to the obligations of a Limited Partner who is admitted or increases his Capital Commitment after the Initial Closing (as provided for in Section 3.5), each Partner shall comply with all Capital Call Notices issued by the General Partner to such Partner. The Partners shall be required to make an initial Capital Contribution equal to such percentage of their Capital Commitments as shall be determined by the General Partner in an initial Capital Call Notice provided by the General Partner to such Partners; provided that such percentage shall in no event exceed 5% and subject to the delivery by the General Partner to such Partners of the certificate referred to in Schedule B. All subsequent Capital Call Notices must specify the date on which such Capital Contributions are due to the Partnership, which date shall not be less than ten (10) Business Days after the receipt of the Capital Call Notice, and shall include a description of the purpose of the relevant Capital Contribution.

(b) No Capital Call Notice may be given after the end of the Investment Period except to pay Operational Expenses (including Management Fees) or to make Follow-On Investments and Investments which are the subject of a commitment prior to the termination or expiration of the Investment Period.

(c) Except as provided in Sections 3.4 and 3.7 below, the aggregate Capital Contributions required to be made by a Partner shall be its Unused Capital Commitment. Capital Contributions for all purposes, including for Management Fees or other Operational Expenses, shall be made (except as provided in Sections 3.4 and 3.7 below) pro rata based on the Partners' respective Capital Commitments. The General Partner may require the Partners to contribute amounts to enable the Partnership to pay Operational Expenses. Contributions in respect of Operational Expenses shall be made by the Partners in proportion to their Capital Commitments. Any such contributions will constitute Capital Contributions hereunder and will reduce such Partners' respective Unused Capital Commitments.

(d) No Partner shall be paid interest on any Capital Contribution to the Partnership or on such Partner's Capital Account.

(e) No Partner shall have any right to demand the return of its Capital Contributions, except upon dissolution of the Partnership pursuant to Article X.

(f) No Partner shall have the right to demand or receive property other than cash in return for its Capital Contributions.

### **3.4 Excused Investments.**

(a) If, within ten (10) Business Days after a Limited Partner has been given a Capital Call Notice pursuant to Section 3.3(a), such Limited Partner delivers to the General Partner a written opinion that satisfies the requirements of the following sentence, then such Limited Partner shall be excused

from all of its obligation to make a Capital Contribution relating to that Investment (or that part of its obligation which would cause a violation as referred to below). The opinion referred to in the preceding sentence shall be a written opinion of counsel to such Limited Partner (which opinion and counsel shall be reasonably satisfactory to the General Partner) that there is a substantial likelihood that its participation (or in the case of an excuse from part but not all of its obligation, the part of its participation in question) in such Investment would cause a material violation of any law or regulation to which it is subject. If and when this requirement is satisfied, the General Partner shall notify each other Limited Partner of the excuse of such Limited Partner and shall deliver a new notice to each other Limited Partner indicating the additional payment with respect to its Capital Contribution to be made in respect of such Investment, and each such Partner shall make such additional payment within five (5) Business Days after having been given such new notice. Additional amounts called for pursuant to this Section 3.4(a) shall be made by each such other Limited Partner in an amount which bears the same ratio to the aggregate of the amounts payable by all such other Limited Partners as such other Limited Partner's Unused Capital Commitment bears to the Unused Capital Commitment of all such other Limited Partners.

(b) The General Partner may, in its sole discretion, preclude a particular Limited Partner from participating in all or any part of an Investment if the General Partner obtains an opinion of counsel that there is a substantial likelihood that participation by such Limited Partner (or in the case of an excuse from part but not all of its obligation, the part of such Limited Partner's participation in question) in such Investment would: (i) cause a material violation of any law or regulation to which it or any of its Affiliates is or may be subject, or (ii) cause the Investment to be a "related party" transaction pursuant to the securities laws of Israel or may prevent the Partnership from being able to consummate the Investment, or impose substantial limitations on such consummation.

Any decision made by the General Partner pursuant to this Section 3.4(b) shall be communicated to the affected Limited Partner at the same time that the General Partner delivers the Capital Call Notices set forth in Section 3.3(a). If the General Partner exercises its rights pursuant to this Section 3.4(b), the General Partner may then deliver a new notice to each other Limited Partner indicating the additional payment with respect to its Capital Contribution to be made in respect of such Investment, and each such Partner shall make such additional payment within five (5) Business Days after having been given such new notice. Additional amounts called for pursuant to this Section 3.4(b) shall be made by each such other Limited Partner in an amount which bears the same ratio to the aggregate of the amounts payable by all such other Limited Partners as such other Limited Partner's Unused Capital Commitment bears to the Unused Capital Commitment of all such other Limited Partners.

(c) A Limited Partner excused or excluded from an Investment pursuant to this Section 3.4 shall not be allocated any Profits or Losses or receive any distributions with respect to such Investment and, in such event, all allocation calculations pursuant to Section 4.4 and all distribution calculations pursuant to Section 4.1 in respect of such Investment shall be made separately with respect to each Limited Partner to give effect hereto.

### **3.5 Additional Limited Partners: Increases in Capital Commitments.**

(a) Upon obtaining the Consent of all of the Limited Partners, the General Partner may, from time to time after the date hereof, but on or prior to the first anniversary of the Initial Closing, admit one or more new Limited Partners (an "Additional Limited Partner") or permit any Limited Partner to increase its Capital Commitment (an "Increasing Limited Partner") and together with Additional Limited Partners, the "Subsequent Limited Partners"), subject to the following terms and conditions.

(i) Each of such Additional Limited Partners (A) shall, execute and deliver to the Partnership a counterpart of this Agreement, thereby evidencing such Additional Limited Partner's agreement to be bound by and to comply with the terms and provisions hereof as if such Additional Limited Partner were an original signatory to this Agreement; and (B) shall pay, on or before the date of its admission to the Partnership, by way of contribution to the Partnership, cash equal to that portion of such Additional Limited Partner's Capital Commitment that it is required to contribute to the Partnership pursuant to Section 3.5(b).

(ii) Each Increasing Limited Partner (A) shall, or the General Partner on behalf of such Increasing Limited Partners pursuant to the power of attorney granted under Section 13.1, shall execute and deliver to the Partnership a counterpart of this Agreement reflecting such increased Capital Commitment; and (B) shall pay, by way of contribution to the Partnership, cash equal to that portion of such increase that it is required to contribute to the Partnership pursuant to Section 3.5(b).

(iii) Each Additional Limited Partner shall be admitted to the Partnership as of the date on which the counterpart of this Agreement executed and delivered by such Additional Limited Partner is accepted by the General Partner on behalf of the Partnership. The Capital Commitment of any Increasing Limited Partner shall be effective as of the date on which the counterpart of this Agreement executed and delivered by such Limited Partner is accepted by the General Partner on behalf of the Partnership. Upon the effective date of the admission of any Additional Limited Partner or the increased Capital Commitment of any Increasing Limited Partner, Schedule A attached to this Agreement shall be amended to reflect such admission.

(b) At any subsequent closing, each Subsequent Limited Partner in respect of its limited partner interest acquired at such closing shall make a payment to the Partnership equal to (x) the capital that such Partner would have been required to contribute had such Partner been admitted at the Initial Closing (or had such Partner increased its Capital Commitment as of the Initial Closing) plus interest of LIBOR plus 2% per annum (compounded annually) from the date on which each such contribution was due provided, however that if a material change in the value of the Partnership's Investments occurs, the General Partner may make appropriate adjustments to the amount to be contributed by such Subsequent Limited Partner to reflect such changes, and (y) an amount equal to the Management Fee that would have been paid to the Fund Manager if such Additional Limited Partner had been admitted at the Initial Closing (or had such Partner increased its Capital Commitment as of the Initial Closing) plus interest of LIBOR plus 2% per annum (compounded annually) from the date on which each such contribution was due. The Partnership shall then pay to the Fund Manager (i) on account of each Additional Limited Partner, an amount equal to the Management Fee that would have been paid to the Fund Manager if such Additional Limited Partner had been admitted at the Initial Closing and (ii) on account of each Increasing Limited Partner, an amount equal to the Management Fee that would have been paid to the Fund Manager based solely on the amount of the additional Capital Commitment of such Increasing Limited Partner, calculated in each case (i) or (ii) from the Initial Closing Date through the date of admission of such Additional Limited Partner or the effective date of the additional Capital Commitment of such Increasing Limited Partner (as the case may be), plus interest of LIBOR plus 2% per annum (compounded annually) from the date of the Initial Closing.

(c) Any amount paid by a Subsequent Limited Partner attributable to the cost or value of Investments acquired prior to such Partner's admission, or Operational Expenses (other than expenses consisting of Management Fees) paid by the Partnership, together with interest thereon at the rate set forth in Section 3.5(b), shall be promptly distributed to the previously admitted Limited Partners in

accordance with their respective Limited Partners' Percentage Interest of each Portfolio Company in the case of payments attributable to Portfolio Companies, and in the case of payments attributable to Operational Expenses, in accordance with their respective pro rata share (based on the ratio of each of their Capital Commitments to total Capital Commitments) of such expenses previously paid; and the Unused Capital Commitment of the previously admitted Limited Partners shall be increased by such amounts received (other than the interest component).

### **3.6 Liability of Limited Partners.**

(a) In no event shall any Limited Partner (or former Limited Partner) be obligated to make any contribution to the Partnership in addition to its Unused Capital Commitment or have any liability for the repayment or discharge of the debts and obligations of the Partnership; provided, that (i) such Limited Partner shall be liable for its Unused Capital Commitment to the extent a Capital Call Notice is issued pursuant to Section 3.3(a), including a capital contribution to an Alternative Vehicle; (ii) such Limited Partner shall be obligated to return any distribution to the extent required by the Israeli Partnership Ordinance or other applicable law; and (iii) each Limited Partner shall have such other liabilities as are expressly provided for in this Agreement (including, under Section 6.3 of this Agreement).

(b) Subject to Section 10.3, neither the General Partner nor any of its Affiliates shall have any liability to any Limited Partner in respect of any amounts outstanding in the Capital Account of a Limited Partner, including, but not limited to, Capital Contributions.

(c) If, notwithstanding the terms of this Agreement, it is determined under applicable law that any Partner has received a distribution which is required to be returned to or for the account of the Partnership or Partnership creditors, then the obligation under applicable law of any Partner to return all or any part of a distribution made to such Partner shall be the obligation of such Partner and not of any other Partner.

### **3.7 Defaults in Payment.**

(a) The Partnership shall be entitled to enforce the obligations of each Partner to make contributions to capital set forth in Section 3.3 and the Partnership shall have all remedies available at law or in equity in the event any such contribution is not so made.

(b) In the event that any Limited Partner (other than a Limited Partner who is excused or excluded from an investment pursuant to Section 3.4) fails to make a Capital Contribution (including any Capital Contribution to pay the Management Fee or to any Alternative Vehicle or Parallel Regulatory Vehicle) when required, and such Limited Partner shall not have rectified such failure within five (5) Business Days of receipt of written notice of such failure from the General Partner (a "Defaulting Partner"), then the General Partner may, in its sole discretion, elect to charge such Limited Partner interest at an annual rate equal to LIBOR plus 6% (not to exceed the highest rate permitted by applicable law) on the amount due from the date such amount became due until the earlier of (i) the date on which such payment is received by the Partnership or (ii) the date of any notice given to such Defaulting Partner by the General Partner pursuant to Sections 3.7(c), 3.7(d) or 3.7(e), plus out-of-pocket legal and collection costs (with such interest and costs to be treated as income of or reimbursement to the Partnership, and not as a Capital Contribution). The amount charged as provided in this Section 3.7(b) shall not exceed the amount of such Defaulting Partner's Capital Account.

(c) In addition to the other rights provided in this Section 3.7 and to the extent not inconsistent with such other rights, the General Partner may, in its sole discretion, elect to declare, by notice to a Defaulting Partner, that:

(i) Such Defaulting Partner's Capital Commitment shall be deemed to be reduced to the amount of any contributions of capital timely made pursuant to Section 3.3 or 3.4 for all purposes other than for purposes of continuing to make contributions of such Partner's share of Management Fees and other Operational Expenses; and

(ii) Upon such notice such Defaulting Partner shall have no right or obligation to make any contribution thereafter (including the contribution as to which the default occurred and any contribution otherwise required to be made thereafter pursuant to the terms of Section 3.3 or 3.4) other than to cover such Defaulting Partner's share of Management Fees and other Operational Expenses of the Partnership.

(d) In addition to the other rights provided in this Section 3.7 and to the extent not inconsistent with such other rights, the General Partner may declare, by notice to a Defaulting Partner, that such Defaulting Partner shall forfeit to the other Partners (except any other Defaulting Partner subject to the provisions of this Section 3.7), as recompense for damages suffered, and the Partnership shall withhold (for the account of such other Partners) 50% of all distributions of Investment Proceeds, including upon liquidation, which would otherwise be made to such Partner on or after such date. The amounts withheld from the Defaulting Partner by the Partnership pursuant to the preceding sentence shall be distributed among the other Partners in proportion to their Percentage Interests in such Investment or, in the case of a distribution upon liquidation, in a manner described in Section 10.2(d)(i) and 10.2(d)(ii) and any remaining proceeds shall be paid to the Partners in proportion to the positive balances in their respective Capital Accounts.

(e) The General Partner shall have the right to cause such Defaulting Partner to assign its Interest effective immediately upon written notice, in which case the procedure set forth in Section 3.7(f) for such assignment shall apply at a price equal to 50% of the aggregate amount of Capital Contributions made by the Defaulting Partner less any expenses, deductions or losses allocated to the Defaulting Partner.

