UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of **September 2009 (Report No. 3)**

Commission File Number: 000-29742

Retalix Ltd.

(Translation of registrant's name into English)

10 Zarhin Street, Ra'anana 43000, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

Attached hereto and incorporated herein are the following items mailed to the Registrant's shareholders:

Registrant's Notice of Annual Meeting of Shareholders and Proxy Statement, dated September 17, 2009, attached as Exhibit 99.1 hereto, together with the following appendices thereto:

(a) Appendix A – 2009 Share Incentive Plan, attached as Exhibit 99.1(a) hereto.

(b) Appendix B – Share Purchase Agreement, attached as Exhibit 99.1(b) hereto.

(c) Appendix C – Form of Management Agreement, attached as Exhibit 99.1(c) hereto.

(d) Appendix D – Form of Registration Rights Agreement, attached as Exhibit 99.1(d) hereto.

(e) Appendix E – Separation Agreement, attached as Exhibit 99.1(e) hereto.

(f) Appendix F – Form of Indemnification Agreement, attached as Exhibit 99.1(f) hereto.

(g) Appendix G – Opinion of Oppenheimer & Co. Inc., attached as Exhibit 99.1(g) hereto.

The information set forth in this Report on Form 6-K is hereby incorporated by reference into: (i) the Registrant's Registration Statement on Form S-8, Registration no. 333-09840; (ii) the Registrant's Registration Statement on Form S-8, Registration no. 333-12146; (iii) the Registrant's Registration Statement on Form S-8, Registration no. 333-14238; (iv) the Registrant's Registration Statement on Form S-8, Registration no. 333-109874; (v) the Registrant's Registration Statement on Form S-8, Registration no. 333-118930; and (vi) the Registrant's Registration Statement on Form S-8, Registration no. 333-157094, to be a part thereof from the date on which this Report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

The Share Purchase Agreement has been included to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Registrant. The representations, warranties and covenants contained in the Share Purchase Agreement were made only for purposes of such agreement and as of the specific dates therein, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the Share Purchase Agreement. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the agreement instead of establishing those matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third party beneficiaries under the Share Purchase Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Registrant or any other party to the Share Purchase Agreement. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Share Purchase Agreement, which subsequent information may or may not be fully reflected in the Registrant's public disclosures.

IMPORTANT NOTICES:

THE SECURITIES OFFERED IN THE PRIVATE PLACEMENT (AS DEFINED IN THE ATTACHED PROXY STATEMENT) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN APPLICABLE EXEMPTION FROM REGISTRATION REQUIREMENTS.

THIS REPORT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SECURITIES. THE INVESTORS (AS DEFINED IN THE ATTACHED PROXY STATEMENT) HAVE NOT YET COMMENCED THE TENDER OFFER (AS DESCRIBED IN THE ATTACHED PROXY STATEMENT). INVESTORS AND SHAREHOLDERS OF THE REGISTRANT ARE ENCOURAGED TO READ EACH OF THE TENDER OFFER STATEMENT OF THE INVESTORS AND THE RECOMMENDATION STATEMENT OF THE REGISTRANT WHEN EACH BECOMES AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER. INVESTORS AND SHAREHOLDERS MAY OBTAIN THE TENDER OFFER STATEMENT AND THE RECOMMENDATION STATEMENT AND OTHER FILED DOCUMENTS AT NO CHARGE WHEN THEY ARE AVAILABLE ON THE SEC'S WEB SITE (WWW.SEC.GOV) AND AT NO CHARGE FROM THE REGISTRANT AND THE INVESTORS.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RETALIX LTD.

Date: September 21, 2009

By: /s/ Hugo Goldman

Hugo Goldman
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
99.1	Registrant's Notice of Annual Meeting of Shareholders and Proxy Statement, dated September 17, 2009.
99.1(a)	2009 Share Incentive Plan.
99.1(b)	Share Purchase Agreement.
99.1(c)	Form of Management Agreement.
99.1(d)	Form of Registration Rights Agreement.
99.1(e)	Separation Agreement.
99.1(f)	Form of Indemnification Agreement.
99.1(g)	Opinion of Oppenheimer & Co. Inc.

Exhibit 99.1

THE ACCOMPANYING PROXY STATEMENT DESCRIBES, AMONG OTHER THINGS, A TENDER OFFER FOR ORDINARY SHARES OF RETALIX THAT MAY BE COMMENCED IN THE FUTURE BY THE INVESTORS (AS DEFINED IN THE ACCOMPANYING PROXY STATEMENT). THE ACCOMPANYING PROXY STATEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SECURITIES. SHAREHOLDERS ARE ENCOURAGED TO READ EACH OF THE TENDER OFFER STATEMENT OF THE INVESTORS AND THE RECOMMENDATION STATEMENT OF RETALIX WHEN EACH BECOMES AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER. SHAREHOLDERS MAY OBTAIN THE TENDER OFFER STATEMENT AND THE RECOMMENDATION STATEMENT AND OTHER FILED DOCUMENTS AT NO CHARGE WHEN THEY ARE AVAILABLE ON THE SEC'S WEB SITE (WWW.SEC.GOV) AND AT NO CHARGE FROM RETALIX AND THE INVESTORS.

RETALIX LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND

PROXY STATEMENT

Notice is hereby given that an annual meeting of shareholders (the "**Meeting**") of Retalix Ltd. (the "**Company**") will be held on October 19, 2009 at 10:00 a.m. (Israel time), at the offices of the Company, 10 Zarhin Street, Ra'anana, Israel, for the following purposes:

1. To re-elect the following members of the Board of Directors of the Company (the "**Board of Directors**"): Gillon Beck, Brian Cooper, Ishay Davidi, Neomi Enoch, Amnon Lipkin-Shahak, Ian O'Reilly, Barry Shaked and Itschak Shrem;

2. To re-appoint Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, as the Company's independent auditors until the next annual general meeting of shareholders, and to authorize the Board of Directors to fix their remuneration in accordance with the volume and nature of their services;

3. To adopt a new equity incentive plan and to increase the total pool available for issuance under all such plans by 2,000,000 ordinary shares of the Company, par value NIS 1.00 per share (the "**Ordinary Shares**");

4. To approve a share purchase agreement between the Company and the investors named below dated as of September 3, 2009 (the "**Share Purchase Agreement**") and the transactions contemplated thereby, including the following related matters, each of which is contingent upon the other:

    4.1 a private placement (the "**Private Placement**") to the following investors: Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor and Mario Segal (individually and via a wholly-owned company) (the **"Investors**") of such number of Ordinary Shares of the Company, at a price per share of $9.10, necessary to cause the Investors to hold an aggregate of 20% of the outstanding Ordinary Shares after the consummation of the transactions contemplated by the Share Purchase Agreement, and the issuance to the Investors of warrants to purchase up to an aggregate of 1,250,000 Ordinary Shares at the consummation of the Private Placement. The number of Ordinary Shares issued to the Investors in the Private Placement will depend on (i) the number of Ordinary Shares (if any) purchased pursuant to the tender offer to be effected by the Investors, if certain conditions are met, for up to 1,550,000 Ordinary Shares (as described herein), (ii) the number of Ordinary Shares (if any) purchased by the Investors from Mr. Barry Shaked, pursuant to a share sale and purchase agreement in respect of 566,740 Ordinary Shares (as described herein) and (iii) the total number of Ordinary Shares issued and outstanding at the closing of the Private Placement;

The issuance and sale of the Ordinary Shares to the Investors in the Private Placement is intended to vest in the Investors severally and jointly holding with Ronex Holdings L.P. (and their respective permitted transferees) 25% or more of the total voting power of the Company, thereby becoming a holder of a "control block" pursuant to, and within the meaning of, the Israeli Companies Law, 5759-1999 (the "**Companies Law**").

4.2 a management services agreement among the Company and the Investors;

4.3 a registration rights agreement among the Company and the Investors;

4.4 other matters contemplated by the Share Purchase Agreement, including:

4.4.1 the amendment and restatement of the Company's Memorandum of Association and Articles of Association in order to (i) increase the maximum size of the Board of Directors from ten to eleven directors, (ii) allow the election of directors as of a future date and (iii) increase the Company's authorized share capital to NIS 50,000,000 divided into 50,000,000 Ordinary Shares;

4.4.2 the election of the following six directors nominated by the Investors, in lieu of five members of the incumbent Board of Directors, effective immediately following the consummation of the Private Placement: Boaz Dotan, Eli Gelman, David Kostman, Nehemia Lemelbaum, Robert A. Minicucci and Avinoam Naor, and the approval of director fees;

Gillon Beck, Ishay Davidi, and Itschak Shrem, if re-elected pursuant to Proposal No. 1, and Dr. Zvi Lieber (external director), Gur Shomron (external director) will remain members of the Board of Directors following the consummation of the Private Placement.

4.4.3 the approval of the separation agreement between the Company, B.G.A.G.S. Shaked Ltd. and Mr. Barry Shaked, the Company's President and Chief Executive Officer;

4.4.4 the purchase of a "tail" policy with respect to the Company's directors and officers insurance policy, effective as of the consummation of the Share Purchase Agreement; and

4.4.5 the execution of indemnification agreements with the Company's directors who shall be elected as of the consummation of the Private Placement and from time to time in the future;

5. To discuss the financial statements of the Company for the year ended December 31, 2008; and

6. To act on any other matters as may properly come before the Meeting or any adjournment(s) thereof.

The Board of Directors, acting upon the unanimous recommendation of the Audit Committee of the Board of Directors (the "**Audit Committee**"), has reviewed and considered the terms and conditions of the Share Purchase Agreement, has unanimously determined that the Private Placement and the other transactions contemplated under the Share Purchase Agreement are in the best interests of the Company and its shareholders. The Share Purchase Agreement is attached as **Appendix B** to the enclosed Proxy Statement and we urge you to read it carefully in its entirety. Our financial advisor, Oppenheimer & Co. Inc. ("**Oppenheimer**"), rendered to the Board of Directors a written opinion, dated September 3, 2009, that, as of such date and based upon and subject to the factors and assumptions set forth therein, the Private Placement is fair, from a financial point of view, to the Company. Oppenheimer's written opinion is attached as **Appendix G** to the enclosed Proxy Statement and we urge you to read it carefully in its entirety.

THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS HAVE UNANIMOUSLY APPROVED AND RECOMMEND THAT YOU VOTE "FOR"THE APPROVAL OF ALL OF THE PROPOSALS, INCLUDING THE PRIVATE PLACEMENT, THE SHARE PURCHASE AGREEMENT AND THE OTHER TRANSACTIONS CONTEMPLATED THEREBY.

Certain of our shareholders have entered into voting undertakings with the Investors under which those shareholders have agreed, among other things, to vote their Ordinary Shares (representing approximately 24.7% of the outstanding Ordinary Shares as of the date hereof) at the Meeting in favor of the Private Placement. The voting undertakings entered into by such shareholders are described in the enclosed Proxy Statement under the caption "Related Agreements to which the Company is Not a Party-Voting Undertakings".

Shareholders of record at the close of business on September 15, 2009 are entitled to notice of, and to vote at the Meeting. All shareholders are cordially invited to attend the Meeting in person.

The quorum required for the Meeting consists of two or more holders of outstanding Ordinary Shares (present in person or by proxy at the Meeting) and holding Ordinary Shares conferring in the aggregate twenty-five percent (25%) or more of the voting power in the Company. If a quorum is not present by 10:30 a.m. on the date of the Meeting, the Meeting will stand adjourned to October 26, 2009 at the same time and place.

Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and to return such document promptly in the pre-addressed envelope provided. No postage is required if mailed in the United States. If a shareholder's shares are held via the Company's Israeli registrar or in the DTC account of the Tel Aviv Stock Exchange Clearinghouse for trading on the Tel Aviv Stock Exchange, such shareholder should deliver or mail (via registered mail) his, her or its completed proxy to the offices of the Company at 10 Zarhin Street, Ra'anana, Israel, Attention: Director of Investor Relations, together with a proof of ownership (*ishur baalut*), as of the record date, issued by his, her or its broker. Proxies must be received by the Company at least 48 hours prior to the time fixed for the Meeting, unless otherwise decided by the Board of Directors. Shareholders who attend the Meeting may revoke their proxies and vote their shares in person.

Joint holders of shares should take note that, pursuant to Article 26(d) of the Articles of Association of the Company, the vote of the senior of joint holders of any shares who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other registered holder(s) of the shares, and for this purpose seniority will be determined by the order in which the names appear in the Company's Register of Members.

By Order of the Board of Directors,

Ishay Davidi

Chairman of the Board

Dated: September 17, 2009

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 19, 2009

INTRODUCTION

This Proxy Statement is furnished to the holders of Ordinary Shares, NIS 1.00 nominal value (the "**Ordinary Shares**"), of Retalix Ltd. ("**Retalix**" or the "**Company**") in connection with the solicitation by the Board of Directors of the Company (the "**Board of Directors**") of proxies for use at the annual meeting of shareholders (the "**Meeting**"), or at any adjournment thereof, pursuant to the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. The Meeting will be held on October 19, 2009 at 10:00 a.m. (Israel time), at the offices of the Company, 10 Zarhin Street, Ra'anana, Israel.

The agenda of the Meeting is as follows:

1. To re-elect the following members of the Board of Directors: Gillon Beck, Brian Cooper, Ishay Davidi, Neomi Enoch, Amnon Lipkin-Shahak, Ian O'Reilly, Barry Shaked and Itschak Shrem;

2. To re-appoint Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, as the Company's independent auditors until the next annual general meeting of shareholders, and to authorize the Board of Directors to fix their remuneration in accordance with the volume and nature of their services;

3. To adopt a new equity incentive plan and to increase the total pool available for issuance under all such plans by 2,000,000 Ordinary Shares;

4. To approve a share purchase agreement between the Company and the investors named below dated as of September 3, 2009 (the "**Share Purchase Agreement**") and the transactions contemplated thereby, including the following related matters, each of which is contingent upon the other:

    4.1 a private placement (the "**Private Placement**") to the following investors: Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor and Mario Segal (individually and via a wholly-owned company) (the **"Investors**") of such number of Ordinary Shares of the Company, at a price per share of $9.10, necessary to cause the Investors to hold an aggregate of 20% of the outstanding Ordinary Shares after the consummation of the transactions contemplated by the Share Purchase Agreement and the issuance to the Investors of warrants to purchase up to an aggregate of 1,250,000 Ordinary Shares at the consummation of the Private Placement. The number of Ordinary Shares issued to the Investors in the Private Placement will depend on (i) the number of Ordinary Shares (if any) purchased pursuant to the tender offer to be effected by the Investors, if certain conditions are met, for up to 1,550,000 Ordinary Shares (as described herein), (ii) the number of Ordinary Shares (if any) purchased by the Investors from Mr. Barry Shaked, pursuant to a share sale and purchase agreement in respect of 566,740 Ordinary Shares (as described herein) and (iii) the total number of Ordinary Shares issued and outstanding at the closing of the Private Placement;

The issuance and sale of the Ordinary Shares to the Investors in the Private Placement is intended to vest in the Investors severally and jointly holding with Ronex Holdings L.P. (and their respective permitted transferees) 25% or more of the total voting power of the Company, thereby becoming a holder of a "control block" pursuant to, and within the meaning of, the Israeli Companies Law, 5759-1999 (the "**Companies Law**").

4.2 a management services agreement among the Company and the Investors;

4.3 a registration rights agreement among the Company and the Investors;

4.4 other matters contemplated by the Share Purchase Agreement, including:

4.4.1 the amendment and restatement of the Company's Memorandum of Association and Articles of Association in order to (i) increase the maximum size of the Board of Directors from ten to eleven directors, (ii) allow the election of directors as of a future date and (iii) increase the Company's authorized share capital to NIS 50,000,000 divided into 50,000,000 Ordinary Shares;

4.4.2 the election of the following six directors nominated by the Investors, in lieu of five members of the incumbent Board of Directors, effective immediately following the consummation of the Private Placement: Boaz Dotan, Eli Gelman, David Kostman, Nehemia Lemelbaum, Robert A. Minicucci and Avinoam Naor, and the approval of director fees;

Gillon Beck, Ishay Davidi and Itschak Shrem, if re-elected pursuant to Proposal No. 1, and Dr. Zvi Lieber (external director), Gur Shomron (external director), will remain members of the Board of Directors following the consummation of the Private Placement.

4.4.3 the approval of the separation agreement between the Company, B.G.A.G.S. Shaked Ltd. and Mr. Barry Shaked, the Company's President and Chief Executive Officer;

4.4.4 the purchase of a "tail" policy with respect to the Company's directors and officers insurance policy, effective as of the consummation of the Share Purchase Agreement; and

4.4.5 the execution of indemnification agreements with the Company's directors who shall be elected as of the consummation of the Private Placement and from time to time in the future;

5. To discuss the financial statements of the Company for the year ended December 31, 2008; and

6. To act on any other matters as may properly come before the Meeting or any adjournment(s) thereof.

The Company currently is not aware of any other matters which will come before the Meeting. If any other matters properly come before the Meeting, the persons designated as proxies intend to vote in accordance with their judgment on such matters.

Shareholders may elect to vote their shares once, either by attending the meeting in person or by a duly executed proxy as detailed below.

A form of proxy for use at the Meeting and a return envelope for the proxy is also enclosed. Proxies must be received by the Company at least 48 hours prior to the time fixed for the Meeting, unless otherwise decided by the Board of Directors. Shareholders may revoke the authority granted by their execution of proxies at any time before the effective exercise thereof by filing with the Company a written notice of revocation or duly executed proxy bearing a later date, or by voting in person at the Meeting. Unless otherwise indicated on the form of proxy, shares represented by any proxy in the enclosed form, if the proxy is properly executed and timely received, will be voted in favor of all the matters to be presented to the Meeting, as described above.

On all matters considered at the Meeting, abstentions and broker non-votes will be treated as neither a vote “for” nor “against” the matter, although they will be counted in determining whether a quorum is present.

Proxies for use at the Meeting are being made available by the Board of Directors. Only Shareholders of record at the close of business on September 15, 2009 will be entitled to vote at the Meeting. Proxies will be solicited chiefly by mail. In addition, we have retained MacKenzie Partners, Inc., a proxy solicitation firm, to assist in the solicitation. We will pay MacKenzie Partners approximately $7,500 plus reasonable out-of-pocket expenses for its assistance. The Company will bear the cost for the solicitation of the proxies, including postage, printing and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of shares.

The Company had outstanding on September 15, 2009, 20,406,363 Ordinary Shares. Each Ordinary Share outstanding on the record date is entitled to one vote upon each of the matters to be presented at the Meeting. Two or more shareholders conferring in the aggregate 25% of the outstanding Ordinary Shares, present in person, or by proxy entitled to vote, will constitute a quorum at the Meeting. If a quorum is not present by 10:30 a.m. on the date of the Meeting, the Meeting will stand adjourned to October 26, 2009 at the same time and place.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contain "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 (except that, with respect to the forward-looking statements in the discussion of the Tender Offer in Proposal No. 4 below, such safe harbor provisions are inapplicable). The statements in this proxy statement that are not historical facts are forward-looking statements and may involve a number of risks and uncertainties. When used in this proxy statement and the documents incorporated by reference in this proxy statement, the terms "anticipate," "believe," "estimate," "expect," "may," "objective," "plan," "possible," "potential," "project," "will" and similar expressions identify forward-looking statements. Generally, forward-looking statements express expectations for or about the future, rather than historical fact. Forward-looking statements are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such statements, including the risk factors set forth in Item 3 of the Company's Annual Report on Form 20-F for the year ended December 31, 2009. Forward-looking statements in this proxy statement express expectations only as of the date they are made. We do not undertake any obligation to update or revise such statements as a result of new information or future events, except as required by applicable law.

BENEFICIAL OWNERSHIP OF SECURITIES BY CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of September 15, 2009 (unless otherwise specified), the number of Ordinary Shares owned beneficially by all shareholders known to the Company to own beneficially more than 5% of the Company's Ordinary Shares. As of September15, 2009, 20,406,363 Ordinary Shares were outstanding.

Name	Number of Ordinary Shares held (1)(2)	Percentage of outstanding Ordinary Shares (2)
Ronex Holdings, Limited Partnership (3)(4)	3,253,367	15.9%
Migdal Insurance & Financial Holdings Ltd. (5)	2,305,409	11.3%
Barry Shaked (4)(6)	1,426,997	6.9%
Clal Insurance Enterprises Holdings Ltd. and affiliates (7)	1,274,492	6.2%
The Phoenix Insurance Company Ltd. and affiliates (8)	1,192,758	5.8%
Psagot Investment House Ltd. (9)	1,104,487	5.4%
Brian Cooper (4)(10)	751,485	3.7%
The Investors (11)	622,843	3.1%

(1) Unless otherwise indicated, each person named or included in the group has sole power to vote and sole power to direct the disposition of all Ordinary Shares listed as beneficially owned.

(2) Amounts include Ordinary Shares that are not currently outstanding but are deemed beneficially owned because of the right to purchase them pursuant to options exercisable on August 31, 2009, or within 60 days thereafter. Pursuant to SEC rules, Ordinary Shares deemed beneficially owned by virtue of an individual's right to purchase them are also treated as outstanding only when calculating the percent of the class owned by such individual and when determining the percent owned by any group in which the individual is included.

(3) This information is based on the beneficial ownership statements on Schedule 13D filed with the Securities and Exchange Commission (the "**SEC**") by Ronex Holdings, Limited Partnership ("**Ronex**") and various affiliated FIMI private equity funds, as last amended on September 15, 2009. Based on the information provided in such statements, the relevant members of the group are: Mr. Barry Shaked, Mr. Brian Cooper (Shaked and Cooper are referred to as the "**Founders**", and their address is: c/o Retalix Ltd. 10 Zarhin Street, Ra'anana 43000, Israel), Ronex, Ronex Holdings Ltd., FIMI Opportunity 2005 Ltd., FIMI IV 2007 Ltd., FIMI Israel Opportunity Fund II, Limited Partnership, FIMI Opportunity II Fund, L.P., FIMI Israel Opportunity IV, Limited Partnership, and FIMI Opportunity IV, L.P., Ishay Davidi Management Ltd., Ishay Davidi Holdings Ltd. and Mr. Ishay Davidi. The address of the FIMI entities is: c/o FIMI IV 2007 Ltd., Rubinstein House, 37 Begin Road, Tel Aviv, Israel. Pursuant to the Old Shareholders Agreement described below in footnote no. 4, which has been terminated (except with respect to such matters as are described below), the shared voting power of the entire group is 5,431,849 Ordinary Shares. As described in a beneficial ownership statement on Schedule 13D/A filed with the SEC by Ronex and its affiliates on September 15, 2009, in addition to the 3,253,367 Ordinary Shares currently held by Ronex, Ronex may be deemed to currently have beneficial ownership of the 622,843 Ordinary Shares currently held by the Investors (with respect to which Ronex shares voting power due to the provisions of the Shareholders Agreement with the Investors described in Proposal No. 4 below under the heading "Related Agreements to which the Company is Not a Party – Shareholders Agreement") and the 2,178,482 Ordinary Shares beneficially owned by the Founders (with respect to which Ronex shares voting power due to the voting commitments applicable thereto under the Founders Purchase Agreements described in Proposal No. 4 below under the heading "Related Agreements to which the Company is Not a Party – Founder Purchase Agreements"). Ronex and its affiliates disclaim beneficial ownership of Ordinary Shares beneficially owned by the Investors and the Founders. Pursuant to the Founders Purchase Agreements and the Shareholders Agreement, respectively, immediately following the consummation of the Private Placement and the Founders Purchase Agreements, Ronex will hold 4,004,852 Ordinary Shares and, in addition, may then be deemed to share beneficial ownership of all Ordinary Shares to be beneficially owned by the Investors as of such time.