(f) The Interest required to be assigned pursuant to Section 3.7(e) shall be acquired in accordance with the provisions of Sections 9.1(b), 9.2 and 9.3 (except that the General Partner shall provide the requisite notices to the other Partners). The payment of the price determined in accordance with Section 3.7(e) shall occur within 90 days after the agreement to purchase the Interests in accordance herewith, and the purchaser(s) of such Interest shall thereafter be admitted as a Substituted Limited Partner.

(g) In addition to the other rights provided in this Section 3.7 and to the extent not inconsistent with such other rights, no part of any distribution shall be paid to any Defaulting Partner from which there is then due and owing to the Partnership, at the time of such distribution, any amount required to be paid to the Partnership. At the election of the General Partner, the Partnership may either (i) apply all or part of any such withheld distribution in satisfaction of the amount then due to the Partnership from such Defaulting Partner or (ii) withhold such distribution until all amounts then due are paid to the Partnership by such Defaulting Partner. Upon payment of all amounts due to the Partnership (by application of withheld distributions or otherwise), the General Partner shall distribute any unapplied balance of any such withheld distribution to such Defaulting Partner. No interest shall be payable on the amount of any distribution withheld by the Partnership pursuant to this Section 3.7(g).

(h) Whenever the Consent or decision of a Partner or of the Partners is required or permitted pursuant to this Agreement or under the Israeli Partnership Ordinance, a Defaulting Partner shall not be entitled to participate in such Consent or to make such decision.

(i) The General Partner may, in its discretion, require each Limited Partner (other than a Defaulting Partner) to fund all or any portion of any Capital Contribution that one or more other Defaulting Partners have failed to make (other than Capital Contributions in respect of Management Fees), pro rata based on their respective Capital Commitments, up to the amount of their respective Unused Capital Commitment.

(j) Unless the General Partner otherwise elects to terminate a defaulting Partner's Unused Capital Commitment, such defaulting Partner shall remain obligated to make Capital Contributions as required by the General Partner up to the full amount of such Partner's Unused Capital Commitment and pro rata share of Management Fees and other Operational Expenses.

## ARTICLE IV

### DISTRIBUTIONS; ALLOCATION OF PROFITS AND LOSSES

#### 4.1 Distributions.

(a) Distributions from the Partnership will consist of the following categories of items: (i) Current Income; (ii) Disposition Proceeds; and (iii) Short Term Investment Income. The General Partner shall create reserves for the payment of anticipated Operational Expenses or other legal obligations and shall periodically review such reserves and release any excess amounts in such reserves for distribution in accordance with this Article IV.

(b) Subject to Section 4.1(a), distributions by the General Partner shall be made as follows: (i) Current Income from an Investment shall be distributed on a quarterly basis, or more often in the sole discretion of the General Partner; (ii) Disposition Proceeds from an Investment, other than Proceeds from Permitted Reinvestment Amounts, shall be distributed as soon as practicable; and (iii) Short Term Investment Income exceeding 200,000 NIS shall be distributed on a quarterly basis, or more often in the sole discretion of the General Partner; provided that all Short Term Investment Income shall be distributed at least annually, such distributions to be made within 60 days of the end of each Fiscal Year.

(c) Except as provided in Section 4.1(d) below, distributions pursuant to this Article IV may be made, at the sole discretion of the General Partner, in cash, Marketable Securities or other in kind distributions of securities; provided, that, the General Partner will not distribute securities in kind unless (i) they are Marketable Securities or (ii) such distribution is in connection with a liquidation under Section 10.2. Distributions consisting of both cash and Marketable Securities shall be made, to the extent practicable, in pro rata portions of cash and such securities as to each Partner receiving such distributions. The General Partner may request, but no Limited Partner shall be required to give, a proxy with respect to any securities so distributed.

(d) If the receipt of securities (whether or not such securities are Marketable Securities) by a Limited Partner is reasonably likely to violate law or if a Limited Partner does not wish to receive



distributions in kind, a Limited Partner may direct the General Partner to sell, on such Limited Partner's behalf, the securities that otherwise would have been distributed to such Limited Partner and the General Partner shall use commercially reasonable efforts to effect any such sale; provided, however, that (i) any taxable gain or loss recognized by the Partnership upon the disposition of such securities shall be allocated only to the Limited Partner electing to have such securities sold and such Limited Partner will bear all of the expenses (including, underwriting costs) of such disposition, (ii) allocations of Profits and Losses in respect of such Limited Partner contemplated by Section 4.4 shall be made as if such securities had been distributed and (iii) such securities may be sold at less than the value of such securities as determined pursuant to Section 5.3 as of the date they would have been distributed and any negative or positive difference between the sale price and the value of such securities shall be for such Limited Partner's account.

(e) Notwithstanding any provision to the contrary contained in this Agreement, the Partnership shall not be required to make a distribution to a Partner on account of its interest in the Partnership if such distribution would violate the Israeli Partnership Ordinance or any other applicable law.

#### **4.2 Amounts and Priority of Distributions.**

(a) Each distribution of Investment Proceeds initially shall be tentatively apportioned among the Contributing Partners in accordance with their Percentage Interests in the Investment from which the distribution is derived. Notwithstanding the previous sentence, each Limited Partner's share of such distribution shall be divided between such Limited Partner, on the one hand, and the General Partner, on the other hand, as follows:

(i) first, 100% to such Limited Partner until such Limited Partner has received aggregate distributions pursuant to this clause (i) equal to such Limited Partner's aggregate Capital Contributions;

(ii) second, 100% to such Limited Partner until such Limited Partner has received its Priority Return;

(iii) third, 100% to the General Partner until cumulative distributions of Investments Proceeds under this clause (iii) equal 20% of the aggregation distributions made to the Partners pursuant to clause (ii) and this clause (iii) of this section 4.2(a);

(iv) thereafter, (A) 80% to such Limited Partner (subject, with respect to the Government, to the Excess Government Return provisions in Section 10.4) and (B) 20% to the General Partner.

(b) The amount of any taxes paid by or withheld from receipts of the Partnership allocable to a Partner from an Investment shall be deemed to have been distributed to such Partner as Investment Proceeds to the extent that the payment or withholding of such taxes reduces Investment Proceeds, as the case may be, otherwise distributable to such Partner as provided herein. The General Partner shall, upon written request from any Limited Partner, use its reasonable efforts to assist such Limited Partner in securing any available tax refunds, credits or exemptions (including exemptions from withholding) with respect to any such Investments.

(c) Any amounts returned to the Partnership by a Partner pursuant to Section 6.3 shall reduce the amount of distributions such Partner is deemed to have received (as of the date of such Giveback) for purposes of this Article IV.

(d) Distributions of Investment Proceeds tentatively apportioned to the General Partner as a Contributing Partner hereunder shall not be subject to priorities set forth in clauses (a)(i) through (a)(iv) of Section 4.2(a) above and shall be distributed 100% to the General Partner.

(e) Short Term Investment Income will not be subject to the priorities set forth in Section 4.2(a) but will rather be distributed to the Limited Partners in proportion to their respective interests in such Short Term Investments, as determined by the General Partner.

#### **4.3 Capital Accounts.**

The Partnership shall maintain a separate capital account (the "Capital Account") for each Partner. In addition to other adjustments set forth elsewhere in this Agreement, the Capital Account of each Partner shall be credited with such Partner's Capital Contributions as well as any concurrent or subsequent contributions to capital, and all Profits allocated to such Partner pursuant to Section 4.4. The Capital Account of each Partner shall be debited with all Losses allocated to such Partner pursuant to Section 4.4, and all cash and the Carrying Value of any property (net of liabilities assumed by such Partner and the liabilities to which such property is subject) distributed by the Partnership to such Partner. Any references in this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any Transfer of any Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

#### **4.4 Allocations of Profits and Losses.**

(a) Except as otherwise provided in this Agreement, all items of income, gain, loss and deduction comprising the Profits or Losses of the Partnership for each Fiscal Year will be allocated among the Partners in accordance with each Partner's economic interest in the respective item, as determined by the General Partner. Unless the General Partner determines otherwise, allocations will be made among the Partners such that the Capital Account of each Partner, immediately after giving effect to such allocations, shall equal, as nearly as possible, (i) the amount of the distributions that would be made to such Partner if (A) the Partnership were dissolved and terminated, (B) its affairs were wound up and each of its remaining asset were sold for its Carrying Value (limited with respect to each non-recourse liability to the Carrying Value of the assets securing such liability), (C) all liabilities of the Partnership were satisfied; and (D) the net assets of the Partnership were distributed to the Partners in accordance with Section 4.2 immediately after making the allocation, minus (ii) in the case of the General Partner, any obligation of the General Partner to make a capital contribution to the Partnership pursuant to Section 10.3(a) of the Agreement if the Partnership were dissolved at the time, plus (iii) in the case of each Limited Partner, the Limited Partner's share of the hypothetical capital contribution of the General Partner described in clause (ii), minus (iv) the Partner's obligation to make any Capital Contribution at the time pursuant to Section 3.3 of the Agreement.

(b) For income tax purposes only, each item of income, gain, loss and deduction of the Partnership shall be allocated among the Partners in the same manner as the corresponding items of Profits and Losses are allocated for Capital Account purposes.

#### **4.5 Tax Advances.**

(a) To the extent the Partnership is required by law to withhold or to make tax payments (including interest and penalties thereon) on behalf of or with respect to any Partner ("Tax Advances"),

the General Partner may withhold such amounts and make such tax payments as so required. Each Partner hereby agrees to indemnify and hold harmless the Partnership and the General Partner and any member, partner or officer of the General Partner from and against any liability with respect to Tax Advances required on behalf of or with respect to such Partner. In the event the Partnership is liquidated and a liability is asserted against the General Partner and any member or officer of the General Partner for Tax Advances, the General Partner shall have the right to be reimbursed by the Partner on whose behalf such Tax Advance was made.

(b) The General Partner may receive cash advances against Carried Interest Distributions to the extent that annual distributions actually received by the General Partner as Carried Interest Distributions are not sufficient for the General Partner or any of its beneficial owners (whether such interests are held directly or indirectly) to pay when due any income tax imposed on it or them, calculated using the Assumed Tax Rate that is attributable to income allocated to the General Partner hereunder; provided, that the aggregate amount of income considered allocated to the General Partner for all periods shall not exceed the amount by which income allocated to the General Partner exceeds losses allocated to the General Partner up to the date such determination is made.

(c) The Partnership may make tax distributions to all Limited Partners during any Fiscal Year to enable them to satisfy their liability to make estimated tax payments with respect to such Fiscal Year or the preceding Fiscal Year based on calculations of such Limited Partners' estimated tax liability made based on the Assumed Tax Rate as of such dates as the General Partner in its discretion may determine.

## ARTICLE V

### RIGHTS AND DUTIES OF THE GENERAL PARTNER; EXPENSES

#### 5.1 Management; Investment Limitations.

(a) Except as otherwise expressly provided herein or by law, the General Partner is hereby vested with the full, exclusive and complete right, power and discretion to operate, manage and control the affairs of the Partnership and to make all decisions affecting Partnership affairs, as deemed proper, convenient or advisable by the General Partner in pursuit of the business of the Partnership as described in Section 2.4. Without limiting the generality of the foregoing, all of the Partners hereby specifically agree that the General Partner at any time, and without further notice to or Consent from any Limited Partner, may do the following:

(i) make Investments consistent with the purposes of the Partnership (including establishing new legal entities as part of structuring such Investments);

(ii) sell all or any part of any Investment, whether for cash, other securities or on such terms as the General Partner shall determine to be appropriate;

(iii) perform, or arrange for the performance of, the management and administrative services necessary for the operations of the Partnership and for the management of the investment of the Partnership's funds both prior to and after its investment in Investments;

(iv) manage Investments including, but not limited to, administering Investments actually made by the Partnership promoting the ultimate realization of those Investments and providing, or arranging for the provision of, managerial assistance to the Persons in which the Partnership holds Investments;

(v) incur all expenditures permitted by this Agreement, and, to the extent that funds of the Partnership are available, pay all expenses, debts and obligations of the Partnership;

(vi) employ and dismiss from employment any and all consultants, custodians of the assets of the Partnership or other agents;

(vii) enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements or other instruments as the General Partner shall determine to be appropriate in furtherance of the purposes of the Partnership, including entering into acquisition agreements to make or dispose of Investments which may include such representations, warranties, covenants, and indemnities as the General Partner deems necessary or advisable;

(viii) pending investment in Investments or cash distributions to the Partners, make Short Term Investments of Partnership capital;

(ix) admit an assignee of all or any fraction of a Limited Partner's Interest to be a Substituted Limited Partner in the Partnership pursuant to and subject to the terms of Section 9.3;

(x) make any reasonable election under Israeli law;

(xi) act as the Head of Partners of the Partnership, as such term is defined in Section 63 of the Tax Ordinance, and exercise any tax related authority permitted under any applicable law;

(xii) settle or prosecute litigation on behalf of the Partnership; and

(xiii) take any other action reserved to a General Partner under the Israeli Partnership Ordinance.

(b) If the General Partner elects to form the Fund Manager as a separate legal entity, the General Partner shall have the right to enter into the Investment Management Agreement with the Fund Manager on behalf of the Partnership and thereby delegate to the Fund Manager certain of the duties and responsibilities of the General Partner. The General Partner shall have the right to contract in its own capacity and at no cost to the Partnership with the Fund Manager or any other service provider for assistance in performing its duties hereunder, provided that no such contract shall relieve the General Partner of any of its obligations hereunder, and the General Partner shall remain liable to the Partnership for all acts and omissions of the Fund Manager or such other service provider as if the General Partner undertook such acts or omitted such omissions.

(c) The Partnership shall invest only in Portfolio Companies which satisfy any one of the following criteria on the date of such Investments:

(i) are Minority Owned and their principal factories or other main location of employment are located in a Minority Town or in an industrial park of a Minority Town;

(ii) are Minority Owned and their principal factories or other main location of employment are located in an industrial park which is itself located within 15 kilometers from a Minority Town;

(iii) are Minority Owned and their principle factories or other main location of employment are located in a Joint Industrial Park.

(iv) their principal factories or other main location of employment are located in a Minority Town and at least 50% of the employees thereof are Minority Members (the Partnership shall not invest more than 15% of the Capital Commitments in Portfolio Companies which satisfy only this criteria).

(d) Investments made by the Partnership shall comply with the following limitations at all times:

(i) The Partnership shall not hold more than 75% of each Means of Control of any Portfolio Company, and at least 25% of each Means of Control of each Portfolio Company must be held by one or more Minority Members.

(ii) The Partnership shall invest only in Portfolio Companies which satisfy at all times any one of the criteria set forth in Section 5.1(c) other than the requirement that Portfolio Companies be Minority Owned.

(iii) During the first two and half years following the initial investment of the Partnership in any Portfolio Company, the Partnership may not use more than 40% of its aggregate investment in such Portfolio Company to fund the purchase of shares (or other equity rights) from any shareholders (or other equity holders) of such Portfolio Company ("**Buy-Outs**") (in calculating the amount of the aggregate investments in Portfolio Companies for all purposes of this Agreement, the amount of any Buy-Out relating to any Portfolio Company shall be considered part of the aggregate investment of the Partnership in such Portfolio Company).

(iv) Without the prior approval of the Exceptions Committee, the Partnership shall not invest in a single Portfolio Company more than 10% of the total Capital Commitments; in any event and even with such prior approval, the Partnership shall not invest more than 20% of the total Capital Commitments in a single Portfolio Company.

(v) The Partnership shall not invest in any Portfolio Company whose main business is the purchase, sale or development of real estate.

(vi) The Partnership may borrow funds for any reason or grant guarantees on behalf of any Portfolio Company, provided however that (x) such borrowed funds shall be in an amount not to exceed 10% of the aggregate Capital Commitments, and any such borrowing shall be secured, if at all, only by the securities or assets of a Portfolio Company and shall be non-recourse to the Partnership and (y) the total amount guaranteed by the Partnership with respect to any Portfolio Company, when added to the amount of the aggregate Investments in such Portfolio Company, shall not exceed the investment limitations set forth in Section 5.1(d)(iv), and any such guarantee shall (A) be secured, if at all, only by the securities or assets of the relevant Portfolio Company, (B) contain customary representations, warranties and covenants, and (C) be otherwise non-recourse to the Partnership.

(e) Third parties dealing with the Partnership may rely conclusively upon any certificate of the General Partner to the effect that it is acting on behalf of the Partnership. The signature of the General Partner shall be sufficient to bind the Partnership in every manner to any agreement or on any document, including, but not limited to, documents drawn or agreements made in connection with the acquisition or disposition of any Investments or other properties in furtherance of the purposes of the Partnership. Without limiting the generality of the foregoing, third parties need not confirm that the General Partner obtained any necessary Consents from the Exceptions Committee or any Partners.

## **5.2 Duties and Obligations of the General Partner.**

(a) The General Partner and the Principals shall devote to the Partnership and to Persons in which the Partnership acquires or holds Investments such business time as shall be necessary to conduct the Partnership business and affairs in accordance with the terms of this Agreement.

(b) Prior to the end of the Investment Period, the General Partner shall, and shall cause its Affiliates (including the Principals and the Fund Manager) to make available to the Partnership for consideration all and any investment opportunities that the General Partner determines in good faith meet the investment criteria of the Partnership and the Partnership shall have the first right to participate in such opportunities.

(c) The General Partner shall take all action which may be necessary or appropriate for the continuation of the Partnership's valid existence and authority to do business as a limited partnership under Israeli law and of each other jurisdiction in which such authority to do business is necessary or, in the judgment of the General Partner, advisable to protect the limited liability of the Limited Partners or to enable the Partnership to conduct the business in which it is engaged. The General Partner shall not intentionally violate any law applicable to the Partnership.

(d) The General Partner shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) any tax returns required to be filed by the Partnership. The General Partner shall cause the Partnership to pay any taxes payable by the Partnership (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are expenses of the Partnership and not of the General Partner); provided, that the General Partner shall not be required to cause the Partnership to pay any tax so long as the General Partner or the Partnership is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership.

(e) The General Partner hereby represents and warrants that, to its best knowledge, having inquired of the Principals, (a) there are no actions, proceedings or investigations pending before any court or governmental authority against the General Partner or any Principal that claim or allege (i) violation of any securities law, rule or regulation, or (ii) breach of fiduciary duties; (b) during the five years prior to the date hereof, none of the Principals has been found liable for, nor settled, any such violation in any such action, proceeding or investigation; and (c) the Principals were never convicted of an offense punishable by imprisonment.

## **5.3 Determination of Fair Market Value.**

For all purposes of this Agreement, the calculation of the value of the net assets of the Partnership or the Fair Market Value of any Investments or of any other form of payment other than cash received in exchange for any Investments shall be made by the General Partner. In general, non-publicly traded securities will be valued at cost, unless credit fundamentals or independent third party

transactions indicate in the good faith judgment of the General Partner, that a write-down or write-up is appropriate. Assets other than Marketable Securities, including any direct investments prior to the establishment of a public market for the securities of the portfolio company involved, will be valued in good faith by the General Partner using methods it considers appropriate. The General Partner will value Marketable Securities at the average of the closing bid price for such securities over the period beginning 5 days immediately prior to and ending 5 days after such date of determination.

All valuations which have been determined in accordance with the terms of this Section 5.3 shall be final and conclusive on the Partnership and all Partners, their successors and assigns; provided, however, that the General Partner shall mail or otherwise furnish to the Exceptions Committee a statement (which need not have been audited) setting forth the calculations of the value of net assets of the Partnership or the Fair Market Value of any Investments or of property received in exchange for any Investments made during each Fiscal Year.

If within 30 days after such a statement is mailed or otherwise furnished, the Exceptions Committee notifies the General Partner in writing of its objection to the calculation of value of any of the net assets of the Partnership or the Fair Market Value of any Investments or of property received in exchange for any Investments, the General Partner shall utilize an alternative value for the assets in question. If within 30 days after such notice, the Exceptions Committee notifies the General Partner in writing of their objection to this redetermination, the valuation shall be submitted to arbitration by an independent appraiser mutually acceptable to the General Partner and the Exceptions Committee. The valuation of such independent appraiser shall be final and conclusive on the Partnership and all Partners, their successors and assigns. All costs of arbitration by an independent appraiser incurred pursuant to this Section 5.3 shall be borne by the Partnership, unless the resulting appraisal shall result in a valuation more than 20% lower than that submitted by the General Partner. In the event of such a difference in valuation of more than 20%, the General Partner shall bear the cost of such appraisal.

#### **5.4 Other Businesses of the General Partner.**

(a) None of the General Partner, the Principals or any of their respective Affiliates shall commence solicitation of investors for or operation of a new investment fund that the General Partner, any Principal or any of their respective Affiliates will manage and operate and which is substantially similar to, or that will compete with, the Partnership, except for any Related Entities, until the first anniversary of the expiration of the Investment Period.

(b) Except for the transactions and other arrangements contemplated by this Agreement, none of the General Partner, the Fund Manager, the Principals or any of their respective Affiliates may (i) engage in any transaction with the Partnership or any Portfolio Company nor (ii) seek to acquire for the Partnership interests in potential Portfolio Companies that the General Partner, the Fund Manager, the Principals or any of their respective Affiliates manage, control or hold an ownership interest in excess of 5% in the aggregate; unless, in each case, (x) the Exceptions Committee has approved such transaction or acquisition, and (y) the terms of such transaction or acquisition are on an arm's-length basis, on terms no less favorable to the Partnership than could be obtained from third parties; provided that nothing contained herein shall restrict the Partnership's ability to co-invest with any other third party.

#### **5.5 Expenses and Reimbursements.**

Operational Expenses shall be borne by the Partnership. The Partnership shall pay such Operational Expenses directly or shall reimburse the General Partner or any of its Affiliates for the payment thereof, as the case may be. Operational Expenses shall be either (A) paid out of and allocated to Current Income or the items of income taken into account in determining Disposition Proceeds from all Investments, or (B) paid as more fully set forth in Section 3.3(a).

## **5.6 Management Fee and Expenses.**

(a) The Partnership shall enter into the Management Agreement and shall cause the Partners (other than the General Partner and its Affiliates) to pay the Management Fee (together with Value Added Tax to the extent applicable under Israeli law) to the Partnership for payment to the Fund Manager as set forth below.

(b) Subject to the further provisions of this Section 5.6, as basic compensation for services rendered in the management of the Partnership, the Partnership shall pay the Fund Manager a management fee ("Management Fee"), as set forth herein. During each twelve-month period (or portion thereof) during the period commencing on the Initial Closing Date and ending on the earlier of the last day of the Investment Period or the date on which the General Partner or any of its Affiliates first receive management fees from a fund formed pursuant to Section 5.4(a), the Management Fee shall equal the product of (i) 2.5% times (ii) the aggregate Capital Commitments of all Partners (other than the General Partner and its Affiliates), as calculated as of the payment date of such Management Fee. During each twelve-month period (or portion thereof) commencing thereafter and ending on the last day of the standard term of the Partnership (i.e., not including any extension of such term pursuant to Section 2.6), the Management Fee shall equal the product of (A) 2.0% times (B) the Outstanding Investments, as calculated as of the payment date of such Management Fee. In the event the General Partner extends the term of the Partnership pursuant to Section 2.6, during each twelve-month period (or portion thereof) throughout such extended term, the Management Fee shall equal the product of (A) 1.0% times (B) the Outstanding Investments, as calculated as of the payment date of such Management Fee. The Management Fee shall be due and payable by the Partnership in advance as of the first business day of January, April, July and October in each year of the Partnership; provided, however, that the portion of the Management Fee due and payable in accordance with Section 5.6(h) shall be payable in advance on the Initial Closing Date and the portion of the Management Fee determined in accordance with Section 5.6(i) shall be due and payable in advance on the date of the admission of any Additional Limited Partner and/or the date on which any increase in the Commitment of any Increasing Limited Partner is effective, as applicable.

(c) Director's fees, consulting fees, break-up fees or other remuneration (including any option, warrants or other equity securities but, excluding reimbursements of expenses) paid, directly or indirectly, in any year to the General Partner, (or any Affiliate thereof) or to any Principal or other employee of the General Partner or Fund Manager by the Portfolio Companies for services rendered by such persons ("Portfolio Company Remuneration") shall be used, first to offset all Partnership expenses and the Management Fee received or to be received by the Fund Manager in the current Fiscal Year. In the event that the Portfolio Company Remuneration exceeds the amount of the Management Fee payable with respect to the period in which such fees were received, then such excess amount shall be applied against the Management Fee payable with respect to subsequent periods (in the order payable), but shall not be carried back to prior periods. . Portfolio Company Remuneration shall include non-cash consideration such as stock options, warrants, etc, which shall be valued on the date that such non-cash consideration is liquidated or, if not disposed before the end of the Partnership, shall be valued at the fair market value as of the termination of the Partnership.



(d) The Partnership shall not have any salaried personnel. The Fund Manager (and not the Partnership) shall be liable for and pay the following expenses: (i) the Organizational Expenses and Placement Fees, if any (other than Organizational Expenses unique to any Alternative Vehicle or Parallel Regulatory Vehicle which may be borne by the owners of such Alternative Vehicle or Parallel Regulatory Vehicle); (ii) the compensation of all employees of the General Partner and the Fund Manager and payroll taxes relating thereto; and (iii) the rent and general office overhead of the General Partner and the Fund Manager, including clerical, office supplies, office and computer equipment expenses and other like expenses. Any amounts payable to the Partnership as reimbursement pursuant to this Section 5.6 shall be due and payable promptly following receipt of invoices therefore. To the extent possible, third-party costs will be charged to Portfolio Companies.