(4) Pursuant to the Shareholders Agreement, dated March 3, 2008, among Ronex, Barry Shaked and Brian Cooper (the **"Old Shareholders Agreement**"), the parties agreed, among other things, to vote their respective Ordinary Shares for the election to the Board of Directors of four directors designated by Ronex and four directors designated by Messrs. Shaked and Cooper and two external directors, one of whom to be designated by Ronex and the other to be designated by Messrs. Shaked and Cooper. They also agreed to allow Ronex to designate the Chairman of the Board of Directors, subject to certain conditions. The parties to the Old Shareholders Agreement agreed to meet prior to each general meeting of shareholders and to attempt to reach a unified position with respect to principal issues on the agenda of each such meeting. The parties agreed to vote against any proposed changes to our articles of association which will conflict with the provisions of the Old Shareholders Agreement. The Old Shareholders Agreement also contains tag-along and bring-along rights. The foregoing is based upon the Schedule 13D/A filed by the parties on March 3, 2008. By virtue of the Old Shareholders Agreement, each of parties thereto may be deemed to beneficially own all of the 5,429,849 Ordinary Shares held, as of August 31, 2009, by all such parties, representing approximately 26.1% of our outstanding Ordinary Shares (assuming the exercise of Mr. Shaked's options referenced in footnote 7 below). Each party to the Old Shareholders Agreement has disclaimed beneficial ownership of Ordinary Shares held by any other party. The Old Shareholders Agreement has been terminated (except with respect to the election of directors at the Meeting pursuant to Proposal No. 1) and replaced by the Shareholders Agreement, unless the Founders Purchase Agreements are terminated, in which case the Old Shareholders Agreement will be reinstated.

(5) Consists of Ordinary Shares held for members of the public through, among others, provident funds, mutual funds, pension funds and insurance policies, which are managed by subsidiaries of Migdal, according to the following allocation: 1,061,076 Ordinary Shares are held by profit participating life assurance accounts; 1,187,307 Ordinary Shares are held by provident funds and companies that manage provident funds; and 57,026 Ordinary Shares are held by companies for the management of funds for joint investments in trusteeship, each of which subsidiaries operates under independent management and makes independent voting and investment decisions. Consequently, Migdal does not admit that it is the beneficial owner of any such shares. Migdal is an Israeli public company, with a principal business address at 4 Efal Street, Petach Tikva, Israel. This information is based solely on a letter from Migdal to the Company, dated August 31, 2009. The method used to compute holdings under Israeli law does not necessarily bear the same result as the method used to compute beneficial ownership under SEC rules and regulations.

(6) Includes 1,035,479 Ordinary Shares and options to purchase up to 391,518 Ordinary Shares, held by Mr. Shaked, directly or indirectly, that were exercisable on August 31, 2009 or within 60 days thereafter. Pursuant to the Shaked Purchase Agreement and the Separation Agreement described in Proposal No. 4 below under the heading "Separation Agreement", immediately following the consummation of the Private Placement and the Shaked Purchase Agreement, Mr. Shaked will hold 2,000 Ordinary Shares and options to purchase 794,137 Ordinary Shares, all of which will be exercisable.

(7) Consists of (i) 992,523 Ordinary Shares held for members of the public through, among others, provident funds, mutual funds, pension funds, exchange traded funds and insurance policies, which are managed by subsidiaries of Clal, each of which subsidiaries operates under independent management and makes independent voting and investment decisions and (ii) 281,969 Ordinary Shares beneficially held for Clal's own account. Consequently, Clal does not admit that it beneficially owns such 992,523 Ordinary Shares and none of its affiliates admits that it is the beneficial owner of any of the foregoing shares. Clal, an Israeli public company, is a majority owned subsidiary of IDB Development Corporation Ltd., an Israeli public company, which in turn is a majority owned subsidiary of IDB Holding Corporation Ltd., an Israeli public company. These companies may be deemed to be controlled by Mr. Nochi Dankner, Mrs. Shelly Bergman, Mrs. Ruth Manor and Mr. Avraham Livnat. Clal's principal business address is 48 Menachem Begin Street, Tel Aviv, Israel. This information is based solely on a Schedule 13G filed with the SEC by Clal and affiliates thereof, on February 26, 2009.

(8) Consists of (i) 782,313 Ordinary Shares held by various affiliates of Excellence Nessuah Mutual Fund and (ii) 410,445 Ordinary Shares held by various affiliates of Phoenix Insurance Company Ltd. This information is based solely on a letter from the Phoenix Insurance Company Ltd. to the Company, dated September 7, 2009. The method used to compute holdings under Israeli law does not necessarily bear the same result as the method used to compute beneficial ownership under SEC rules and regulations.

(9) Consists of Ordinary Shares held for members of the public through, among others, provident funds, mutual funds, pension funds and insurance policies, which are managed by subsidiaries of Psagot, according to the following allocation: 983,929 Ordinary Shares are held by Psagot Provident Funds Ltd.; 88,702 Ordinary Shares are held by Psagot Exchange Traded Notes Indexes (Trade 2007) Ltd.; and 31,856 Ordinary Shares are held by Psagot Exchange Traded Notes (Trade 2000) Ltd., each of which subsidiaries operates under independent management and makes independent voting and investment decisions. Consequently, Psagot does not admit that it is the beneficial owner of any such shares. This information is based solely on a Schedule 13G filed with the SEC by Psagot on August 12, 2009.

(10) Pursuant to the Cooper Purchase Agreement described in Proposal No. 4 below, immediately following the consummation of the Cooper Purchase Agreement, Mr. Cooper will hold no Ordinary Shares.

(11) Represents 622,843 Ordinary Shares held by the Investors. In addition, the Investors may be deemed to share beneficial ownership of the 3,253,367 Ordinary Shares held by Ronex (with respect to which the Investors may be deemed to share voting and dispositive power due to the provisions of the Shareholders Agreement) and the 2,178,482 Ordinary Shares beneficially owned by the Founders (with respect to which the Investors may be deemed to share voting and dispositive power due to the voting commitments and transfer restrictions applicable thereto under the Voting Undertakings (as described in Proposal No. 4 below under the heading "Related Agreements to which the Company is Not a Party–Voting Undertakings") and the Founders Purchase Agreements). Each Investor disclaims beneficial ownership of such Ordinary Shares, except for the portion of the 622,843 Ordinary Shares held by such Investor. Pursuant to oral understandings reached internally among the Investors, all decisions that need to be made by the Investors for purposes of Share Purchase Agreement and other agreements relating to the Ordinary Shares shall be determined by a majority of the five Investors. The foregoing is based on a statement of beneficial ownership on Schedule 13D filed by the Investors with the SEC on September 10, 2009. As described in Proposal No. 4 below, immediately following the consummation of the Private Placement and the Founders Purchase Agreements, the Investors will beneficially own such number of Ordinary Shares as will constitute 20% of the outstanding Ordinary Shares and 1,225,000 Ordinary Shares underlying the Warrants described in Proposal No. 4 below under the heading "Share Purchase Agreement–The Private Placement" and may then be deemed to share beneficial ownership (by virtue of the Shareholders Agreement) of the 4,004,852 Ordinary Shares to be then held by Ronex.

PROPOSALS SUBMITTED TO SHAREHOLDERS

PROPOSAL 1 – ELECTION OF DIRECTORS

Our directors, other than external directors, are elected at each annual meeting of shareholders. At the Meeting, shareholders will be asked to re-elect each of Gillon Beck, Brian Cooper, Ishay Davidi, Neomi Enoch, Amnon Lipkin-Shahak, Ian O'Reilly, Barry Shaked and Itschak Shrem to the Board of Directors, effective as of the close of the Meeting. Each nominee has been recommended by the Audit Committee of the Board of Directors (the "**Audit Committee**") acting in the capacity as our Nominating Committee. Except for Mr. Shaked, all of the nominees qualify as "**independent directors**" under the NASDAQ rules.

If the Private Placement described in Proposal No. 4 is approved at the Meeting, then certain changes will be made to the Board of Directors upon the consummation of the Private Placement. See Proposal No. 4 under the heading "Share Purchase Agreement–Election of Directors" for more information.

One of the Company's "**external directors**" (as defined under the Companies Law), Dr. Zvi Lieber, was elected in October 2008 and continues to serve a three-year term. The Company's other external director, Mr. Gur Shomron, was elected in July 2009 and continues to serve a three-year term.

A brief biography of each nominee is set forth below:

Gillon Beck has served as a director since March 2008. Mr. Beck has been a Senior Partner and director at FIMI Opportunity Funds since 2003. He also serves as a Director of Inrom Industries Ltd. (Chairman) and its subsidiaries, MDT Micro Diamond Technologies Ltd., Metro Motor Marketing Ltd, TANA Industries (1991) Ltd., Orian S.M. Ltd. (TASE), Gamatronic Electronic Industries Ltd. (TASE), Merhave-Ceramic and Building Materials Center Ltd. (TASE), and H.R. Givon Ltd. Previously he was a director at TAT Technologies LTD (NASDAQ) and Chairman of Medtechnica Ltd. (TASE). He holds a B.Sc. in Industrial Engineering from the Technion, Israel Institute of Technology, and an MBA in Finance from Bar Ilan University.

Brian Cooper has served as a director since August 1984. From December 1999 to June 2001, Mr. Cooper served as our Vice President, Israeli operations. Mr. Cooper also served as our Chief Financial Officer from August 1984 until December 1999. From 1979 to 1984, Mr. Cooper served as an officer in the Israeli Defense Forces as an economist and programmer. Mr. Cooper has been a director of YCD Multimedia Ltd. since June 2003, a director of Redmatch International Ltd. since October 2007 and a director of GenomeDx Biosciences, Inc. since December 2008. Mr. Cooper holds a B.A. in Economics from Haifa University.

Ishay Davidi has served as a director since March 2008 and as our Chairman of the Board of Directors since August 2008. Mr. Davidi is the Founder and Chief Executive Officer of each of FIMI IV 2007 Ltd., FIMI Opportunity 2005 Ltd, FIMI 2001 Ltd and First Israel Mezzanine Investors Ltd., the managing general partners of the partnerships constituting the FIMI Private Equity Funds. Mr. Davidi also serves as a director at Tefron Ltd., Scope Metals Group Ltd., Inrom Industries Ltd., MDT Micro Diamond Technologies Ltd., Orian S.M. Ltd., Merhav-Ceramic and Building Materials Center Ltd., Ophir Optronics Ltd. and Bagir Group Ltd. Mr. Davidi holds a B.Sc. in Industrial and Management Engineering from Tel Aviv University and an M.B.A. from Bar Ilan University.

Neomi Enoch has served as a director since August 2008. Ms. Enoch is a consultant in the field of company betterment and recovery. From 2003 to 2006, she served as Vice President of Finance of Shufersal Ltd. (TASE: SAE), a leading supermarket chain in Israel. From 1998 to 2003, she served as Vice President of Finance of Partner Communications Company Ltd. (NASDAQ, TASE: PTNR). From 1983 to 1998, she served as Controller and Vice President of Finance of Mul-T-Lock Ltd. Ms. Enoch is a member of the Board of Directors of Blue Square Real Estate Ltd. (TASE: BLSR), Solbar Industries Ltd. (TASE: SLBR), Keter Publishing House Ltd. (TASE: KETR) and Arim Urban Development Ltd. From 2001 to 2003, she served as a member of the Estates Committee, a public committee appointed by Ministry of Justice. From 1999 to 2003, she served as a member of the Advisory Committee and Council to the Bank of Israel. Ms. Enoch holds an M.B.A. from Bradford University and a B.A. in Accounting and Economics from the Tel Aviv University.

Amnon Lipkin-Shahak has served as a director since April 2002. Since May 2001, Mr. Lipkin-Shahak has served as the Chairman of the Board in the TAHAL Group and as a director in the Kardan Group. Mr. Lipkin-Shahak also serves as a director in El-Al Airlines, Visual Defence and Nilit and as the Chairman of the Executive Committee of the Peres Center for Peace. Between May 1999 and March 2001, Mr. Lipkin-Shahak served as a member of the Israeli parliament (the Knesset). During this period, Mr. Lipkin-Shahak served as a cabinet minister between July 1999 and March 2001. In December 1998, Mr. Lipkin-Shahak retired from his position as the Chief of Staff of the Israeli Defense Forces after thirty-six years of service.

Ian O'Reilly has served as a director since November 2000. Mr. O'Reilly serves as the Chairman of the Cambridge Building Society and as a director of Atlas Cedar Ltd. From 1991 to 2000, Mr. O'Reilly served as a Group IT Manager at Tesco Stores Ltd. He received a British Computer Society Qualification from the Cambridge College of Arts and Technology.