(e) Except as set forth in Section 5.6(d) above, the Partnership shall have liability for and pay the following expenses (except to the extent such expenses are paid by a Portfolio Company): (i) the Management Fee of the Fund Manager as provided in this Section 5.6; (ii) out-of-pocket investment costs, such as investment banking fees and brokerage and underwriting commissions, transfer taxes and finder's commissions; (iii) all expenses of the Partnership relating to investigating, acquiring, monitoring, distributing and disposing of Investments (including travel and other out-of-pocket expenses); (iv) subject to Sections 4.2(b) and 4.5, domestic and foreign taxes payable by the Partnership and all other taxes and other duties and other governmental charges payable by or on behalf of the Partnership; (v) fees and disbursements of outside auditors relating to any audit of, or accounting services with respect to, the books and records of the Partnership including the preparation of the periodic reports required to be delivered pursuant to Article XIV; (vi) fees and disbursements of attorneys, consultants, accountants, bookkeepers, administrators, third party appraisers (to the extent third party appraisal services are contemplated by this Agreement) and other professionals (including legal fees in connection with the legal opinions required to be delivered pursuant to this Agreement); ]; (vii) all Broken Deal Expenses; (viii) reasonable expenses of members of the Exceptions Committee and advisory councils, if any; (ix) the amounts required to be paid to any Indemnitee pursuant to Sections 6.1, 6.2 and 6.4; (x) expenses incurred in connection with meetings of the Partnership; (xi) all insurance premiums or similar expenses incurred by the Partnership or the General Partner or the general partner of the General Partner in connection with the activities and management of the Partnership (including fidelity insurance); (xii) the cost of maintaining records and books of account in relation to the business of the Partnership referred to in Section 14.1; (xiii) all costs and expenses incurred in relation to obtaining waivers, consents or approvals pursuant to this Agreement and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments to this Agreement pursuant to Section 11.1; (xiv) all costs and expenses of, and/or incidental to, the preparation and dispatch to the Partners of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of the Partnership, including the cost of any insurance premiums paid by the Partnership in connection therewith; (xv) all costs and expenses incurred as a result of termination of the Partnership and the distribution, realization or disposal of Portfolio Companies and other Partnership assets pursuant thereto; (xvi) all costs and expenses of any threatened or actual litigation involving the Partnership and the amount of any judgment or settlement paid in connection therewith, excluding however the costs and expenses of any litigation, judgment or settlement with respect to which an Indemnitee is not entitled to indemnity pursuant to Sections 6.1 and 6.2; (xvii) all expenses incurred in relation to the registration of any securities of a Portfolio Company or the custody of the documents of title thereto (including bank charges, insurance, and charges made by agents of the General Partner or the Fund Manager for retaining documents in safe custody); and (xviii) all expenses incurred in connection with any arbitration by an independent appraiser pursuant to Section 5.3; (xix) all other costs that may be authorized by this Agreement or approved by a Majority in Interest of the Limited Partners or two-

thirds in Interest of the Exceptions Committee. All costs and expenses referred to in clauses (i) through (xx) of this Section 5.6(e) are collectively referred to as "Operational Expenses." Any amounts payable to the Fund Manager and its Affiliates as reimbursement pursuant to this Section 5.6(e) shall be due and payable promptly following receipt of invoices therefor.

(f) All Break-up Fees received by the General Partner, the Fund Manager, the Principals (so long as they are actively involved in the affairs of the General Partner, or the Fund Manager) or their respective Affiliates from time to time shall be used first by such persons to reimburse the Partnership for 100% of all Broken Deal Expenses paid by the Partnership and any excess shall benefit the Partnership through a 100% offset against the Management Fee in a manner consistent with the treatment of Fee Credit.

(g) In the event that the effective date of the Partnership's dissolution is not the last day of March, June, September or December, the Management Fee for the quarterly period during which dissolution occurs shall be pro rated based on the number of days during such period that the Partnership term was still in effect and the Fund Manager shall return to the Partner the excess of the amount of the Management Fee that it previously received with respect to such quarterly period pursuant to Section 5.6(b) over such pro rated amount.

(h) The Management Fee payable with respect to the period commencing on the Initial Closing Date and ending on the last day of the quarterly period of the Partnership in which the Initial Closing Date shall occur shall be computed with respect to the aggregate Capital Commitments as of the Initial Closing Date on a pro rata basis for such period.

(i) The Management Fee payable with respect to the Capital Commitment of any Additional Limited Partner or any increase in the Capital Commitment of any Increasing Limited Partner shall be paid solely by such Subsequent Limited Partners and shall be computed as if (i) in the case of an Additional Limited Partner, such Additional Limited Partner had been admitted at the Initial Closing Date or (ii) in the case of an Increasing Limited Partner, the additional Capital Commitment of such Increasing Limited Partner had been available to the Partnership at the Initial Closing Date, plus in both cases interest at the LIBOR plus 2% per annum, as the case may be, from the Initial Closing Date to the date of admission or increase in Capital Commitment, as applicable

## ARTICLE VI

### EXCULPATION AND INDEMNIFICATION

#### **6.1 Exculpation and Indemnification of General Partner and Fund Manager.**

(a) Neither the General Partner, the Fund Manager nor their respective, Affiliates, officers, directors, employees, managers, agents, stockholders, members or partners, nor any person who serves at the specific request of the General Partner on behalf of the Partnership as a partner, member, officer, director, employee or agent of any other entity (in each case, an "Indemnatee") shall be liable, to the fullest extent permitted by law, to any other Partner or the Partnership (and the Partners and the Partnership waive, and agree not to make, any such claim against an Indemnatee) (i) for any mistake in judgment, (ii) for any action or inaction taken or omitted for a purpose which the Indemnatee reasonably believed to be in furtherance of the

best interests of the Partnership or for any action taken or omitted to be taken for the Indemnatee's own account which the Indemnatee was expressly permitted or required to take or omit pursuant to this Agreement, or (iii) for any loss due to the mistake, action, inaction, negligence, dishonesty, fraud or bad faith of any broker or other agent; provided that such broker or other agent shall have been selected, engaged or retained and monitored by the General Partner or other Indemnatee with reasonable care; and provided further that such Indemnatee did not commit a Breach of Standard of Conduct and provided further that the aggregate indemnification to which Indemnitees shall be entitled pursuant to this Section 6.1(a) shall not exceed 25% of the total Capital Commitment of the Partners. Independent contractors engaged by the General Partner and/or its Affiliates shall not be deemed to be Indemnitees pursuant to this Section 6.1. An Indemnatee may consult with legal counsel, accountants, consultants or other advisors in respect of Partnership affairs and shall be fully protected and justified in any action or inaction which is taken or omitted in good faith, in reliance upon and in accordance with the opinion or advice of such counsel, accountants, consultants or other advisors; provided, that they shall have been selected and monitored with reasonable care. In determining whether an Indemnatee acted in good faith and with the requisite degree of care, the Indemnatee shall be entitled to rely on reports and written statements of the directors, officers, employees, agents, stockholders, members, managers and partners of a Person in which the Partnership holds Investments unless the Person to be exculpated hereby had reason to believe that such reports or statements were not true and complete. For the purposes of this Section 6.1(a), the directors, officers, employees, agents, stockholders, members and partners of a Person (and such Person itself) in which the Partnership holds Investments shall not, solely by virtue of such holding, be deemed to be Affiliates of the General Partner or the Fund Manager. To the extent that, by law, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to another Partner, such Indemnatee acting under this Agreement shall not be liable to the Partnership or to any such other Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of an Indemnatee otherwise existing at law, are agreed by the Partners to modify to that extent such other duties and liabilities applicable to such Indemnatee.

(b) The Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless all Indemnitees and the Liquidating Trustee (and their respective heirs and legal and personal representatives) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Partnership or any Partners), by reason of any actions or omissions or alleged acts or omissions arising out of such Person's activities either on behalf of the Partnership or any Alternative Vehicle or in furtherance of the interests of the Partnership or any Alternative Vehicles or arising out of or in connection with the Partnership or as the Liquidating Trustee, if such activities were performed in a manner reasonably believed by such Person to be within the scope of the authority conferred by this Agreement or by law or by the Consent of the Limited Partners, against losses, damages or expenses for which such Person has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such Person in connection with such action, suit or proceeding; provided, that such Person did not commit a Breach of Standard Conduct. An Indemnatee shall obtain the written consent of the General Partner prior to entering into any compromise or settlement which would result in an obligation of the Partnership to indemnify such Person; and provided further, that if liabilities arise out of the conduct of the business and affairs of the Partnership and any other Person for which the Person entitled to indemnification from the Partnership hereunder was then acting in a similar capacity, the amount of the indemnification provided by the Partnership shall be limited to the Partnership's proportionate share thereof as determined in good faith by the General Partner in light of its fiduciary duties to the Partnership and the

Limited Partners, For the purposes of this Section 6.1(b), the directors, officers, employees, agents, stockholders, members and partners of a Person (and such Person itself) in which the Partnership holds Investments shall not, solely by virtue of such holding, be deemed to be Affiliates of the General Partner or the Fund Manager. The General Partner may have the Partnership purchase, at the Partnership's expense, insurance to insure the Partnership, General Partner, any other Indemnitee or any person indemnified pursuant to Sections 6.1(a) or 6.1(b) hereof against liability in connection with the activities of the Partnership. Each Indemnitee shall use commercially reasonable efforts to seek reimbursement for indemnified expenses from any insurance company liable for the applicable losses.

## **6.2 Indemnification of Exceptions Committee Members.**

(a) No member of the Exceptions Committee or any other committee formed by the General Partner members of which are not Affiliated with the General Partner ("Other Independent Committee") or any Limited Partner that is represented by such member with respect to the Partnership acting in its capacity as such, shall be liable to any other Partner or the Partnership (and the Partners and the Partnership waive, and agree not to make, any such claim against any such member in their capacities as such) for any reason, including for any mistake in judgment, any action or inaction taken or omitted to be taken, or for any loss due to any mistake, action or inaction. No Limited Partner who is a member of the Exceptions Committee, or any Other Independent Committee shall be deemed to be an Affiliate of the Partnership or the General Partner solely by reason of such membership.

(b) The Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless each Limited Partner that is represented on the Exceptions Committee, each member of the Exceptions Committee or each member of any Other Independent Committee with respect to the Partnership (and their respective heirs and legal and personal representatives) who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Partnership or any of the Partners), by reason of any actions or omissions or alleged acts or omissions arising out of such Person's activities in connection with serving on the Exceptions Committee, or any Other Independent Committee against losses, damages or expenses for which such Person has not otherwise been reimbursed (including attorney's fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such Person in connection with such actions, suit or proceedings; provided, that any Person entitled to indemnification from the Partnership hereunder shall obtain the written consent of the General Partner prior to entering into any compromise or settlement which would result in an obligation of the Partnership to indemnify such Person.

## **6.3 Giveback Obligations.**

(a) Each Partner (including any former Partner) may be required, as determined by the General Partner in its sole discretion, to return distributions made to such Partner or former Partner (or any of its predecessors in interest) for the purpose of meeting such Partner's share of items (ix) and (xvi) of the definition of the term "Operational Expenses" relating to the Partnership's indemnity obligations under Sections 6.1 or 6.2 (the "Giveback").

(b) If the obligation under this Section 6.3 arises out of an Investment, distributions shall be returned by each Partner to whom cash or securities (including Carried Interest Distributions) was distributed in connection with such Investment, in such amounts as shall result in each Partner retaining from such distribution the amount that would have been distributed to such Partner had the amount of cash or securities been, at the time of such distribution, reduced by the amount of the relevant Operational Expenses, as equitably determined by the General Partner, taking into account any prior

distributions and payments made under Section 10.3(a); thereafter, or in any other circumstances, by the Partners in proportion to their Capital Commitments.

(c) Any distributions returned pursuant to this Section 6.3 shall not be treated as Capital Contributions, but shall be treated as returns of distributions and reductions in cash distributable pursuant to the terms of this Agreement, in making subsequent distributions hereunder and in determining the amount that the General Partner is required to contribute to the Partnership pursuant to Section 10.3(a). Notwithstanding anything in this Section 6.3 to the contrary, and to the maximum extent permitted by applicable law, a Partner's liability for any return of distributions under this Section 6.3 is limited to an amount equal to the lesser of (i) 30% of the amount of distributions actually received by such Partner and (ii) twenty-five percent (25%) of such Partner's Capital Commitment. No Limited Partner shall be required to return any particular distribution made to such Limited Partner to meet any obligation under this Section 6.3 more than 24 (twenty four) months after the date of such distribution provided, that if at the end of such period, there are any proceedings then pending or any other liability (whether contingent or otherwise) or claim then outstanding (whether pending or threatened) which the General Partner determines in good faith may require the return of such distribution in the future, the General Partner may, in its sole discretion, notify the Limited Partners at such time (which notice shall include a brief description of each such proceeding (and of the liabilities asserted in such proceeding) or of such liabilities and claims) and the obligation of the Limited Partners to return all or any portion of such obligations shall survive with respect to each such proceeding, liability and claim set forth in such notice (or any related proceeding, liability or claim based upon the same or a similar claim) until the date that such proceeding, liability or claim is ultimately resolved and satisfied. Nothing in this Section 6.3, express or implied, is intended or shall be construed to give any Person other than the Partnership or the Partners any legal or equitable right, remedy or claim under or in respect of this Section 6.3 or any provision contained herein.

(d) The obligations set forth in this Section 6.3 shall (subject to paragraph (c) above) survive the liquidation and termination of the Partnership. If the Partners are required to return amounts to the Partnership pursuant to this Section 6.3 after the termination of the Partnership, such amounts shall be paid by the Partners as directed by the General Partner.

#### **6.4 Indemnification Expenses.**

Expenses reasonably incurred by an Indemnitee and any person entitled to indemnification pursuant to Article VI in defense or settlement of any claim that may be subject to a right of indemnification hereunder, shall be advanced by the Partnership prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnitee to repay such amount to the extent that it shall be determined ultimately that such Indemnitee is not entitled to be indemnified hereunder.

## **ARTICLE VII**

### **EXCEPTIONS COMMITTEE; OTHER COMMITTEES**

#### **7.1 The Exceptions Committee.**

(a) The General Partner shall establish an Exceptions Committee to advise the Partnership (the "Exceptions Committee"). The Exceptions Committee shall be comprised of one representative each of the Government (to be nominated by the Accountant General in the Ministry of

Finance) and at least two (the exact amount to be determined by the General Partner, in its sole discretion) other Limited Partners who are not Affiliated with the General Partner and who have made the greatest Capital Commitments.

Members of the Exceptions Committee shall serve until they are removed by the General Partner with the consent of a Majority in Interest of the Limited Partners or until they resign. Any vacancy on the Exceptions Committee shall be filled promptly by the General Partner with a representative of a Limited Partner.

(b) The Exceptions Committee will have the authority and responsibility to review and approve or disapprove of such matters which require Exceptions Committee action as provided in this Agreement, including the resolution of potential conflicts of interests situations involving the General Partner, the Fund Manager and their respective Affiliates (including any investment in an entity Affiliated with any of the foregoing on any potential Investment that raises such conflicts of interest concerns), and any other matter the General Partner submits to the Exceptions Committee. The General Partner shall disclose to the Exceptions Committee any material conflict of interest involving the Partnership, the General Partner, the Fund Manager and their Affiliates and shall seek the consent of the Exceptions Committee to such conflicts. In no event shall the Exceptions Committee take part in the control or management of the Partnership within the meaning of Section 63 of the Israeli Partnership Ordinance, nor shall the Exceptions Committee have any authority to act for or on behalf of the Partnership. No member of the Exceptions Committee shall be deemed to be a general partner of the Partnership under the Israeli Partnership Ordinance. The actions of the Exceptions Committee approving or disapproving any matter submitted to it pursuant to this Section 7.1 shall be binding on each of the Limited Partners.

(c) Members of the Exceptions Committee shall not receive any fees from the Partnership, but shall be reimbursed by the Partnership for reasonable out-of-pocket expenses incurred in performing their respective duties thereof. Wherever approval of the Exceptions Committee is required hereunder, such approval shall be given by a majority of the members thereof then serving. Such approval may be given in writing, in person at a meeting or by means of a conference telephone or similar communications equipment by means of which members can hear each other. The quorum of the Exceptions Committee shall comprise three (3) members, at least one (1) of which shall be the representative of the General Partner.

## **7.2 Advisory Councils.**

To the extent permitted by law, and subject to the consent of the Exceptions Committee, the General Partner may form advisory councils or committees to advise it with respect to existing Investments and specific investment opportunities. The members of such advisory councils or committees may receive annual retainer fees, commensurate with fees paid to independent directors of public companies; provided that if members of such councils or committees generate investment opportunities on the Partnership's behalf, such members may receive special additional fees, with the consent of the Exceptions Committee. The General Partner shall notify the Limited Partners within a reasonable period of time following the formation of any such advisory councils or committees pursuant to this Section 7.2.

## **7.3 Limitations on Voting.**

A member of the Exceptions Committee, Other Independent Committee or any advisory council, established pursuant to Section 7.2 of the Agreement, shall not participate in any meeting of such body and shall not vote with respect to any transaction between the Partnership and the Person he or she

represents.

## ARTICLE VIII

### TRANSFERABILITY OF GENERAL PARTNER'S INTEREST; CHANGE OF CONTROL OF THE GENERAL PARTNER

#### **8.1 Assignment of the General Partner's Interest; Change in the Control of the General Partner.**

Without the prior Consent of Eighty Percent in Interest of the Limited Partners, a General Partner shall not have the right to withdraw from the Partnership and shall not Transfer all or any fraction of its Interest as a General Partner in the Partnership or its responsibility for the management of the Partnership, or enter into any agreement as a result of which any other Person shall have a general partner interest in the Partnership; The General Partner shall notify the Limited Partners of any change in the composition of the General Partner after which the Principals shall not hold more than 55% of each Means of Control of the General Partner. Such change shall require the prior Consent of Eighty Percent in Interest of the Limited Partners.

#### **8.2 Transfer of General Partner's Interest.**

Whenever all or a fraction of the General Partner's Interest as a General Partner in the Partnership is Transferred pursuant to this Article VIII, the assignee, purchaser or other transferee shall assume the Capital Account of the General Partner (or the appropriate fraction thereof) and all corresponding obligations of the General Partner hereunder. In the event of a Transfer of all of the General Partner's Interest as a General Partner of the Partnership in accordance with this Article VIII, its assignee or transferee shall be substituted in its place as General Partner of the Partnership with full power and authority to continue the business of the Partnership, and immediately thereafter the General Partner shall withdraw as a general partner of the Partnership.

## ARTICLE IX

### TRANSFERABILITY OF A LIMITED PARTNER'S INTEREST

#### **9.1 Restrictions on Withdrawal and Transfers of Interests.**

(a) No Partner shall have the right to withdraw its capital and profits from the Partnership, or to demand and receive any Partnership property in exchange for such Partner's interest in the Partnership, except to the extent explicitly set forth in this Agreement. No Transfer of all or any fraction of a Limited Partner's Interest may be made without the written consent of the General Partner, which consent shall not be unreasonably withheld; provided that so long as a Limited Partner complies with the provisions (b) through (e) of this Section 9.1, such Limited Partner may, without the consent of the General Partner, Transfer all or a portion of its Interest to a Person (i) if such Person controls, is controlled by, or is under common control with, such Limited Partner (which includes affiliated pension plans), (ii) if such Limited Partner is a trust or a successor trust with the same beneficial ownership (it being understood that a Limited Partner making such a Transfer shall thereafter remain liable for its Unused Capital Commitment, unless released therefrom by the General Partner in its sole discretion);

provided, further, if any Limited Partner shall deliver to the General Partner an opinion of counsel (in form and substance reasonably acceptable to the General Partner) to the effect that there is a reasonable basis for concluding that such Limited Partner's Interest in the Partnership, in whole or in part, would result in a violation by such Limited Partner or any of its Affiliates of any law, regulation, license, permit, or decree or order of court of competent jurisdiction applicable to the Limited Partner or its Affiliates, then, so long as such Limited Partner complies with provisions (b) through (f) of this Section 9.1, such Limited Partner may, without the consent of the General Partner, Transfer all or portion of its Interest, to the extent its Interest in the Partnership (or portion thereof) causes such a violation or application. The General Partner's consent shall not be deemed to be unreasonably withheld if the General Partner's consent to any Transfer requires that the Transfer be effective only at the end of a Fiscal Quarter.

(b) Notwithstanding any other provisions of this Section 9.1, no Transfer of all or any fraction of a Limited Partner's Interest may be made unless in the opinion of responsible counsel, satisfactory in form and substance to the General Partner (which opinion may be waived, in whole or in part, at the discretion of the General Partner), such Transfer will not violate the laws, rules or regulations of any state or any governmental authority applicable to such Transfer.

Any such opinion of counsel is to be delivered in writing to the Partnership not less than ten (10) days prior to the date of the Transfer. The General Partner agrees to cooperate with any Limited Partner making a Transfer by providing promptly such records and other factual information regarding the Partnership as may be reasonably requested with respect to any proposed Transfer. Each Limited Partner hereby severally agrees that it will not Transfer all or any fraction of its Interest in the Partnership, except as permitted by this Agreement, and that any purported Transfer in violation of this Agreement shall, to the fullest extent permitted by law, be null and void. Each transferee or assignee of an Interest will complete an "Assignee Questionnaire" in a form deemed appropriate by the General Partner,

(c) In no event shall all or any part of an Interest be Transferred to a minor or an Incompetent Person except in trust, or by will or intestate succession.

(d) Each Limited Partner agrees that it will pay all reasonable expenses, including attorneys' fees, incurred by the Partnership in connection with a Transfer of Interest by such Limited Partner, and each Limited Partner will bear all tax liability relating to any transfer of interest, including withholding tax imposed on the Partnership relating to such transfer, if any.

(e) Any Person which acquires all or any fraction of the Interest of a Limited Partner and which is admitted as a Limited Partner shall assume all or a proportionate fraction of the Capital Account of such Limited Partner and shall be obligated (i) to pay to the Partnership the appropriate portion of any amounts thereafter becoming due in respect of the Capital Commitment made by its predecessor in Interest, (ii) to return any amounts to the Partnership as required pursuant to Section 6.3(a) and (iii) to restore any negative balance in such Capital Account, in accordance with and subject to the limitations of clause (ii) of Section 3.6(a) and of Section 10.2(c), as if it had received the distributions made to its predecessor in Interest. Each Limited Partner agrees that, notwithstanding the Transfer of all or any fraction of its Interest, (i) as between it and the Partnership it will remain liable for its Unused Capital Commitment and to restore any negative balance in its Capital Account in accordance with and subject to the limitations of Section 3.6(a) and of Section 10.2(c) and (ii) as between it and the Partnership and the General Partner it will remain liable for its portion of Operational Expenses, in the case of each of clauses (i) and (ii), as required to be paid with respect to its Interest prior to the time, if any, when the purchaser, assignee or transferee of such Interest, or fraction



thereof, is admitted as a Substituted Limited Partner, and, subject to the further provisions contained in Section 9.1(a) and this Section 9.1(e) and subject to Section 63(b) of the Israeli Partnership Ordinance, a transferring Limited Partner will not in any case have any liability for amounts required to be paid with respect to its Interest after the time, if any, when the purchaser, assignee or transferee of such Interest, or fraction thereof, is admitted as a Substituted Limited Partner.

## **9.2 Assignees.**

(a) The Partnership shall not recognize for any purpose any purported Transfer of all or any fraction of the Interest of a Limited Partner unless the provisions of Section 9.1 shall have been complied with (or waived by the General Partner) and there shall have been filed with the Partnership a dated notice of such Transfer, in form satisfactory to the General Partner, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee or transferee, and such notice (i) contains the acceptance by the purchaser, assignee or transferee of all of the terms and provisions of this Agreement, including the provisions of Section 13.1, and its agreement to be bound thereby, (ii) contains a representation that such Transfer was made in accordance with all applicable laws and regulations and (iii) contains a power of attorney granted by the purchaser, assignee or transferee to the General Partner to execute this Agreement on its behalf.

(b) Unless and until an assignee of an Interest becomes a Substituted Limited Partner, such assignee shall not be entitled to participate in any vote or written consent hereunder or under the Israeli Partnership Ordinance with respect to such Interest.

(c) Any Limited Partner which shall Transfer all of its Interest shall cease to be a Limited Partner, except that, subject to Section 9.3(c), unless and until a Substituted Limited Partner is admitted in place of such assigning Limited Partner, such assigning Limited Partner shall not cease to be a Limited Partner or cease to have any of the rights or obligations of a Limited Partner hereunder.

(d) Anything herein to the contrary notwithstanding, both the Partnership and the General Partner shall be entitled to treat the assignor of an Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to it, until such time as a written assignment that conforms to the requirements of this Article IX has been received by the Partnership and accepted by the General Partner.

(e) A Person who is the assignee of all or any fraction of the Interest of a Limited Partner as permitted hereby but does not become a Substituted Limited Partner and who desires to make a further Transfer of such Interest, shall be subject to all of the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make a Transfer of its Interest.

## **9.3 Substituted Limited Partners.**

(a) Notwithstanding anything to the contrary contained in this Agreement, no Limited Partner shall have the right to substitute a purchaser, assignee, transferee, donee, heir, legatee, distributee or other recipient of all or any fraction of such Limited Partner's Interest as a Limited Partner, in its place. Any such purchaser, assignee, transferee, donee, heir, legatee, distributee or other recipient of an Interest (whether pursuant to a voluntary or involuntary Transfer) shall be admitted to the Partnership as a Substituted Limited Partner only (i) with the consent of the General Partner, which consent may be given or withheld in its sole discretion provided that such consent may not be unreasonably withheld in connection with Transfers (made in accordance with Section 9.1), (ii) by satisfying the requirements of Sections 9.1 and 9.2 and (iii) upon an amendment by the General Partner to Schedule A of this

Agreement and the Partnership's Certificate, if required, recorded in the proper records of each jurisdiction in which such recordation is necessary to qualify the Partnership to conduct business or to preserve the limited liability of the Limited Partners all of which acts under this clause (ii) shall be done promptly.

(b) Each Substituted Limited Partner, as a condition to its admission as a Limited Partner shall execute and acknowledge such instruments, in form and substance satisfactory to the General Partner, as the General Partner reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of the Substituted Limited Partner to be bound by all the terms and provisions of this Agreement with respect to the Interest acquired. All reasonable expenses, including attorneys' fees not paid by the assignor Partner pursuant to Section 9.1(d) that are incurred by the Partnership in this connection, shall be borne by such Substituted Limited Partner. The General Partner may, in its sole discretion, withhold from distributions to such Substituted Limited Partner such amounts

(c) Prior to an assignee's admission to the Partnership as a Substituted Limited Partner pursuant to this Section 9.3 such assignee shall nevertheless be entitled to all of the rights of an assignee of a limited partnership interest under the Israeli Partnership Ordinance (and any successor provision).

#### **9.4 Incapacity of a Limited Partner.**

In the event of the Incapacity of a Limited Partner, the General Partner may require the Transfer of the Interest of such Limited Partner (whether such Interest remains with such Limited Partner or is transferred to a trustee in bankruptcy or other legal representative) at a purchase price equal to the amount of such Partner's Capital Account, as adjusted as of the date of such Transfer to reflect Profits and Losses through such date and the Fair Market Value of the Partnership's assets as of such date. In the event of the Incapacity of a Limited Partner, the Partnership shall not be terminated, and the Limited Partner's trustee in bankruptcy or other legal representative shall have only the rights of a transferee of the right to receive Partnership distributions applicable to the Interest of such incapacitated Limited Partner as provided herein. Any Transfer from such trustee in bankruptcy or legal representative shall be subject to the provisions of this Agreement.