Barry Shaked is one of our founders and has served as our President and Chief Executive Officer since our inception in April 1982 and as our Chairman of the Board of Directors from 1982 to 2008. From August 1975 to February 1979, Mr. Shaked served as an officer in the Israeli Defense Forces. He attended the Computer Science School of Bar-Ilan University from 1980 to 1983.

Itschak Shrem has served as a director since January 2008. Mr. Shrem is Chairman and founder of Shrem Fudim Group, a private banking house publicly traded on the Tel-Aviv Stock Exchange. He also serves as the Chairman of Leader Holdings and Investments Ltd., Polar Communications Ltd. and various affiliated companies. In 1993, Mr. Shrem founded Polaris (now Pitango) venture capital fund. Prior to that, Mr. Shrem spent 15 years at Clal Industries and Investments Ltd. in various capacities, including Chief Operating Officer responsible for the group's capital markets and insurance businesses. Mr. Shrem holds a B.A. in Economics from Bar-Ilan University and an M.B.A. from Tel-Aviv University.

Proposed Resolutions

It is proposed that at the Meeting the following resolutions be adopted:

"RESOLVED, that, Gillon Beck be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Brian Cooper be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Ishay Davidi be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Neomi Enoch be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Amnon Lipkin-Shahak be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Ian O'Reilly be and hereby is re-elected to the Board of Directors, effective immediately;

RESOLVED, that, Barry Shaked be and hereby is re-elected to the Board of Directors, effective immediately; and

RESOLVED, that, Itschak Shrem be and hereby is re-elected to the Board of Directors, effective immediately."

Vote Required

Approval of these matters will require the affirmative vote of the holders of a majority of the Ordinary Shares present, in person or by proxy, and voting on the matter.

The Board of Directors recommends that the shareholders vote "FOR" the approval of the foregoing resolutions.

PROPOSAL 2 – APPOINTMENT OF INDEPENDENT AUDITORS

At the Meeting, and upon the recommendation of the Audit Committee, the shareholders will be asked to approve the re-appointment of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, as our independent auditors until the next Annual General Meeting of Shareholders. The shareholders will also be asked to authorize the Board of Directors to fix the remuneration of our independent auditors in accordance with the volume and nature of their services, or to delegate to the Audit Committee to do so, as contemplated by the U.S. Sarbanes-Oxley Act and NASDAQ rules. The auditors have no relationship to us or with any of our affiliates, except as auditors.

Proposed Resolutions

It is proposed that at the Meeting the following resolutions be adopted:

"**RESOLVED**, that Kesselman & Kesselman be appointed as the independent auditors of the Company until the Company's next Annual General Meeting of Shareholders; and

RESOLVED, that the Board of Directors be authorized to fix the remuneration of the independent auditors in accordance with the volume and nature of their services, or to delegate the Audit Committee thereof to do so."

Vote Required

Approval of this matter will require the affirmative vote of the holders of a majority of the Ordinary Shares present, in person or by proxy, and voting on the matter.

The Board of Directors recommends that the shareholders vote "FOR" the approval of the foregoing resolutions.

PROPOSAL 3 – ADOPTION OF EQUITY INCENTIVE PLAN AND INCREASE OF POOL

Introduction

The Board of Directors has approved a new equity incentive plan named the "Retalix Ltd. 2009 Share Incentive Plan" (the "**2009 Plan**") and resolved that all new grants of awards shall be made under the 2009 Plan and not the Company's Second 1998 Share Option Plan or the Company's 2004 Israeli Share Option Plan, unless determined otherwise by the Board of Directors. Furthermore, to ensure the availability of awards to attract and retain highly qualified personnel, the Board of Directors increased the total pool of Ordinary Shares available for issuance under all of the Company's equity incentive plans to by 2, 000,000 Ordinary Shares. The 2009 Plan is substantially similar to the Company's 2004 Israeli Share Option Plan, as amended, with the addition of an addendum setting forth certain terms of options that may be granted to U.S. employees and service providers, including incentive stock options ("**ISOs**"). The Company is seeking shareholder approval of the 2009 Plan to be able to grant ISOs to U.S. employees.

Summary of the 2009 Plan

The following summary of the material features of the 2009 Plan is qualified in its entirety by reference to the complete text of the 2009 Plan, a copy of which is attached to this Proxy Statement as Appendix A. The 2009 Plan permits the issuance of options and restricted stock units ("**RSUs**"), which are rights to be issued a stated number of shares upon completion of a specified vesting term and payment of the par value of such shares. In this summary of the 2009 Plan, a grant of options or RSUs under the 2009 Plan is referred to as an "**Award**" or an "**Option**", and a recipient of an Award or an Option is referred to as a "**Grantee**".

Effective Date, Purpose, Eligible Individuals and Term. The 2009 Plan was adopted by the Board of Directors and became effective on September 16, 2009. The purpose of the 2009 Plan is to provide incentives to employees, directors, consultants and contractors of the Company, or any subsidiary or affiliate thereof (where applicable in this summary of the 2009 Plan, the term "**Company**" includes any subsidiary or affiliate of the Company), by providing them with opportunities to purchase Ordinary Shares. The 2009 Plan has term of ten years, terminating on September 16, 2019. All Awards outstanding at the time of termination shall continue to have full force and effect in accordance with the provisions of the 2009 Plan and the documents evidencing such Awards.

Pool of Ordinary Shares. The 2009 Plan reserves a total pool of 11,000,000 Ordinary Shares available for issuance under all of the Company's incentive plans (subject to any adjustments for stock splits, reverse stock splits, stock dividends and the like). Such number includes Ordinary Shares issued under the Company's Second 1998 Share Incentive Plan, as amended, and the Company's 2004 Israeli Share Incentive Plan, as amended, which have an authorized pool of 7,000,000 Ordinary Shares and 2,000,000 Ordinary Shares, respectively. As of September 15, 2009, Awards in respect of 3,361,047 Ordinary Shares were available for grant under all of the Company equity incentive plans, and the adoption of the 2009 Plan increases this amount to 5,361,047 Ordinary Shares. To the extent that an Award terminates or expires, the Ordinary Shares subject to the Award will again become available for grant under the 2009 Plan.

Administration. The 2009 Plan is administered by a share incentive committee, subject to guidelines determined by the Board of Directors pursuant to applicable law, or by the Board of Directors of the Company (the Board or such committee, as the case may be, the "**Compensation Committee**"). The Compensation Committee has the power to determine the identity of the Grantees, the terms of the Awards granted, including the exercise price (where applicable), the number of shares subject to each Award, the exercisability of the Option and the form of consideration payable upon such exercise, subject to applicable law and other related matters. In addition, the Compensation Committee may determine rules and provisions as may be necessary or appropriate to permit eligible Grantees who are not Israeli residents to participate in the 2009 Plan and/or to receive preferential tax treatment in their country of residence, with respect to Awards granted thereunder. The benefits or amounts that may be received or allocated to any individual under the 2009 Plan, as proposed to be amended, are not yet determinable.

Grant of Awards. Unless determined otherwise by the Compensation Committee, Awards vest over a period of three years in three equal annual installments. The Compensation Committee determines the applicable price of each Award and indicates, with respect to each Award, what is the tax route applicable to such Award. Awards expire 10 years from the date of grant, and terminate before then in case the employment of the Grantee is terminated (or, in the case of a director, when he or she ceases to be a director of the Company and in the case of a consultant or a contractor, at the end of the contractual relationship between the parties). Upon such termination, all unvested portions of the Award terminate, and, depending on the circumstances of the termination, the Grantee has between 15 to 180 days to exercise the vested portion of the Award, provided, however, that in the event the employment of the Grantee is terminated for cause, all Awards granted to such Grantee terminate. Awards also terminate, unless otherwise provided by the Board of Directors, in the event of a proposed dissolution or liquidation of the Company, prior to the consummation of such proposed action.

Transfer of Awards; Payment of Exercise Price. Awards granted under the 2009 Plan are generally not transferable by the Grantee, and each Award is exercisable during the lifetime of the Grantee only by such Grantee or by such Grantee's guardian or legal representative. Payment for Ordinary Shares upon the exercise of an Award may be paid in cash or bank's check or such other method of payment acceptable to the Company. The Company may, on a case by case basis, make an allowance for a cashless exercise, in respect of Options.

Addendum for U.S. Grantees. The 2009 Plan contains an addendum that sets forth certain terms of Options that may be granted to U.S. employees and service providers (the "**Addendum**"). The individuals who are eligible to receive Option grants subject to the Addendum are employees, directors and other individuals and entities who are U.S. citizens or who are resident aliens of the United States for U.S. federal tax purposes (collectively, "**U.S. Grantees**"), and who render services to the management, operation or development of the Company and who have contributed or may be expected to contribute materially to the success of the Company. The Compensation Committee may grant to U.S. Grantees ISOs and/or nonqualified stock options ("**NSOs**") under the 2009 Plan. The Compensation Committee determines the number of Ordinary Shares subject to each Award, its exercise price, its duration and the manner and time of exercise. ISOs may be issued only to employees of the Company or of a corporate subsidiary of the Company, and the exercise price must be at least equal to the fair market value of the Ordinary Shares as of the date the Option is granted. Further, an ISO generally must be exercised within ten years of grant.

Effect of Certain Corporate Transactions. In the event of the occurrence of (1) a sale or other disposition of all or substantially all, as determined by the Board of Directors in its discretion, of the consolidated assets of the Company and its subsidiaries; (2) a sale or other disposition of at least eighty percent (80%) of the outstanding securities of the Company; (3) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (4) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Ordinary Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise (each, a "**Corporate Transaction**"), in each case involving another corporation or a parent or subsidiary of such other corporation (each, a "**Successor Entity**"), then, unless otherwise determined by the Board of Directors, immediately prior to the effective date of such Corporate Transaction, each Option shall, at the sole and absolute discretion of the Compensation Committee, either: (x) be substituted for an option to purchase securities of the Successor Entity (the "**Successor Entity Option**") such that the Grantee may exercise the Successor Entity Option for such number and class of securities of the Successor Entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised immediately prior to the effective date of such Corporate Transaction; (y) be assumed by the Successor Entity such that the Grantee may exercise the Option for such number and class of securities of the Successor Entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised immediately prior to the effective date of such Corporate Transaction; or (z) automatically vest in full so that the Option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable for all of the Ordinary Shares at that time subject to the Option and may be exercised for any or all of those Ordinary Shares. In the event of a clause (x) or clause (y) action, appropriate adjustments shall be made to the exercise price per Ordinary Share to reflect such action.

Notwithstanding the foregoing, the Compensation Committee will have full authority and sole discretion to determine that any of the provisions of clauses (x), (y) or (z) above will apply in the event of a Corporate Transaction in which the consideration received by the shareholders of the Company is not solely comprised of securities of the Successor Entity, or in which such consideration is solely cash or assets other than securities of the Successor Entity.

In the event that all or substantially all of the issued and outstanding share capital of the Company is to be sold (the "**Sale**"), each Grantee will be obligated to participate in the Sale and sell his or her Ordinary Shares and/or Options in the Company, provided, however, that each such Ordinary Share or Option shall be sold at a price equal to that of any other Ordinary Share sold under the Sale (minus the applicable exercise price), while accounting for changes in such price due to the respective terms of any such Option, and subject to the absolute discretion of the Board of Directors.

Amendments to the 2009 Plan. The Board of Directors may amend or modify the 2009 Plan at any time and from time to time, provided, however, that no amendment or modification will adversely affect any rights and obligations with respect to outstanding Awards, unless agreed upon by the applicable Grantee.

Israeli Tax Treatment

The following summary of the Israeli income tax consequences of Awards to Israeli Grantees is general and does not purport to be complete. The 2009 Plan provides for the granting of Awards to employees, directors and consultants under either Section 102 or Section 3(9) of the Israeli Income Tax Ordinance [New Version], 1961 (the **"Tax Ordinance**"). The Awards granted under the 2009 Plan are all subject to the "capital gains tax route" under Section 102 of the Tax Ordinance.

Options. The "capital gains tax route" generally provides, in connection with Options, for a reduced tax rate of 25% on gains realized upon the exercise of Options and sale of underlying shares, subject to the fulfillment of certain procedures and conditions including the deposit of such Options (or shares issued upon their exercise) for a requisite period of time with a trustee approved by the Israeli tax authorities. For as long as the shares issued upon exercise of such Options are registered in the name of the trustee, the voting rights with respect to such shares shall remain with the trustee. Under the "capital gains tax route," the Company is generally not entitled to recognize a deduction for Israeli tax purposes on the gain recognized by the employee upon sale of the shares underlying the Options.

RSUs. RSUs granted under the "capital gains tax route" of Section 102 of the Tax Ordinance are taxed on the date of sale of the underlying shares and/or the date of the release of the RSUs or such underlying shares from trust (rather than on the vesting date of the RSUs). The income of the Grantee on such date is calculated as the fair market value of the shares (or the actual sale price) less the nominal value paid upon the vesting of each RSU. Generally, subject to the fulfillment of the provisions of Section 102 of the Tax Ordinance, under the Capital Gains Tax Route, gains realized from the sale of shares issued upon vesting of RSUs will be taxed at a rate of only 25% and not at the marginal income tax rate applicable to the grantee (up to 46% in 2009). In general, all RSUs granted to Israeli grantees, shares issued upon vesting of such RSUs and any bonus shares issued with respect to such shares will be held in trust by a trustee for the benefit of the grantee for at least 24 months from the date of grant. The RSUs may not be released from the trust prior to the payment of the grantee's tax liabilities. In the event the requirements of Section 102 for the allocation of Awards according to the Capital Gains Tax Route are not met, the benefit attributed to the grantee as a result of the grant of such Awards shall be taxed as ordinary work income at applicable marginal income tax rates (together with other compulsory payments, i.e., health and social insurance payments). Notwithstanding the above, in any event where the purchase price of the shares subject to the RSUs (i.e., the nominal value of the Company's Ordinary Shares) is less than the fair market value of the shares at the time of grant of the RSU (calculated as the average of the closing market price for our shares for the 30 trading days preceding the date of grant), such amount shall be deemed ordinary income of the grantee, taxed at the applicable marginal tax rate (together with health insurance and social security insurance payments), on the date of sale of the underlying shares and/or the date of the release of such underlying shares from trust. On such date, the Company will be required to withhold applicable tax (and social security and national health insurance charges, if applicable) at source on behalf of the Grantee and may be required to pay social security and national health insurance charges. For as long as the shares issued upon vesting of RSUs are registered in the name of the trustee, the voting rights with respect to such shares shall remain with the trustee. Under the Capital Gains Tax Route, the Company is generally not entitled to recognize a deduction for Israeli tax purposes on the gain recognized by the employee upon sale of the shares underlying the RSUs.

U.S. Tax Treatment

The following summary of the U.S. federal income tax consequences of Awards to U.S. Grantees is general and does not purport to be complete.

Options. A Grantee realizes no U.S. taxable income when an NSO is granted. Instead, the difference between the fair market value of the Ordinary Shares acquired pursuant to an exercise of an Option and the exercise price paid is taxed as ordinary compensation income when the Option is exercised. The difference is measured and taxed as of the date of exercise, if the Ordinary Shares are not subject to a "substantial risk of forfeiture," or as of the date or dates on which the risk terminates in other cases. A Grantee may elect to be taxed on the difference between the exercise price and the fair market value of the Ordinary Shares on the date of exercise, even though some or all of the Ordinary Shares acquired are subject to a substantial risk of forfeiture. Gain on the subsequent sale of the Ordinary Shares acquired by exercise of the Option is taxed as short-term or long-term capital gain, depending on the holding period after exercise. The Company receives no tax deduction on the grant of an NSO, but it is entitled to a tax deduction when the Grantee recognizes ordinary compensation income on or after exercise of the Option, in the same amount as the income recognized by the Grantee.

Generally, a Grantee incurs no federal income tax liability on either the grant or the exercise of an ISO, although a Grantee will generally have taxable income for alternative minimum tax purposes at the time of exercise equal to the excess of the fair market value of the Ordinary Shares subject to the Option over the exercise price. Provided that the Ordinary Shares are held for at least one year after the date of exercise of the Option and at least two years after its date of grant, any gain realized on a subsequent sale of the Ordinary Shares will be taxed as long-term capital gain. If the Ordinary Shares are disposed of within a shorter period of time, the Grantee will recognize ordinary compensation income in an amount equal to the difference between the sales price and the exercise price or (if less) the difference between the fair market value at the time of exercise and the exercise price. The Company receives no tax deduction on the grant or exercise of an ISO, but it is entitled to a tax deduction if the Grantee recognizes ordinary compensation income on account of a premature disposition of shares acquired on exercise of an ISO, in the same amount and at the same time as the Grantee recognizes income.

RSUs. A person who receives an RSU grant realizes no U.S. taxable income at the time of grant, but will recognize ordinary income for U.S. tax purposes equal to the value of the Ordinary Shares, less the nominal value paid, at the time such shares are issued.

Proposed Resolution

It is proposed that at the Meeting the following resolution be adopted:

"**RESOLVED**, to approve the adoption of the 2009 Plan, including the Addendum thereto and the increase in the total pool of Ordinary Shares available for issuance under all of the Company's equity incentive plans by 2,000,000 Ordinary Shares."

Vote Required

U.S. federal tax law requires shareholder approval as a condition to the issuance of options qualifying as ISOs for U.S. federal tax purposes. Approval of this matter will require the affirmative vote of the holders of a majority of the Ordinary Shares present, in person or by proxy, and voting on the matter. If this proposal is not approved, then the 2009 Plan will be in effect, but the Company will be unable to grant options to its U.S. employees that qualify as ISOs for U.S. federal tax purposes.

The Board of Directors recommends that the shareholders vote "FOR" the approval of the foregoing resolution.

PROPOSAL 4 – APPROVAL OF THE PRIVATE PLACEMENT AND RELATED TRANSACTIONS

Background

On February 9, 2009, Mr. Eli Gelman, one of the Investors, held an initial meeting with Mr. Barry Shaked, Chief Executive Officer, President and a member of the Board of Directors of the Company, to present and discuss, in a preliminary manner, a potential investment in the Company. The meeting was initiated by Mr. Gelman, who, together with the other Investors, had decided to pursue the possibility of making a strategic investment in the Company, after identifying the Company as the most suitable company where they could bring to bear their collective experience and complementary skills in an Israel-based IT software and services company, after having shown themselves to be one of the strongest, most successful and proven team of investors and senior executives in Israel, in having founded, managed, grown and brought Amdocs Limited (NYSE: DOX) from a start-up company to its position of global market leadership today.

On February 25, 2009, Mr. Ishay Davidi, the Chairman of the Board of the Company, on the behalf of the Board of Directors, received from the Investors a non-binding letter expressing their interest in acquiring a 20% equity stake in the Company (excluding warrants), via a private placement at a price per share of $9.00, representing an approximate 48.8% premium over the average closing market price of the Ordinary Shares for the prior 90-day period, and a 35.5% premium over the $6.74 per share closing market price of the Ordinary Shares on February 24, 2009, on the NASDAQ Global Select Market. The letter proposed that, as part of the prospective transaction, the Company would also issue to the Investors warrants to purchase the number of Ordinary Shares equal to 30% of the Ordinary Shares to be issued in the transaction, exercisable at an exercise price of $9.00 per share, and that the Investors would enter into voting agreements with other major shareholders of the Company upon the signing of the transaction documentation. The letter emphasized the benefits to the Company of the long-term, strategic nature of the proposed transaction, based on the Investors' having excelled at bringing Israel-based IT software and services companies to global leadership, which they believed would complement the Company's untapped potential. Following up on the letter, Mr. Gelman contacted Mr. Davidi and discussed the Investors' proposal with him.

On February 26, 2009, the Board of Directors held a meeting and discussed the letter received from the Investors, as well as three unsolicited non-binding indications of interest received at around the same time from three different U.S.-based private equity funds. Such indications of interest proposed an acquisition of the Company at a price per share ranging from $8.00 to $10.00. A representative of Goldfarb, Levy, Eran, Meiri, Tzafrir & Co., or Goldfarb, counsel to the Company, explained various legal issues relating to the proposed transactions, including the fiduciary duties of the directors and potential conflicts of interest. At the meeting, the Board of Directors appointed an Advisor Search Committee that was authorized to search for an appropriate professional advisor that could assist the Board of Directors in evaluating the strategic alternatives of the Company. The members of the Advisor Search Committee were Mr. Gillon Beck, Mr. Brian Cooper, Dr. Zvi Lieber and Mr. Itschak Shrem. At that meeting, the Board of Directors determined not to enter into negotiations or due diligence with any potential transaction party until it received the advice of a professional advisor. At the direction of the Board of Directors, Mr. Davidi contacted each of the four potential transaction parties and informed them of the Board's decision.

On March 1, 2009, due to reports in the Israeli press regarding the proposals received by the Company, the Company issued a press release in which it confirmed the receipt of the proposals and said that it was evaluating them.

On March 3, 2009, the Advisor Search Committee met and discussed what type of advisor ought to be retained by the Company, the role of such advisor and the pros and cons of particular candidates. Four strategic advisory firms and six financial advisory firms were discussed. During the next week, phone calls and/or meetings were held by members of the Advisor Search Committee with representatives of the various candidates.

On March 10, 2009, the Advisor Search Committee held a telephonic meeting in which the members reported their respective discussions with the various candidates and discussed the proposals received. The committee decided to invite three financial advisory firms and one strategic advisory firm to make presentations at the next Board of Directors meeting.

On March 16, 2009, the Board of Directors heard the presentations of representatives of each of the four candidate firms and decided to retain Oppenheimer as its exclusive financial advisor, provided that a reasonable fee arrangement can be agreed upon. Oppenheimer was selected due to its reputation and experience, particularly its focus on middle market companies, such as the Company, its knowledge of the Company's industry and its experience in the Israeli market. The Board of Directors requested that Oppenheimer perform a strategic review of the operations and financial condition of the Company, as well as an evaluation of the financing and acquisition proposals received.

On March 23, 2009, the Company and Oppenheimer entered into an engagement letter. The fee arrangement agreed upon included a fixed fee for the strategic review and evaluation, a fixed fee for a fairness opinion, if requested by the Board of Directors, and a fixed fee contingent upon the consummation of a transaction (offset by the previously paid strategic review and evaluation fee and fairness opinion fee, if applicable). The amount of the transaction fee was the same regardless of whether the transaction would ultimately be a financing or an acquisition. Over the subsequent weeks, representatives of Oppenheimer held meetings with representatives of the Company's management in preparation of their strategic review and evaluation.

On April 27, 2009, representatives of Oppenheimer presented their strategic review and evaluation to the Board of Directors. The presentation included, among other things, an analysis of the Company's industry and prospects, the M&A landscape and a comparison of the Company to a group of companies having some similar characteristics based on various criteria. The analysis was to a degree based on two sets of financial projections provided by the Company, one representing a conservative outlook and one representing a more aggressive outlook. The Oppenheimer team reviewed the assumptions underlying each scenario and the resulting Company valuations based on the assumptions made, using several different methodologies. Oppenheimer noted that the ranges for each of the valuation methodologies undertaken varied significantly, but that, based on the information provided and the assumptions made in the conservative scenario, in the aggregate these analyses suggested that a range of values between $12.00 and $15.00 per share might be considered reasonable for a sale of the entire Company at that time. Oppenheimer further noted that the range of values suggested did not reflect any due diligence or other investigation by it, that the range of values could be materially impacted by such due diligence, that the range reflected market conditions on that date and could be materially impacted by changing market, economic, political and business developments between that date and the date of any transaction, that the range of values included numerous subjective judgments including potential synergisms between the Company and a prospective purchaser, and that it had not been asked to contact potential purchasers of the Company to determine their views on whether and the extent to which such synergisms might be obtainable. It should be noted that the Company has not commissioned a more recent valuation of the Company and that, based on business, market and other changes that have occurred subsequent to the preparation of the valuation described above, such as the lower portion of license revenues in the Company's mix of revenues and the increase in the market values of some of the Company's comparable companies, such a valuation could result in a higher or lower range of values. Accordingly, the valuation described above may not be indicative of the current or future fair value of the Company.