#### **9.5 Transfers During a Fiscal Year.**

In the event of the Transfer of a Partner's Interest at any time other than the end of a Fiscal Year, allocations and distributions pursuant to Article IV shall be divided between the transferor and the transferee in any reasonable manner as determined by the General Partner.

### **ARTICLE X**

#### **DISSOLUTION, LIQUIDATION AND TERMINATION OF THE PARTNERSHIP**

##### **10.1 Dissolution and Continuation.**

The Partnership shall be dissolved upon the happening of any of the following events:

- (i) the expiration of its term as set forth in Section 2.6;

(ii) the withdrawal or assignment of all of the Interest of a General Partner in the Partnership (other than in connection with a permitted assignment and substitution under Article VIII), or the bankruptcy, dissolution, commencement of winding up or the occurrence of an event of withdrawal (as defined in the Israeli Partnership Ordinance) of a General Partner (each, an "Event of Withdrawal"), unless (A) at the time of such Event of Withdrawal there is at least one remaining General Partner and that General Partner carries on the business of the Partnership, or (B) within ninety (90) days after such Event of Withdrawal, Two-Thirds in Interest of the Limited Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such Event of Withdrawal, of one or more additional General Partners, or (C) the Partnership is continued without dissolution in a manner permitted by the Israeli Partnership Ordinance or this Agreement. Any such additional General Partner so appointed ("Successor General Partner") shall be required to purchase the Interest of the former General Partner and Section 8.2 shall apply as to such purchase;

(iii) the dissolution by the General Partner of the Partnership at any time; provided that simultaneously all Alternative Vehicles and Parallel Regulatory Vehicles, are dissolved and prior to such dissolution, the General Partner must (A) give not less than 90 days' prior written notice to the other Partners and (B) obtain the Consent of at least Two-Thirds in Interest of the Limited Partners;

(iv) the dissolution of the Partnership by the delivery to the General Partner of a Consent and notice of such dissolution notice or by adoption of a written resolution to dissolve the Partnership by Two-Thirds in Interest of the Limited Partners at any time; provided that simultaneously all Alternative Vehicles and Parallel Regulatory Vehicles, are dissolved.

(v) there are no limited partners of the Partnership, unless the business of the Partnership is continued in accordance with the Israeli Partnership Ordinance and this Agreement;

(vi) the entry of a decree of judicial dissolution under the Israeli Partnership Ordinance;  
or

(vii) in the event (A) the Investment Period is suspended pursuant to Section 10.5 and (B) a consecutive twelve month period has elapsed since that suspension, upon the one year anniversary of the expiration of such consecutive twelve month period.

For purposes of this Section 10.1, bankruptcy of the General Partner shall be deemed to have occurred when (A) the General Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (B) it is adjudged a bankrupt or insolvent, or has entered against it a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect, (C) it executes and delivers a general assignment for the benefit of its creditors, (D) it files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any involuntary proceeding of the nature described in clause (A) above, (E) it seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for it or for all or any substantial part of its properties, or (F) (1) any involuntary proceeding of the nature described in clause (A) above has not been dismissed 120 days after a commencement thereof, (2) the appointment without its consent or acquiescence of a trustee, receiver or liquidator appointed pursuant to clause (E) above has not been vacated or stayed within 90 days of such appointment, or (3) such appointment is not vacated within 90 days after the expiration of any such stay, Dissolution of the Partnership shall be effective on the day on which the event occurs giving rise to the dissolution, but the Partnership shall not terminate until the Certificate of the

Partnership has been cancelled and the assets of the Partnership have been distributed as provided in Section 10.2. Upon the General Partner ceasing to be the General Partner of the Partnership as provided in this Agreement, the General Partner and its Affiliates shall resign from all directorships, officerships and engagements held by them in any Person in which the Partnership then holds Investments.

## **10.2 Liquidation.**

(a) Upon dissolution of the Partnership, (i) the General Partner or, (ii) if there is no General Partner or such dissolution occurred pursuant to Section 10.1(ii), a Person approved by Two-Thirds in Interest of the Limited Partners to act as a liquidating trustee (the "Liquidating Trustee"), shall wind up the affairs of the Partnership and proceed within a reasonable period of time to sell or otherwise liquidate the assets of the Partnership and, after paying or making due provision by the setting up of reserves for all liabilities to creditors of the Partnership, to distribute the assets among the Partners in accordance with the provisions for the making of distributions set forth in this Agreement.

(b) Notwithstanding Section 10.2(a), in the event that the General Partner or the Liquidating Trustee shall, in its absolute discretion, determine a sale or other Disposition of part or all of the Investments would cause undue loss to the Partners or otherwise be impractical, the General Partner or the Liquidating Trustee may either defer liquidation of, and withhold from distribution for a reasonable time, any such investments or distribute part or all of such investments, pro rata, to the Partners in kind; provided, however, that the time during which distribution is withheld may not extend beyond twenty-four months from the date of dissolution without the approval of Two-Thirds in Interest of the Limited Partners (unless distribution would be illegal).

(c) Except as may be required by the Israeli Partnership Ordinance or other applicable law, no Limited Partners shall be responsible for restoring any negative balance in their Capital Accounts.

(d) The proceeds from liquidation shall be paid in the following manner:

(i) the expenses of liquidation (including legal and accounting expenses incurred in connection therewith up to and including the date that distribution of the Partnership's assets to the Partners has been completed) and the debts and liabilities of the Partnership, other than debts and liabilities to Partners, shall first be satisfied (whether by payment or the making of reasonable provision for payment thereof) including such provision for reserves as the General Partner or Liquidating Trustee deems necessary or desirable;

(ii) to pay, in accordance with the terms agreed among them and otherwise on a pro rata basis, debts to Partners, either by the payment thereof or the making of reserves therefor as the General Partner or Liquidating Trustee deems necessary or desirable; and

(iii) all remaining proceeds shall be paid to all Partners in proportion to the positive balances in their respective Capital Accounts as determined in accordance with Article IV, provided, that if distributions pursuant to this Section 10.2(d) would result in the Partners receiving cumulative distributions from the Partnership that differ from the distributions that would be required under Section 4.2(a), then the proceeds from liquidation shall be made in the manner prescribed in Section 4.2(a).

(e) In any such liquidation, the Partnership may distribute (after payment of the Partnership's obligations) the assets of the Partnership in cash, ratably in kind, or any combination thereof as the General Partner or the Liquidating Trustee shall determine, subject, unless otherwise approved by the

Limited Partners, to Section 4.1(c). To the extent deemed desirable by the General Partner or the Liquidating Trustee, distributions may be made into a liquidating trust or other appropriate entity, and reserves may be established for contingencies; provided, however, that the time during which distributions may be withheld by such trust or other entity may not extend beyond twenty-four months from the date of dissolution without the approval of Two-Thirds in Interest of the Limited Partners, unless distribution would be illegal. The General Partner agrees to use its reasonable efforts not to make an in kind distribution of assets to any Limited Partner if such distribution would result in a violation of applicable law; provided, that the failure of the Partnership to avoid such a distribution as provided in this sentence notwithstanding such efforts shall not cause the General Partner to be in violation of this Section 10.2(e).

(f) When the General Partner or the Liquidating Trustee has complied with the foregoing liquidation plan, the General Partner or the Liquidating Trustee, on behalf of all Partners, shall execute, acknowledge and cause to be filed an instrument evidencing the cancellation of the Certificate of the Partnership.

### **10.3 Clawback Amount.**

(a) If, as of the date of liquidation, after taking into account proceeds distributed to Limited Partners pursuant to a liquidation of the Partnership (i) (A) the aggregate Carried Interest Distributions with respect to a Limited Partner exceeds (B) 20% of the sum of (but not below zero) (x) the aggregate distributions then and previously made to such Limited Partner pursuant to Section 4.2(a), (y) plus the Carried Interest Distributions with respect to such Limited Partner, and (z) less the aggregate Capital Contributions made by such Limited Partner (the excess of (A) over (B) referred to as the "Excess 20% Amount"), determined after giving effect to all transactions through the liquidation date (including distributions pursuant to Section 10.2(d)) or (ii) the distributions received by such Limited Partner are not sufficient to provide such Limited Partner with its aggregate Capital Contributions and Priority Return thereon (the "Priority Shortfall Amount"), then the General Partner shall be obligated to return promptly to the Partnership for distribution to such Limited Partner the Clawback Amount with respect to such Limited Partner. If the General Partner is required to return any Clawback Amount pursuant to Section 10.3(a) and the Clawback Amount to be returned was reduced by income tax imposed on the General Partner as to such Clawback Amount, the General Partner shall make a good faith effort to obtain a refund for the income tax actually paid with respect to such Clawback Amount and agrees to return to the Partnership for distribution to any Limited Partner referred to in Section 10.3(a) any income tax refunded to it, if any, as part of the Clawback Amount.

(b) In order to secure the General Partner's performance of its obligations under clause (a) of this Section 10.3, the General Partner shall deposit into an account held by a bank as escrow agent (the "Escrow Account") 50% of all Carried Interest Distributions. The amounts deposited in such an Escrow Account shall be invested in cash equivalents and the earnings on such account shall be for the benefit of, and distributed quarterly to, the General Partner. For purposes of determining the Capital Account of the General Partner and for making allocations pursuant to Section 4.4, any amounts held in such an Escrow Account shall be considered to have been distributed to the General Partner.

(c) The General Partner's shareholder's agreement or similar agreement shall provide that in the event the General Partner is obligated under Section 10.3 herein to return to the Partnership a portion of the distributions received from the Partnership, each beneficial holder, or a beneficial holder of a beneficial holder, of the General Partner shall be obligated to return its pro rata share of such distributions to the General Partner (based on amounts received therefrom relating to Carried Interest

Distributions), but only to the extent the General Partner has insufficient funds to meet such obligations. In addition, the General Partner shall be obligated to require each of the Principals to execute a personal guarantee, to be several and not joint, guaranteeing such Principal's pro rata share of the Clawback Amount. The Partnership shall be a third party beneficiary of any such provision of the General Partner's shareholder's agreement, or similar agreement or any such personal guarantee, or any other agreement of any beneficial holder of a beneficial holder of the General Partner and no amendment of any such provision or guarantee shall be made without the consent of the Partnership (which may be given by the General Partner only with the approval of Two-Thirds in Interest of the Limited Partners).

#### **10.4 Government Excess Return.**

If, as of the date of liquidation, after taking into account proceeds distributed to Limited Partners pursuant to a liquidation of the Partnership, the aggregate distributions received by the Government provide the Government with its aggregate Capital Contributions and a return thereon which exceeds the Priority Return (such excess, the "Government Excess Return"), then the Government shall be obligated to return promptly to the Partnership an amount equal to the product of (x) the Government Benefit Percentage (as defined below) multiplied by (y) the Government Excess Return which amount shall be distributed to the other Limited Partners in accordance with their Percentage Interests in the Investment from which each such distribution is derived. The "**Government Benefit Percentage**" shall mean a fraction, the denominator of which is the aggregate Capital Commitments of all the Limited Partners and the nominator of which is the aggregate Capital Commitments of all the Limited Partners other than the Government.

#### **10.5 Key Person Event; General Partner Event; Cause Event.**

At such time as at least two Key Persons cease, for any reason (including by reason of such Principal's death or Incapacity), to devote sufficient professional time and attention to the affairs of the Partnership as is reasonably necessary to carry out the Partnership's investment program and manage its Investments (a "Key Person Event"), or upon a General Partner Event or Cause Event, then, upon the knowledge of such cessation by the General Partner, the General Partner shall provide prompt written notice of such cessation to each Limited Partner and, if such cessation continues for 30 days following such notice, the Limited Partners may elect, as their sole remedies in connection therewith, for a period of 180 days following the expiration of the aforesaid 30 day period, by vote of the Majority in Interest of all Limited Partners, to terminate the Investment Period (whereupon the last day of the Investment Period shall be deemed to have occurred). In such case, upon the termination of the Investment Period, the Partnership shall not make any new Investments. At any time thereafter (subject to Section 10.1(vii)), the Limited Partners may elect, by vote of the Majority in Interest of all Limited Partners, to recommence the Investment Period. In such event, the Investment Period will be recommenced and the Partnership shall be permitted to make new Investments.

In the event the Investment Period is not recommenced within such period, the Investment Period shall be terminated. For the avoidance of doubt, during the afore-mentioned 30 day period and until the suspension of the Investment Period, the Partnership will continue to be obligated to pay the Management Fee to the General Partner pursuant to the first sentence of Section 5.6(b) and should the Investment Period be suspended, the Partnership will continue to be obligated to pay the Management Fee to the General Partner pursuant to the second sentence of Section 5.6(b).