At the April 27, 2009 meeting, the Oppenheimer team also reviewed the strategic alternatives presently available to the Company: (i) continuing to pursue the Company's business plan without effecting any transaction with a third party; (ii) actively seeking to sell the Company to a strategic or financial buyer in an M&A transaction; or (iii) actively seeking a financing transaction with a new investor, with particular reference to the proposal received from the Investors. After discussing the pros and cons of the various alternatives, including the expected difficulty of achieving an adequate price for the whole Company in an M&A transaction under prevailing market and economic conditions, as well as other factors, the Board of Directors decided to explore the proposal made by the Investors. The Board of Directors decided that, since an important aspect of the Investors' proposal was the added value that the Investors personally offered the Company and its shareholders in terms of post-transaction strategic direction, it should meet with and hear a presentation from the Investors. The Board of Directors asked Oppenheimer to hold a preliminary meeting with the Investors and determine whether, in their view, such a presentation from the Investors would be worthwhile. A representative of Oppenheimer subsequently met with Mr. Gelman and then recommended to the Board of Directors to invite representatives of the Investors to make a presentation to the Board of Directors.

On May 13, 2009, Messrs. Boaz Dotan, Eli Gelman and Nechemia Lemelbaum, on behalf of the Investors, made a presentation at a meeting of the Board of Directors about the background of each of the Investors, outlining their collective experience in founding, managing, growing and bringing Amdocs Limited from a start-up company to its position of global leadership. They also conveyed, in such presentation, their assessment of the Company based on publicly available information and why they believed that their competencies were well suited for, and could be applied effectively to, the Company. The members of the Board of Directors and representatives of Oppenheimer and Goldfarb also discussed with the Investors the general structure of the proposed transaction. The Investors indicated, among other things, that any transaction with the Company would be contingent upon their entering into a voting agreement with the Company's principal shareholders. At this meeting, the possibility of whether the Investors would agree to effect a tender offer prior to the consummation of a private placement was also discussed, in order to give the Company's existing shareholders an opportunity to realize value on their investment in the Company and to cash out part or all of their interest in the Company.

After the representatives of the Investors left the meeting, the Board of Directors held a discussion and decided that, subject to notice from the Company's principal shareholders that they have reached an understanding with the Investors regarding shareholder matters, the Company should allow the Investors to commence a due diligence investigation of the Company and should commence negotiations with the Investors regarding the terms of the proposed transaction. The Board of Directors formed a Transaction Committee comprised of three independent directors with no personal interests in the proposed transaction. The Board of Directors authorized the Transaction Committee to negotiate the terms of a transaction with the Investors but retained the final authority to approve any transaction. The Transaction Committee members were Dr. Zvi Lieber, Mr. Amnon Lipkin-Shahak and Mr. Ischak Shrem.

On June 1, 2009, representatives of the Company and representatives of the Investors agreed to terms of a confidentiality agreement, which included standstill and exclusivity undertakings, and representatives of the Investors visited the Company to hear management presentations. The initial term of the exclusivity period was 30 days and was later extended for an additional 30 days.

On June 8, 2009, the Transaction Committee met and selected Mr. Shrem to lead the negotiations with the Investors. Messrs. Dotan and Gelman, representing the Investors, then joined the meeting and negotiations on the terms of the transaction ensued.

On June 10, 2009, Mr. Shrem received, on behalf of the Board of Directors, a non-binding letter from the Investors that updated and supplemented the Investors' original letter of February 25, 2009 concerning the proposed transaction. In the letter, the Investors raised the purchase price that they offered to pay in the proposed private placement and in a tender offer to $9.10 per share. The letter proposed that the Company issue to the Investors warrants to purchase 1,500,000 Ordinary Shares, half of which with an exercise price of $9.10 per share, one-quarter with an exercise price of $10.10 per share and one-quarter with an exercise price of $11.10 per share. The letter also reflected the Investors' willingness to acquire a portion of the proposed 20% equity stake in the Company (excluding warrants) directly from Mr. Shaked and to provide management services to the Company in consideration for a customary annual fee.

On June 22, 2009, at a meeting of the Board of Directors, Mr. Shrem updated the Board of Directors on the status of the negotiations and the structure and financial terms of the proposed transaction with the Investors that had been agreed to thus far. At the meeting, Mr. Shaked informed the Board of Directors that he and Mr. Cooper had agreed to sell their Ordinary Shares to Ronex and/or the Investors at a price of $12.00 per share, to step down from the Board of Directors at the consummation of the proposed private placement and to terminate their existing shareholder agreement with Ronex. Mr. Davidi informed the Board of Directors that Ronex had reached an understanding on the terms of a shareholders agreement with the Investors. After four directors with personal interests in the proposed transaction left the meeting (see below under the heading "Approval of the Audit Committee and Board of Directors – Personal Interests of Directors and Senior Employees"), the Board of Directors discussed the proposed transaction. The Board of Directors authorized the continuation of the negotiations and the documentation of the proposed transaction with the Investors. The Board of Directors also decided to invite the Investors to present their plans for the Company once their due diligence investigation had sufficiently advanced.

On June 24, 2009, a meeting was held among representatives of Goldfarb and representatives of Meitar Liquornik Geva & Leshem Brandwein, counsel to the Investors, at which the structure and legal terms of the transaction were discussed. Subsequent meetings and conference calls between the law firms were held during the course of the next nine weeks. The terms of the proposed tender offer, pursuant to which the Investors are to offer to purchase Ordinary Shares from the Company's shareholders, were also discussed and finalized over such period of time. In parallel, counsel to the Investors negotiated the terms of various agreements that they required as conditions to the proposed private placement, with counsel to Ronex and with counsel to Messrs. Cooper and Shaked.

On July 2, 2009, counsel to the Investors delivered a draft of the Share Purchase Agreement to counsel to the Company. Drafts of this and the other transaction agreements were exchanged and negotiated during the course of the next eight weeks. In parallel, Mr. Shrem, on behalf of the Transaction Committee, and Mr. Gelman, on behalf of the Investors, continued to negotiate the business terms of the proposed transaction.

On July 19, 2009, at a meeting of the Board of Directors, attended by Messrs. Gelman and Lemelbaum on behalf of the Investors, representatives of Oppenheimer, representatives of Goldfarb, and Mr. Gur Shomron, the nominee for election as an external director of the Company, Mr. Gelman presented the results of the Investors' due diligence review. The presentation was divided into six main categories: strategy; business; products; services; human resources; and finance, efficiency and operations. The presentation pointed out the Company's strengths and weaknesses in each area and offered highlights of the Investors' proposed action plan for improvements. After the representatives of the Investors left the meeting, Mr. Shrem updated the Board of Directors on the status of the negotiations and the remaining unresolved issues.

Throughout July and August 2009, the various parties revised and finalized all documentation related to the proposed private placement and the related agreements.

On September 1, 2009, a meeting of the Transaction Committee was held, in which representatives of Oppenheimer and representatives of Goldfarb participated. The terms of the Private Placement, the draft Share Purchase Agreement and the transactions contemplated thereby were reviewed. The Transaction Committee unanimously determined that the proposed transaction is in the best interests of the Company and its shareholders and resolved to recommend to the Audit Committee and the Board of Directors to approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby.

On September 2, 2009, the Board of Directors held a meeting to consider the Private Placement, the Share Purchase Agreement and transactions contemplated thereby. Also present were representatives of Oppenheimer and representatives of Goldfarb. The four directors with personal interests in the transaction did not participate in the discussion or vote regarding the proposed transaction. The Board of Directors received a detailed summary of the terms of the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby. Mr. Shrem reported that, earlier that day, he and a representative of the Investors agreed to change the exercise price of the warrants that were to have an exercise price of $9.10 per share or $10.10 per share to $9.75 per share. At this meeting, Oppenheimer presented its financial analysis of the terms of the Private Placement and rendered to the Board of Directors an oral opinion (which was confirmed in writing the next day) to the effect that, and based upon and subject to the matters stated therein, the consideration to be paid to the Company in the transaction was fair, from a financial point of view, to the Company. Mr. Shrem reported to the Board of Directors that the Transaction Committee has unanimously determined that the transaction is in the best interests of the Company and its shareholders and unanimously recommended that the Audit Committee and the Board of Directors (i) approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby and (ii) recommend that the shareholders of the Company approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby. After an explanation of the personal interests of certain officers and directors in the proposed transaction and the requirement of Israeli law for Audit Committee approval of the transaction, the meeting of the Board of Directors was temporarily adjourned.

At such time, the Audit Committee held a meeting, together with representatives of Oppenheimer and representatives of Goldfarb. Following a discussion of various aspects of the proposed transaction, the Audit Committee unanimously determined that the Private Placement is in the best interests of the Company and its shareholders, approved the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby, and recommended that the Board of Directors (i) approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby and (ii) resolve to recommend that the shareholders of the Company approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby.

Following the meeting of the Audit Committee, the Board of Directors reconvened to vote on the proposed transaction. Mr. Gur Shomron, the Chairman of the Audit Committee, reported on the vote and recommendation of the Audit Committee. The Board of Directors then unanimously (i) determined that the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby are in the best interests of the Company and its shareholders, (ii) approved the execution, delivery and performance of the Share Purchase Agreement and the consummation of the Private Placement and the other transactions contemplated by the Share Purchase Agreement, (iii) approved the execution, delivery and performance of the Warrants, the Management Agreement, the Registration Rights Agreement, the Separation Agreement, the Escrow Agreement and indemnification agreements with new directors and the respective transactions contemplated thereby, (iv) directed management to call a meeting of shareholders and to take such other actions as are necessary to complete the Private Placement and the other transactions contemplated by the Share Purchase Agreement and (v) resolved to recommend that the shareholders approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby.

On September 3, 2009, the transaction agreements were finalized and signed and the Company issued a press release announcing the transaction.

Share Purchase Agreement

On September 3, 2009, the Company entered into the Share Purchase Agreement with the Investors for the issuance and sale of Ordinary Shares to the Investors and the grant to the Investors of warrants to purchase Ordinary Shares. The transactions contemplated under the Share Purchase Agreement are subject to certain conditions, including the approval of the Company's shareholders. The following description of the Share Purchase Agreement is qualified in its entirety by reference to the Share Purchase Agreement, attached hereto as **Appendix B**.

The Investors

The Investors are Messrs. Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor and Mario Segal (individually and via a wholly-owned company), residents of the State of Israel, who together comprise a strong, successful and proven team of investors and senior executives in Israel. They have excelled in many of the business practices required for Israel-based IT software and services companies to achieve global leadership. This group founded, managed, grew and brought Amdocs Limited, a NYSE-listed company, from a start-up company to its position of global market leadership today, with approximately $3 billion of annual revenues, consistent profitability, 17,000 employees and a roster of marquee household names as customers. Under the Share Purchase Agreement, the Investors are permitted to transfer their respective Ordinary Shares and other rights and obligations to one another, their respective relatives and affiliates of the foregoing.

The Private Placement

The Share Purchase Agreement requires that we issue and sell to the Investors such number of Ordinary Shares (the "**Purchased Shares**") as will result in the Investors' owning an aggregate of 20% of the outstanding Ordinary Shares after the consummation of the transactions contemplated by the Share Purchase Agreement (the "**Closing**"). The Investors already hold an aggregate of 622,843 Ordinary Shares. The number of Purchased Shares will depend on (i) the number of Ordinary Shares (if any) purchased as a result of the Tender Offer (described below under the heading "–The Tender Offer") to be effected by the Investors, if certain conditions are met, for up to 1,550,000 Ordinary Shares, (ii) the number of Ordinary Shares (if any) purchased by the Investors from Mr. Barry Shaked pursuant to the Shaked Purchase Agreement (described below under the heading "Related Agreements to which the Company is Not a Party – Founders Purchase Agreements") in respect of 566,740 Ordinary Shares, and (iii) the total number of Ordinary Shares issued and outstanding at the Closing. The purchase price per share in the Private Placement is $9.10.

The following examples illustrate the number of Purchased Shares issuable at the Closing based on various possible scenarios, assuming that the number of issued and outstanding Ordinary Shares remains the same from the current time until the Closing:

- If the Investors effect the Tender Offer and purchase all 1,550,000 Ordinary Shares pursuant to the Tender Offer and 566,740 Ordinary Shares from Barry Shaked, the Investors will hold 2,739,583 Ordinary Shares (including the 622,843 Ordinary Shares already held by the Investors). In order to cause the Investors to reach a holding of 20% of the Company's outstanding Ordinary Shares, the Company will issue to the Investors 1,677,112 Ordinary Shares in the Private Placement.

- If the Investors purchase no Ordinary Shares pursuant the Tender Offer and 566,740 Ordinary Shares from Barry Shaked, the Investors will hold 1,189,583 Ordinary Shares (including the 622,843 Ordinary Shares already held by the Investors). In order to cause the Investors to reach a holding of 20% of the Company's outstanding Ordinary Shares, the Company will need to issue to the Investors 3,614,612 Ordinary Shares in the Private Placement.

- If the Investors purchase no Ordinary Shares pursuant the Tender Offer and no Ordinary Shares from Barry Shaked (due to certain type of breaches under the Shaked Purchase Agreement or the issuance of an order or judgment creating an encumbrance on the purchased shares thereunder), the Investors will hold 622,843 Ordinary Shares. In order to cause the Investors to reach a holding of 20% of the Company's outstanding Ordinary Shares, the Company will need to issue to the Investors 4,323,037 Ordinary Shares in the Private Placement

The Investors also will receive at the Closing, for no additional consideration, warrants (the "**Warrants**") to purchase up to an aggregate of 1,250,000 Ordinary Shares (the "**Warrant Shares**"), as follows:

- Warrants to purchase up to an aggregate of 625,000 Ordinary Shares, at an exercise price of $9.75 per share, having a term of 3.5 years from the Closing;

- Warrants to purchase up to an aggregate of 312,500 Ordinary Shares, at an exercise price of $11.10 per share, having a term of 4.5 years from the Closing; and

- Warrants to purchase up to an aggregate of 312,500 Ordinary Shares, at an exercise price of $12.10 per share, having a term of 4.5 years from the Closing.

The Ordinary Shares underlying the Warrants would represent between approximately 5.2% to 5.7% of Retalix's outstanding Ordinary Shares after the Closing (and between approximately 4.9% to 5.4% after giving effect to the issuance of the Warrant Shares), depending on the number of Ordinary Shares actually tendered by shareholders in the Tender Offer and assuming the purchase of Ordinary Shares from Barry Shaked pursuant to the Shaked Purchase Agreement.

The exercise price of the Warrants may be paid by cash, check, wire transfer or by the cancellation of debt owed by the Company to the holder. In lieu of such payment, the Warrants will also be exercisable by net issue exercise, based on a formula that is tied to the excess of the fair market value of our Ordinary Shares over the exercise price of the Warrants.

The exercise price of the Warrants and the number and kind of shares issuable upon exercise thereof, will be subject to adjustment as a result of stock splits, stock dividends, reclassifications, spin-offs, split-offs and similar events.

The Investors will provide representations in the Warrants concerning their status as accredited investors (as defined under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), their investment intent with respect to the purchase of the Warrants and similar representations related to securities laws. In turn, the Company will represent that it will deliver Ordinary Shares underlying the Warrants that are free of restrictive legends as soon as securities law-related transfer restrictions have lapsed. The Company will also agree not to enter into any transaction that will impair the rights of the holders of the Warrants, and to undertake to reserve at all times (while the Warrants are outstanding) a sufficient number of shares (or other securities or property) that are issuable upon exercise of the Warrants.

The Ordinary Shares underlying the Warrants are to be entitled to registration rights under the Registration Rights Agreement, as described below.

The Warrants and the Warrant Shares are subject to restrictions on transfer for a period of one year following the Closing. Such restrictions include offers, sales, short sales, pledges and other forms of disposition.

The Investors will not be entitled to rights as shareholders of our Company with respect to the Warrants until and unless they have exercised the Warrants and acquired underlying Ordinary Shares.

The Tender Offer

In order to give the Company's existing shareholders an opportunity to realize value on their investment in the Company and to cash out part or all of their interest in the Company at the same price of the Private Placement, as well as to try to reduce the amount of dilution of the holdings of the Company's shareholders, with whom the Investors seek to build a long-term, mutually beneficial relationship, that will be caused by the Private Placement, the Investors have agreed to effect a Tender Offer prior to the Private Placement if certain conditions, as set forth below, are met. To the extent that the Investors purchase Ordinary Shares from existing shareholders, the number of Ordinary Shares that we will issue and sell in the Private Placement will be reduced. The Tender Offer will be conditioned only on the concurrent closing of the Private Placement and the absence of legal restraints applicable or deemed applicable to the Tender Offer, the Private Placement, the Founders Purchase Agreements or the respective transactions contemplated thereby.

As promptly as practicable, but in no event later than five business days after the Meeting, and subject to shareholder approval of the Private Placement and related transactions and the satisfaction or waiver of the conditions set forth below, the Investors are required to commence a Tender Offer to the shareholders of the Company (the **"Tender Offer**"), for the purchase of up to 1,550,000 Ordinary Shares, representing approximately 7.6% of the outstanding Ordinary Shares as of the date hereof (the "**Tender Offer Shares**"), at a price per share of $9.10, and for an aggregate purchase price of up to $14,105,000.

If more than 1,550,000 Ordinary Shares are validly tendered and not properly withdrawn in the Tender Offer, the Investors will purchase 1,550,000 Ordinary Shares on a pro rata basis from all shareholders who have validly tendered their Ordinary Shares and have not properly withdrawn them before the expiration of the Tender Offer. If less than 1,550,000 Ordinary Shares are validly tendered and not properly withdrawn in the Tender Offer, the Investors will purchase all such Ordinary Shares, and the Company will issue and sell to the Investors additional Ordinary Shares in the Private Placement, as described above, resulting in the Investors holding 20% of the Company's Ordinary Shares following the Closing.

Since the Ordinary Shares are listed on the NASDAQ Global Select Market and the Tel Aviv Stock Exchange, the Tender Offer will be governed by Regulation 14D of the U.S. Securities and Exchange Commission and the Israeli Securities Regulations (Tender Offer), 5760 – 2000, as amended. The Investors have received from the Israel Securities Authority certain customary exemptions from the Israeli regulations to accommodate a tender offer in both the U.S. and Israeli markets.

Under the Share Purchase Agreement, commencement of the Tender Offer is subject to satisfaction or waiver of the following material conditions, referred to as the "**Pre-Closing**":

- approval by the Company's shareholders of the Private Placement and the related transactions in accordance with the Companies Law;
- the accuracy in all material respects of the Company's representations and warranties, the accuracy in all respects of the Company's representations and warranties that are qualified by a "Material Adverse Effect" or other materiality qualification and the compliance by the Company in all material respects with all covenants and obligations required to be performed prior to the commencement of the Tender Offer;
- there not having occurred any Material Adverse Effect (as defined below under the heading "–Representations and Warranties") with respect to the Company;
- the accuracy in all material respects of the Investors' representations and warranties, the accuracy in all respects of the Investors' representations and warranties that are qualified by a "Material Adverse Effect" or other materiality qualification and the compliance by the Investors in all material respects with all covenants and obligations required to be performed prior to the commencement of the Tender Offer;

- no legislation or order by any governmental entities that render the Tender Offer, the Share Purchase Agreement or any of the related agreements or the transactions contemplated thereby illegal;

- receipt of the approval of (i) the Investment Center of the Israeli Ministry of Industry, Trade and Labor (which has already been received) and (ii) the Israeli Restrictive Trade Practices Authority, or the expiration or termination of the applicable waiting period;

- delivery into escrow of all required closing deliverables for the Private Placement, including without limitation, the Warrants, the Registration Rights Agreement (as described below under the heading "Registration Rights Agreement"), the Management Agreement (as described below under the heading "Management Services Agreement") and the purchase price for all the Ordinary Shares to be purchased in the transactions; and

- each of the Founders Purchase Agreements and the Shareholders Agreement shall have been in full force and effect and all required actions to be taken or satisfied thereunder in order to effect the closing thereof simultaneously with the Pre-Closing shall have been duly taken or satisfied or waived in accordance with their respective terms (except if, pursuant to the terms of the Founders Purchase Agreements, the Closing under the Share Purchase Agreement may be effected without effecting the closing thereunder).

Escrow Agent

The maximum purchase price payable by the Investors pursuant to the Share Purchase Agreement and the Tender Offer and all other closing deliverables of the parties will be placed in escrow at the Pre-Closing prior to the launch of the Tender Offer.

Clal Finance Trustees 2007 Ltd. will serve as the escrow agent for all the closing documents and funds to be deposited into escrow at the Pre-Closing under each of the Share Purchase Agreement and Founders Purchase Agreements. For such services, Clal will be paid approximately $5,000 plus reasonable out of pocket expenses, which will be paid by the Company.

Clal Finance Betucha Investment Management Ltd. will serve as the depositary of the Tender Offer funds. For such services, Clal will be paid approximately $12,000 plus reasonable out of pocket expenses, which will be paid by the Investors.

Transfer Restrictions

The Purchased Shares and the Tender Offer Shares are subject to restrictions on transfer for a period of two years following the Closing, during which the Investors may not transfer such Ordinary Shares to any third party other than to their permitted transferees. The Warrants and the Warrant Shares are subject to restrictions on transfer for a period of one year following the Closing. Such restrictions include offers, sales, short sales, pledges and other forms of disposition. During the third year following the Closing, the Investors may not transfer the Purchased Shares or the Tender Offer Shares if (i) such transfer would result in any other person holding 25% or more of the outstanding Ordinary Shares following such transfer and (ii) Ronex and the Investors would jointly hold less than 25% of the outstanding Ordinary Shares. For the purpose of computing such percentages, convertible securities are computed on an as-converted basis.

Representations and Warranties

The Company and the Investors have made representations and warranties customary for a transaction of this type. The Company's representations and warranties include those with respect to: the organization of the Company; capital structure; subsidiaries; authority to enter into the Share Purchase Agreement and the related agreements; the non-contravention of laws, agreements and other legal obligations as a result of the Share Purchase Agreement; SEC filings since January 1, 2007; accuracy of the financial statements included in the Company's SEC filings; the absence of certain changes and various liabilities since December 31, 2008; material contracts; the validity of the Company's title to its material properties and assets; intellectual property; employee matters; relationships with material suppliers and customers; litigation; taxes; insurance matters; compliance with laws; governmental grants, incentives and subsidies; related party transactions; the exemption of the transaction from the applicable registration provisions of securities laws; and brokers' and finders' fees; non-public information; and accuracy of representations.

Some of the Company's representations and warranties are qualified by a Material Adverse Effect standard. For purposes of the Share Purchase Agreement, "Material Adverse Effect" is defined to mean any change, event, fact, violation, inaccuracy, circumstance or effect that, individually or taken together with all other effects occurring or existing at or about the same time, has or could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties, assets (tangible and intangible), operations or results of operations of the Company and its subsidiaries; provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been or will be, a Material Adverse Effect:

- changes in general economic or political conditions or financial credit or securities markets in general (including changes in interest or exchange rates) in any country or region in which the Company or its subsidiaries conduct a material portion of its business, except to the extent such changes affect the Company and its subsidiaries in a materially disproportionate manner as compared to similarly situated companies or businesses operating in any such country or region;

- any events, circumstances, changes or effects that affect the industries in which the Company or its subsidiaries conduct a material portion of its business, except to the extent such events, circumstances, changes or effects affect the Company and its subsidiaries in a materially disproportionate manner as compared to similarly situated participants in such industry;

- any changes in laws applicable to the Company or any of its subsidiaries or any of their respective properties or assets or changes in GAAP, in each case, occurring after the date of the Share Purchase Agreement;

- acts of war, armed hostilities or terrorism or any escalation or worsening of any acts of war, armed hostilities or terrorism (other than such acts of war, armed hostilities or terrorism, or escalation or worsening thereof, that cause any damage or destruction to, or render physically unusable, any facility or property of the Company or any of its subsidiaries or otherwise disrupt in any material manner the business or operations of the Company or any of its material subsidiaries);

- any decline in the market price or decrease or increase in the trading volume of the Ordinary Shares;

- any failure to meet internal or published projections, forecasts, or revenue or earning predictions for any period; and

- any litigation arising from allegations of a breach of fiduciary duty or other violation of applicable law relating to the Share Purchase Agreement, the related agreements or the transactions contemplated herein and therein, or the approval thereof.

The Investors made representations and warranties, severally and not jointly, with respect to: organization of the Investors (in the case of as corporate entity); authority to enter into the Share Purchase Agreement and the related agreements; required consents; absence of conflicts; the Investors' qualification as accredited investors and non-U.S. persons; availability of funds to consummate the transaction; transfer or resale of the Purchased Shares; and understanding that the Purchased Shares are being sold to the Investors under specific exemptions from registration.