## ARTICLE XI

### AMENDMENTS

#### **11.1 Adoption of Amendments; Limitations Thereon.**

(a) Except as required by law or for an amendment to Schedule A hereto pursuant to Section 3.5(a) or as otherwise provided in this Agreement, this Agreement may be amended by the written consent of the General Partner and Two-Thirds in Interest of the Limited Partners; provided, however, that amendments which do not materially adversely affect any Limited Partner or the Partnership may be made to this Agreement and the Certificate, from time to time, by the General Partner, without the consent of any of the Limited Partners, (i) to amend any provision of this Agreement and the Certificate which requires any action to be taken by or on behalf of the General Partner or the Partnership pursuant to requirements of Israeli law if the provisions of Israeli law are amended, modified or revoked so that the taking of such action is no longer required, (ii) to add to the representations, duties or obligations of the General Partner, or to surrender any right granted to the General Partner herein, for the benefit of the Limited Partners, (iii) to cure any ambiguity, or to correct any clerical mistake or to correct or supplement any immaterial provision herein or in the Certificate which may be inconsistent with any other provision herein or therein, or correct any printing, stenographic or clerical errors or omissions, which shall not be inconsistent with the provisions of this Agreement or the status of the Partnership as a partnership for Israeli income tax purposes, or (iv) to make any change which is for the benefit of, or not materially adverse to the interests of, the Limited Partners. Upon the adoption of any amendment to this Agreement, the amendment shall be executed by the General Partner on behalf of all of the Limited Partners by the power of attorney granted pursuant to Section 13.1 and, if required, shall be recorded in the proper records of each jurisdiction in which recordation is necessary or, in the judgment of the General Partner, advisable for the Partnership to conduct business or to preserve the limited liability of the Limited Partners. Any such duly adopted amendment may be executed by the General Partner on behalf of the Limited Partners. In calculating the necessary approval of the Limited Partners with respect to any amendment enacted on or prior to the Final Closing Date, the General Partner may include Additional Limited Partners and Increasing Limited Partners who are admitted to the Partnership or whose Capital Contributions are being provided on or before the effective date of such amendment.

#### **11.2 Amendment of Certificate.**

In the event this Agreement shall be amended pursuant to this Article XI, the General Partner shall amend the Certificate of the Partnership to reflect such change if such amendment is required or if the General Partner deems such amendment to be desirable and shall make any other filings or publications required or desirable to reflect such amendment, including any required filing for recordation of any Certificate or other instrument or similar document of the type contemplated by Section 2.5.

#### **11.3 Amendment of Allocation Provisions.**

The provisions of this Agreement relating to the maintenance of Capital Accounts and the method of accounting, including the capital account maintenance rules and allocation of Profits and Losses, may be amended at any time by the General Partner only to the extent necessary, in the opinion of tax counsel to the Partnership, to ensure that the allocations hereunder will be respected by the Israeli Income Tax Authorities. All other decisions concerning the allocation of profits, gains and losses

among the Partners pursuant to the terms of this Agreement not specifically and expressly provided for by the terms of this Agreement shall be made by the General Partner, but subject to the approval of the Exceptions Committee.

## ARTICLE XII

### CONSENTS, VOTING AND MEETINGS

#### 12.1 Method of Giving Consent.

Any vote or approval required by this Agreement ("Consent") may be given as follows:

(a) by a written Consent given by the approving Partner at or prior to the doing of the act or thing for which the Consent is solicited; provided that such Consent shall not have been nullified by either (i) notice to the General Partner by the approving Partner at or prior to the time of, or the negative vote by such approving Partner at, any meeting held to consider the doing of such act or thing, or (ii) notice to the General Partner by the approving Partner prior to the doing of any act or thing; or

(b) by the affirmative vote by the approving Partner to the doing of the act or thing for which the Consent is solicited at any meeting called and held to consider the doing of such act or thing;

provided, that any limited partner interests held by the General Partner, the Fund Manager or any of their respective Affiliates shall not be entitled to participate in any Consent required by this Agreement.

#### 12.3 Record Dates.

The General Partner may set in advance a date for determining the Limited Partners entitled to notice of and to vote at any meeting. All record dates shall not be more than sixty (60) days prior to the date of the meeting to which such record date relates.

#### 12.4 Submissions to Limited Partners.

The General Partner shall give all of the Limited Partners notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for the consideration and approval of the Limited Partners. Such notice shall include any information required by the relevant provisions of this Agreement or by law.

## ARTICLE XIII

### POWER OF ATTORNEY

#### 13.1 Power of Attorney.

(a) Each Limited Partner, by its execution hereof, hereby irrevocably makes, constitutes and appoints each of the General Partner, any Successor General Partner and the Liquidating Trustee, if any, in such capacity as Liquidating Trustee for so long as it acts as such, as its true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (i) this Agreement and any



amendment to this Agreement which has been duly adopted as herein provided; (ii) the original Certificate of the Partnership and all amendments thereto required or permitted by law and the provisions of this Agreement; (iii) all certificates and other instruments deemed advisable by the General Partner or the Liquidating Trustee to carry out the provisions of this Agreement and applicable law or to permit the Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (iv) all instruments that the General Partner or the Liquidating Trustee deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including the admission of additional Limited Partners or Substituted Limited Partners pursuant to the provisions of this Agreement; (v) all conveyances and other instruments or papers deemed advisable by the General Partner or the Liquidating Trustee to effect the dissolution and termination of the Partnership (consistent with Article X); (vi) all fictitious or assumed name certificates required (in light of the Partnership's activities) to be filed on behalf of the Partnership; (vii) all agreements and instruments necessary or advisable to consummate any Investment pursuant to Section 2.8 (unless such Investment is to be made directly by the Limited Partner or through a vehicle other than a partnership or limited liability company), including amendments thereto consistent with Section 2.8; and (viii) all other instruments or papers which may be required or permitted by law to be filed on behalf of the Partnership which are not legally binding on the Limited Partners in their individual capacity and are necessary to carry out the provisions of this Agreement Notwithstanding the foregoing or anything contained in this Agreement to the contrary, the foregoing power of attorney may not be exercised by the General Partner after the occurrence of an event specified in Section 10.1(ii).

(b) The foregoing power of attorney:

(i) is coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent death, disability or Incapacity of any Limited Partner;

(ii) may be exercised by the General Partner or the Liquidating Trustee, as appropriate, either by signing separately as attorney-in-fact for each Limited Partner or by a single signature of the General Partner or the Liquidating Trustee, as appropriate, acting as attorney-in-fact for all of them, and

(iii) shall survive the delivery of an assignment by a Limited Partner of the whole or any fraction of its Interest; except that, where the assignee of the whole of such Limited Partner's Interest has been approved by the General Partner for admission to the Partnership as a Substituted Limited Partner, the power of attorney of the assignor shall survive the delivery of such assignment for the sole purpose of enabling the General Partner or the Liquidating Trustee, as appropriate, to execute, swear to, acknowledge and file any instrument necessary or appropriate to effect such substitution.

(c) Each Limited Partner shall execute and deliver to the General Partner within fifteen (15) days after receipt of the General Partner's request thereof such other instruments as the General Partner reasonably deems necessary to carry out the terms of this Agreement. The General Partner shall notify each Limited Partner for which it has exercised a power-of-attorney as soon as practicable thereafter.

## **ARTICLE XIV**

### **RECORDS AND ACCOUNTING; REPORTS; FISCAL AFFAIRS**

#### **14.1 Records and Accounting.**

(a) Proper and complete records and books of account of the business of the Partnership, including a list of the names, addresses and Interests of all Limited Partners, shall be maintained at the Partnership's principal place of business for a period of seven years following the due date of the final tax return of the Partnership.

(b) The books and records of the Partnership shall be maintained in accordance with Israeli generally accepted accounting principles. The books shall be open to inspection by any Partner (or its authorized representative) at any time during ordinary business hours, upon reasonable notice, for any purpose reasonably related to its interest as a Partner. The financial statements of the Partnership provided to the Partners pursuant to this Article shall, to the utmost extent practical, reflect the assets of the Partnership at their tax basis as established pursuant to the terms of this Agreement. The taxable year of the Partnership shall be its Fiscal Year.

#### **14.2 Annual Reports.**

Within 90 days after the end of each Fiscal Year (subject to reasonable delays in the event of the late receipt of any necessary financial statements of any Person in which the Partnership holds Investments), the General Partner shall cause to be prepared and mailed to each Limited Partner who was a Limited Partner at any time during the Fiscal Year, an annual report according to the International Finance Reporting Standards (IFRS).

Such financial statements shall be audited by, and accompanied by the report of, independent public accountants of nationally recognized standing.

#### **14.3 Interim Reports.**

Within 45 days after the end of the first three (3) Fiscal Quarters of each Fiscal Year (subject to reasonable delays in the event of the late receipt of any necessary financial statements of any Person in which the Partnership holds Investments), the General Partner shall cause to be prepared and mailed to each Limited Partner: (i) a report containing an overview of the Partnership's Investments, including a summary of Investments made by the Partnership during such quarterly period, subject in all cases to applicable confidentiality and securities law restrictions; (ii) unaudited financial information for the Partnership and each Portfolio Company; and (iii) a statement of such Partner's Consolidated Capital Account (including a reconciliation thereof with respect to the amount of such Partner's Consolidated Capital Account as of the end of the immediately preceding Fiscal Quarter).

#### **14.4 Partnership Funds.**

The funds of the Partnership which are invested in Short Term Investments pursuant to Section 2.11(iv) may be deposited in the name of the Partnership in one or more bank accounts at the election of the General Partner. Withdrawals therefrom shall be made upon such signature(s) as the General Partner may designate. No funds of the Partnership shall be kept in any account other than a Partnership account; funds shall not be commingled with the funds of any other Person; and the General Partner shall not employ, or permit any other Person to employ, such funds in any manner except for the benefit of the Partnership.

#### **14.5 Elections.**

The determinations of the General Partner with respect to the Partnership's treatment of any item or its allocation for tax purposes shall be binding upon all of the Partners so long as such determination shall not be inconsistent with any express term hereof and provided, that the Partnership's accountants shall not have disagreed therewith.

**14.6 Other Information.**

Subject to Section 14.7, with reasonable promptness, the General Partner will deliver such other information available to the General Partner, including financial statements and computations, relating to the Partnership or any Person in which the Partnership then holds Investments as any Partner may from time to time reasonably request, unless such delivery of information will violate any law or cause a breach of duty of confidentiality bounding the Partnership or the General Partner.

**14.7 Limited Partner Information.**

Upon the reasonable request of the General Partner, each Limited Partner agrees to provide the Partnership with such non-confidential information concerning the Limited Partner and its business so that the Partnership can comply, or determine its compliance, with any laws or regulations applicable to it. Notwithstanding anything in this Article XIV to the contrary, a Limited Partner shall have access to books and records of the Partnership and the right to receive copies of Partnership documents only for a purpose reasonably related to the Limited Partner's interest as a limited partner of the Partnership, and any such access shall be subject to such reasonable standards (including standards governing what information and documents are to be furnished, at what time and location and at whose expense) as may be established from time to time by the General Partner (it being understood that such standards may be established by the General Partner following the receipt of an inspection request). In addition, the General Partner shall have the right to keep confidential from the Limited Partners for such period of time as the General Partner deems reasonable, any information which the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interest of the Partnership or could damage the Partnership or business of a portfolio company or its business or which the Partnership is required by law or by agreement with a third party to keep confidential.

**14.8 Head of Partners.**

The General Partner shall act as the "head of partners" of the Partnership, as such term is defined in Section 63 of the Israeli Income Tax Ordinance and exercise any tax related authority permitted under any applicable law.

**ARTICLE XV**

**CONFLICTS OF INTEREST**

**15.1 Conflicts of Interest.**

(a) The Partners recognize that the differing financial, regulatory, income tax and other status and circumstances of the Limited Partners may give rise to conflicts of interest among the Limited Partners with regard to the timing of capital calls, selection of investments, disposition of assets, making of tax elections, or other Partnership matters. The General Partner and the Fund Manager, when making decisions or taking action with respect to the Partnership or its business, shall

not be required to take into consideration the separate status or circumstances of any Partner or group of Partners.

## **ARTICLE XVI**

### **MISCELLANEOUS**

#### **16.1 Notices.**

(a) Any notice to any Partner shall be at the address of such Partner set forth in Schedule A hereto or such other mailing address of which such Partner shall advise the General Partner in writing; provided that any notice to the Partnership or the General Partners shall be at the principal office of the Partnership as set forth in Section 2.3. The General Partner may at any time change the location of such office. Notice of any such change shall be given to the Partners on or before the date of any such change.

(b) Any notice shall be deemed to have been duly given (i) if personally delivered when delivered, (ii) if sent by telecopy on a Business Day, when sent (or, if not sent on a Business Day, on the next Business Day), (iii) if sent by a nationally recognized overnight courier service guaranteeing next Business Day delivery, on the next Business Day after delivery to such service, (iv) if delivered by hand, on the date of receipt or (v) if sent by registered mail, on the fifth Business Day following the date on which the piece of mail containing such communication is posted.

#### **16.2 Governing Law; Separability of Provisions.**

(a) All questions concerning the construction, interpretation and validity of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel.

(b) It is the desire and intent of the Partners that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(c) It is the desire and intent of the Partners that the provisions of this Agreement, will apply notwithstanding anything to the contrary in the Israeli Partnership Ordinance and be enforced to the fullest extent permitted. In case of an inconsistency between the provisions of this Agreement and the Israeli Partnership Ordinance, the provisions of this Agreement shall apply to the fullest extent permissible under Israeli law.

#### **16.3 Jurisdiction; Venue.**

Any action or proceeding against the parties relating in any way to this Agreement may be brought and enforced exclusively in the competent court of the State of Israel. The parties irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in the courts of the State of Israel and any claim that any such action or proceeding brought in any such court has been brought in any inconvenient forum. The parties hereby irrevocably consent to the service of process of any of the aforementioned courts, as applicable, in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address as set forth herein. Nothing herein shall affect the right of the parties to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction.

#### **16.4 Entire Agreement.**

This Agreement sets forth the entire understanding of all parties hereto and constitutes the final, complete and exclusive agreement between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and/or documents. In the case of a conflict or a discrepancy between this Agreement and the Tender Documents, the provisions of this Agreement shall prevail. The General Partner, on its own behalf or on behalf of the Partnership, may not enter into a side letter or similar agreement to or with a Limited Partner, which has the effect of establishing rights under, or altering or supplementing the terms hereof; notwithstanding the foregoing, it is hereby acknowledged and agreed that the General Partner may, on behalf of the Partnership without the approval of any Limited Partner, enter into such a side letter or similar agreement with a Limited Partner that is subject to a regulatory regime that requires such Limited Partner to obtain certain rights as a condition to its entering into this Agreement, provided that such side letter or similar agreement is strictly limited to the granting of such rights (and in such event, the parties hereto agree that any terms contained in such side letter or similar agreement to or with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement).

#### **16.5 Binding Provisions.**

Subject to Article VIII and Article IX and to the fullest extent permitted by law, the covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal or legal representatives, successors and assigns of the respective parties hereto; provided, that the provisions herein relating to contribution of capital to the Partnership (including Sections 6.3 and 10.3 are for the benefit of the Partners only, and not for the benefit of any third party, except to the extent such Partner has agreed in writing.

#### **16.6 No Waiver.**

The failure of any Partner to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act which would have constituted a violation from having the effect of an original violation.

#### **16.7 Confidentiality.**

Each Limited Partner will maintain the confidentiality of information which is, to the knowledge of such Limited Partner, non-public information regarding the General Partner and the Partnership (including information regarding any Person in which the Partnership holds, or contemplates acquiring, any Investments) received by such Limited Partner pursuant to this Agreement in accordance with such

procedures as it applies generally to information of this kind and shall use such non-public information solely in connection with monitoring such Limited Partner's investment in the Partnership or otherwise with respect to their Interest except as otherwise required by law; provided, that the foregoing shall not limit the ability of any Limited Partner to furnish any such information to its Affiliates or examiners, auditors, inspectors or persons with similar responsibilities or duties, or to an internationally recognized industry self-regulatory association or state regulatory body or state or local taxation authority; provided further, that such Limited Partner shall be liable to the Partnership and the General Partner for any such Person's failure to comply with the foregoing.

**16.8 No Right to Partition.**

To the extent permitted by law, and except as otherwise expressly provided in this Agreement, the Partners, on behalf of themselves and their shareholders, members, partners, heirs, executors, administrators, personal or legal representatives, successors and assigns, if any, hereby specifically renounce, waive and forfeit all rights, whether arising under contract or statute or by operation of law, to seek, bring or maintain any action in any court for partition of the Partnership or any asset of the Partnership, or the Partnership or any asset of the Partnership, or any interest which is considered to be Partnership property, regardless of the manner in which title to any such property may be held.

**16.9 Counterparts; Facsimile Signatures.**

This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument; provided, that each such counterpart shall be executed by the General Partner. Facsimile counterpart signatures to this Agreement shall be acceptable and binding.

\* \* \* \*

IN WITNESS WHEREOF, the parties have executed this Limited Partnership Agreement as of the date first above written.

**GENERAL PARTNER:**

[\_\_\_\_\_]

By: [\_\_\_\_\_]
its general partner

By:
Name: [\_\_\_\_\_]
Title: [\_\_\_\_\_]

**LIMITED PARTNER #1:**

By:\_\_\_\_\_:
Name:
Title

**LIMITED PARTNER #2:**

By:\_\_\_\_\_:
Name:
Title

**LIMITED PARTNER #3:**

By:\_\_\_\_\_:
Name:

Title

LIMITED PARTNER #4:

By:\_\_\_\_\_:

Name:

Title

LIMITED PARTNER #5:

By:\_\_\_\_\_:

Name:

Title

Etc., ...



## SCHEDULE A

[The Minority Sector Fund], Limited Partnership

[Address of the Partnership]

### **Partners**

#### **General Partner:**

[Name of General Partner]

[Address of General Partner]

[Telephone Number of General Partner]

### **Capital Commitments**

[insert 1% of  
aggregate Capital  
Commitments]

#### **Limited Partners:**

Government of the State of Israel

**NIS 80,000,000**

[Name of Limited Partner #1]

[Address of Limited Partner #1]

[Telephone Number of Limited Partner #1]

[Name of Limited Partner #2]

[Address of Limited Partner #2]

[Telephone Number of Limited Partner #2]

[Name of Limited Partner #3]

[Address of Limited Partner #3]

[Telephone Number of Limited Partner #3]

[Name of Limited Partner #4]

[Address of Limited Partner #4]

[Telephone Number of Limited Partner #4]

[Name of Limited Partner #5]

[Address of Limited Partner #5]

[Telephone Number of Limited Partner #5]

## **SCHEDULE B**

Each Investor hereby agrees as follows:

**1. Subscription for a Limited Partnership Interest.** Subject to the terms and conditions set forth in the Agreement and all exhibits thereto, the Investor agrees that by executing the Agreement it is (i) irrevocably subscribing for an Interest in the Partnership in the amount set forth on the signature page of the Agreement at a purchase price equal to 100% of such amount, payable in the manner and at the times provided in the Agreement; (ii) becoming a party to the Agreement; and (iii) becoming a Limited Partner of the Partnership. In the event that the General Partner elects pursuant to the Agreement to form a Parallel Regulatory Vehicle in order to comply with securities laws or to address tax, legal or regulatory issues applicable to the Investor, the Agreement shall be, at the election of the General Partner, a subscription for an Interest in such Parallel Regulatory Vehicle.

**2. Representations of the Investor.** The Investor hereby represents and warrants to the Partnership and to the General Partner as follows:

**(a) Suitability.** IT HAS READ CAREFULLY AND UNDERSTANDS THE AGREEMENT AND THE OTHER TENDER DOCUMENTS AND HAS CONSULTED ITS OWN ATTORNEY, ACCOUNTANT AND/OR INVESTMENT ADVISER WITH RESPECT TO THE INVESTMENT CONTEMPLATED HEREBY AND ITS SUITABILITY FOR THE INVESTOR. ANY SPECIFIC ACKNOWLEDGMENT SET FORTH BELOW WITH RESPECT TO ANY STATEMENT CONTAINED IN THE TENDER DOCUMENTS SHALL NOT BE DEEMED TO LIMIT THE GENERALITY OF THIS REPRESENTATION AND WARRANTY.

**(b) Opportunity to Verify Information.** The Investor acknowledges that representatives of the Government have made available to the Investor, during the course of this transaction and prior to the purchase of any Interest, the opportunity to ask questions of and receive answers from them concerning the terms and conditions of the Interest purchased hereby, and to obtain any additional information necessary to understand the information contained in the Tender Documents or otherwise relative to the proposed activities of the Partnership or to otherwise evaluate the merits and risks of an investment in the Interest. The Investor has not relied on any representations or warranties other than those made in the Agreement.

**(c) Purchase for Investment.** The Investor understands and agrees that: (i) it must bear the economic risk of its investment until the termination of the Partnership; (ii) the Interest has not been registered under the Israeli Securities Law 5728-1968, as amended (the “**Securities Law**”) or under the applicable securities laws of any other jurisdiction, and, therefore, cannot be resold or otherwise disposed of unless it is subsequently registered under applicable securities laws or unless an exemption from such registration is available; (iii) it is purchasing the Interest for its own account and without a view towards distribution thereof; (iv) it shall not resell or otherwise dispose of all or any part of the Interest it purchases, except as permitted by law, including, without limitation, any and all applicable provisions of the Agreement and any regulations under the Securities Law or other applicable securities laws; (v) that the transfer of the Interest is restricted by the terms of the Agreement; and (vi) that the Partnership does not have any intention of registering the Interest under the Securities Law or

any other applicable securities laws or of supplying the information which may be necessary to enable the Investor to sell the Interest. The Investor understands that there is no public or other market for the Interest, and it is not anticipated that such a market will ever develop. The Investor further agrees that for the foregoing reasons, it will be required to retain ownership of the Interest and bear the economic risk of this investment for an indefinite period of time. In addition, the Investor further represents, warrants and agrees that it is not currently making a market in the limited partnership interests in the Partnership and will not, at any time after its admission as a Limited Partner, make a market in any such interests.

**(d) Full Contribution.** The Investor agrees that, except as otherwise provided in the Agreement, it may not make less than the full amount of any required capital contribution, and that default provisions with respect thereto, pursuant to which the Investor may lose its investment in the Partnership, are contained in the Agreement.

**(e) No Need for Liquidity.** The Investor has no need for liquidity in connection with its purchase of the Interest, and is able to bear the risk of loss of its entire investment in the Interest.

**(f) Investment Objectives.** The purchase of the Interest by the Investor is consistent with its general investment objectives.

**(g) Securities Laws.** The Investor understands that it is its responsibility to satisfy itself as to full observance of the laws of any relevant territory in connection with the purchase and sale of the Interest, including obtaining any required governmental or other consent and observing any other applicable formalities.

**(h) Power and Authority; No Conflicts.** (i) It has the requisite power and authority to execute and deliver the Agreement; (ii) the person signing the Agreement on behalf of the Investor has been duly authorized to execute the Agreement; and (iii) such execution and delivery does not violate, or conflict with, the terms of any agreement or instrument to which the Investor is a party or by which it is bound. As of the date on which the Government executes the Agreement, the Agreement will constitute a valid and legally binding agreement of the Investor.

**(i) Knowledge and Experience.** The Investor has such knowledge and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the Partnership.

**(j) Tax Implications of Investment in the Partnership.** The Investor understands that its investment in the Partnership involves important and complex tax implications, which are subject to change from time to time. The tax implications of acquiring, holding and disposing of an Interest could affect the economic returns to the Investor from its investment in the Partnership. The Investor has consulted with and has relied solely upon its own tax advisors with respect to the tax implications of its investment in the Partnership (including, without limitation, filing requirements).

**(k) Disclosure.** The Investor understands and acknowledges that its investment in the Partnership shall be subject to the terms and conditions of the Agreement, as the same may be amended from time to

time in accordance with its terms. The Investor further understands and acknowledges that certain terms and conditions originally set forth in the Tender Documents have been modified and, as modified, are reflected in the final form of the Agreement.

**(l) Anti-Money Laundering Statutes.** The Investor hereby acknowledges that the Partnership seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of those efforts, the Investor hereby represents, warrants and agrees that, to the best of its knowledge based upon appropriate diligence and investigation: **(1)** None of the cash or property that the Investor will contribute to the Partnership has been or shall be derived from, or related to, any activity that is deemed criminal under Israeli law; and **(2)** No contribution or payment by the Investor to the Partnership, to the extent that they are within the Investor's control, shall cause the Partnership or the General Partner to be in violation of the Money Laundering Prohibition Law of 2000 and any regulations promulgated thereunder.

The Investor shall promptly notify the General Partner if any of these representations cease to be true and accurate.

The Investor agrees to provide to the General Partner any additional information regarding the Investor that the General Partner deems necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar activities.

The Investor understands and agrees that if at any time it is discovered that any of the foregoing representations is incorrect, or if otherwise required by applicable law or regulation related to money laundering and similar activities, the General Partner may undertake appropriate actions to ensure compliance with applicable law or regulation, including, but not limited to segregation and/or redemption of the Investor's investment in the Partnership.

**3. Capital Contributions.** Subject to the terms and conditions of the Agreement, the initial capital contribution for the purchase of the Investor's Interest as well as each additional capital contribution shall take place at such times and in the manner specified in the Agreement.

**4. Conditions to Initial Drawdown.** The Investor's obligation to contribute its first Capital Contribution is subject to the fulfillment prior to or at the Initial Closing Date, of each of the following conditions:

**4.1 Representations and Warranties.** The General Partner shall deliver to each of the Limited Partners, a certificate signed by its Chief Executive Officer stating that the following representations and warranties are true and correct in all material respects as of the Initial Closing Date:

**(a) Formation and Standing of the Partnership.** The Partnership has been duly and validly formed and registered as a limited partnership under the laws of the State of Israel and has all requisite power and authority under the Agreement and such laws to enter into and carry out the terms of the Agreement, to conduct its activities as described in the Agreement, and to issue interests in the Partnership. The General Partner is duly and validly formed and registered as a [REDACTED] under the laws of the State of Israel and has all requisite power under its governing documents and laws to conduct its activities and to enter into and perform its obligations under the Agreement.

(b) **Governmental and Regulatory Approval.** Neither the execution and delivery of the Agreement, nor the sale of the interests in the Partnership, requires any consent, approval or authorization from, or filing, registration or qualification with, any governmental or regulatory authority (including, without limitation, registration under the Securities Law), on the part of the Partnership or the General Partner, except for the registration of the Partnership in accordance with the Partnership Ordinance.

(c) **Litigation.** There are no actions, proceedings or investigations pending or threatened which have a substantial possibility of resulting in any material adverse change in the business, prospects, condition, affairs or operations of the Partnership or in any material liability on the part of the Partnership or the General Partner.

(d) **No Violation.** Neither the Partnership nor the General Partner is in violation of any term of its organizational documents or any other agreement, law, rule or regulation resulting in a material liability to the Partnership or General Partner, nor will the execution and delivery of the Agreement result in any such liability.

(e) **No Material Transaction.** The Partnership has not engaged in any material transactions and as of the date hereof does not have any material liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise (including, without limitation, liabilities as guarantor or otherwise with respect to obligations of others).

**4.2 Performance of the Partnership and the General Partner.** The Partnership and the General Partner shall have performed and complied with all agreements and conditions required by the Tender Documents to be performed or complied with by them prior to the Initial Closing Date and there shall exist no condition or event which constitutes a default under the Agreement or which with notice or lapse of time, or both, would constitute such a default.

**5. Expenses.** The Investor will pay its own expenses relating to the purchase of its Interest in the Partnership hereunder.