All of the representations and warranties set forth in the Share Purchase Agreement will survive until the earlier of (i) the termination of the Share Purchase Agreement and (ii) 15 months following the Closing. The Company would not be liable for breach of the Share Purchase Agreement unless the damages of the Investors exceed $500,000 (in which case the Investors shall be indemnified for any amount in excess of $250,000). The maximum amount of the Company's liability is equal to the purchase price that will be received by the Company in the Private Placement. In no event will any party be liable to other party for indirect or consequential damages.

Conduct of Business; Covenants

Pursuant to Share Purchase Agreement, until Closing, the Company will be required to operate its business in the ordinary course in substantially the same manner heretofore conducted. The Share Purchase Agreement also contains other covenants imposed upon us with respect to: the removal of restrictive legends from the Purchased Shares and the Warrant Shares upon the lapse of securities law transfer restrictions and the applicable lock-up period described above; the use of reasonable best efforts to obtain all necessary consents and approvals including the shareholder approval sought as part of the Private Placement, approvals required by governmental entities and other third parties; filings with the Israeli Restrictive Trade Practice Authority of notification forms of the transactions contemplated under the Share Purchase Agreement; provision of information and access to files and records; the provision of prompt notice of the commencement of any legal proceeding by or before any governmental entity and keeping the Investors informed of the progress of any such proceeding; confidentiality; the provision of prompt notification to the Investors as to the inaccuracy of any of our representations in the Share Purchase Agreement or the failure to abide by any covenant therein; the right of the Investors to appoint two non-voting observers to the Board of Directors for the period between the shareholder approval of the Private Placement and the Closing; and taking whatever additional actions as are necessary to ensure the consummation of the Private Placement.

Restrictions on Solicitations of Other Offers

The Share Purchase Agreement provides that from and after the date of the Share Purchase Agreement and until the Closing, the Company shall not, nor shall it authorize or permit the Company or any of its subsidiaries (together, the "**Company Group**") or any of its or their respective employees, officers or directors and any agent, investment banker, attorney or other advisor or representative retained by the Company Group, to (i) directly or indirectly solicit, initiate, encourage or induce the making, submission or announcement of any offer or proposal, oral or written, relating to an acquisition transaction; (ii) engage or otherwise participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any offer or proposal, oral or written, relating to an acquisition transaction; (iii) respond to or engage in discussions with any person with respect to any offer or proposal, oral or written, relating to an acquisition transaction, except as to the existence of these provisions; (iv) approve, endorse or recommend any offer or proposal, oral or written, relating to an acquisition transaction; or (v) enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any acquisition transaction.

An "**acquisition transaction**" shall mean any transaction or series of related transactions, other than the transactions contemplated by the Share Purchase Agreement, involving: (i) any merger, exchange, consolidation, business combination, plan of arrangement, issuance of securities, acquisition of securities, reorganization, recapitalization, takeover offer, tender offer, exchange offer or other similar transaction in which any member of the Company Group is a constituent corporation, and (A) in which a person or "**group**" (as defined in the United States Securities Exchange Act of 1934, as amended and the rules promulgated thereunder) of Persons directly or indirectly acquires beneficial or record ownership of securities representing more than 5% of the outstanding securities of any class of voting securities or debt securities of any member of the Company Group; or (B) in which any member of the Company Group issues securities representing more than 5% of the outstanding securities of any class of voting securities of any member of the Company Group or debt securities; (ii) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 5% or more of the consolidated net revenues, consolidated net income or consolidated assets (including for this purpose the outstanding equity securities of the Company's subsidiaries) of the Company Group (but other than in the ordinary course of business consistent with past practice); (iii) any financing transaction (whether debt, equity or a combination thereof, including by way of a purchase or the restructuring of the Company's existing debts, but other than in the ordinary course of business consistent with past practice); or (iv) any liquidation or dissolution of any material member of the Company Group.

In addition, the Company shall promptly advise the Investors of any request received by the Company for non-public information which the Company reasonably concludes would lead to an acquisition transaction and the identity of the person or group making any such request. The Company will keep the Investors informed in all respects of the status and details of any such request.

Indemnification and "Tail" Insurance

Following Closing, the Company will fulfill and honor all of its obligations pursuant to existing indemnification agreements in favor of the current or former directors and officers of the Company and any of its subsidiaries in accordance with their respective terms. Without limiting the foregoing, for a period of seven years following the Closing, the Company will cause the Articles of Association, Certificate of Incorporation and Bylaws of the Company and its subsidiaries to contain provisions with respect to insurance and indemnification that are at least as favorable as the provisions contained in such instruments as of the date of the Closing, and not to amend such provisions in a manner that would adversely affect the rights of the indemnitees described above.

The Company may purchase at the Closing, a "tail" policy, which shall include "Side A" coverage, from a reputable insurer, with an effective term of seven years from Closing and which covers each of the indemnitees described above. Such policy will contain terms that are otherwise similar to those of the Company's directors' and officers' insurance policy in effect on the execution date of the Share Purchase Agreement.

Closing Conditions

Consummation of the Private Placement is subject, in addition to receipt of shareholder approval and other conditions required to be satisfied at the Pre-Closing, to the following closing conditions:

- each of the Founders Purchase Agreement and the Shareholders Agreement shall be in full force and effect and all required actions to be taken or satisfied thereunder in order to effect the closings thereof simultaneously with the Closing shall have been duly taken or satisfied or waived in accordance with their respective terms, and such closings shall occur simultaneously (except if, pursuant to the terms of the Founders Share Purchase Agreements, the Closing may be effected without effecting the closing(s) thereunder);

- no governmental entities shall have enacted legislation, order or other judgment that render the Share Purchase Agreement, the related agreements or the transactions contemplated thereby illegal; and

- all closing deliverables shall have been delivered or released from escrow and received by the Investors or the Company, as applicable.

Fees and Expenses

Within 10 business days following the Closing, the Company shall reimburse the Investors for all costs and expenses incurred by the Investors in connection with the negotiation, execution, delivery and performance of the Share Purchase Agreement and the transactions contemplated thereby, including in connection with the due diligence processes, the negotiations and preparation of definitive agreements, including, without limitation, fees and expenses of the Investors' counsels and accountants, not to exceed an aggregate amount of $150,000, plus VAT, if applicable. If Closing does not occur, each party shall bear its own fees and expenses.

Termination

The Share Purchase Agreement may be terminated under various circumstances as set forth therein, including, without limitation:

- by written agreement of the Company and the Investors;

- by either party, if, among other things, the Closing has not occurred by December 31, 2009 (such date shall be extended by up to 30 days if the Closing shall not have occurred due to the failure of the closing under a Founders Purchase Agreement to occur due to certain types of breaches thereunder or the issuance of an order or judgment creating an encumbrance on the purchased shares thereunder); the required shareholder approval of the Private Placement has not been obtained at the Meeting; there shall be a final non-appealable order of any governmental entity in effect preventing consummation of the transactions contemplated under the Share Purchase Agreement, or any legislation or order that would make the Share Purchase Agreement or the Private Placement illegal;

- by the Investors, if any legislation or order could have the effect of limiting or restricting the Investors' ownership or voting of the Purchased Shares and the Warrant Shares, or if the Company will have breached any representation, covenant or agreement in the Share Purchase Agreement that has the effect of preventing the Closing from taking place which has not been cured within ten days after written notice of such breach; or

- by the Company, if any legislation or order could have the effect of limiting or restricting the issuance of the Purchased Shares and the Warrant Shares, or if the Investors will have breached any representation, covenant or agreement in the Share Purchase Agreement that has the effect of preventing the Closing from taking place which has not been cured within ten days after written notice of such breach.

Management Services Agreement

The Company and the Investors also agreed to enter into a management services agreement (the "**Management Agreement**") at the Closing. Under the Management Agreement, the Investors will provide management services and advise and provide assistance to the Company's management concerning the Company's affairs and business. The Investors are required to devote an aggregate amount of 700 hours per each 12-month period during the term of the Management Agreement, which will be allocated among the Investors.

In consideration of the performance of the management services, the Company has agreed to pay to the Investors an aggregate annual management services fee in the amount of $240,000, plus value added tax pursuant to applicable law, which will be allocated among the Investors at their discretion. The management services fee will be payable by the Company quarterly in arrears. The Company will also reimburse the Investors for reasonable out-of-pocket expenses incurred by them in connection with the management services.

The obligations of the Investors under the Management Agreement will be several and not joint, to be borne by each of them according to the portion of the management services fee actually received by each such Investor. The Investors will be subject to customary confidentiality, intellectual property and non-competition undertakings under the Management Agreement.

The Management Agreement will have an initial term of five years and will be automatically renewed for additional successive one-year terms, unless terminated for any reason by any party during any renewal period, upon thirty days' advance written notice to the other party prior to expiration of the relevant renewal term.

A form of the Management Agreement is attached as **Appendix C** to this Proxy Statement and we urge you to read it carefully in its entirety.

Registration Rights Agreement

Under a registration rights agreement to be entered into among the Company and the Investors at the Closing (the "**Registration Rights Agreement**"), the Company may be required by the Investors to register for resale all the Ordinary Shares held by the Investors as of the Closing, including the Ordinary Shares issuable upon exercise of the Warrants (collectively, "**registrable shares**"). The Registration Rights Agreement includes the following rights, which may be exercised only after one year following the Closing and during the subsequent five-year period:

- *Demand Registration Rights*. Subject to certain limitations, holders of a majority of the outstanding registrable shares may demand that a registration statement be filed to register their shares. Such demand registration rights are limited to two registration statements that are filed and declared effective by the SEC.

- *Piggyback Registration Rights*. If the Company effectuates a registered offering of securities (except on Form S-8 or a registration relating solely to a Rule 145 transaction on Form F-4), the holders of registrable shares have the right to include their registrable shares in the registration effected pursuant to such offering. The number of piggyback registrations is unlimited.

- *Shelf Registration Rights*. Subject to certain exclusions, holders of at least 15% of the registrable shares may demand that a registration statement be filed for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act, to register their shares. Such shelf registration rights are limited to two shelf registration statements that are filed and declared effective by the SEC during any twelve-month.

All reasonable expenses incurred in connection with any such registration, other than underwriting commissions, shall be borne by the Company. The Company is subject to customary indemnification undertakings with respect to any registration effected on behalf of the Investors. The agreement includes an undertaking by the Investors not to sell any shares during the 10-day period before, and the 90-day period after, the effective date of an underwritten registration by the Company.

A form of the Registration Rights Agreement is attached as **Appendix D** to this Proxy Statement and we urge you to read it carefully in its entirety.

Separation Agreement

Barry Shaked is one of our founders and has served as our President and Chief Executive Officer since our inception in April 1982. In October 2002, our shareholders approved the replacement of the employment agreement with Mr. Shaked with a management services agreement with B.G.A.G.S. Shaked Ltd., a private management company controlled by Mr. Shaked (the "**Services Agreement**"). This arrangement did not change in any material respect the previous terms of his employment. The term of the management services agreement expires on December 31, 2011.

Pursuant to the Services Agreement, as compensation for its services to us, Mr. Shaked's management company receives a monthly management fee of $26,586, linked to the representative exchange rate of the NIS published by the Bank of Israel on the date of each payment. In addition, the management company is entitled to receive an annual bonus based on our attainment of certain performance milestones. For the first $1 million of our net income earned, it is entitled to receive a bonus of $65,000. For each subsequent $1 million s of our net income, it is entitled to receive an additional bonus, which is to be $5,000 less than the prior bonus level, down to $35,000 for $7 million of net income and for each $1 million earned thereafter. If this formula would result in no bonus or a bonus of less than $50,000, our compensation committee is authorized to approve a bonus in the amount of up to $50,000.

In addition, Mr. Shaked's management company is entitled to full compensation and benefits during the first three-month period following termination of services in exchange for post-termination cooperation during such period, and to full compensation and benefits also during the second three-month period following termination in exchange for consulting during such period, and an additional payment equal to five months of management fees in the event of termination, other than by the Company for cause.

Concurrently with the execution of the Share Purchase Agreement, the Company entered into a separation agreement (the "**Separation Agreement**") with Mr. Shaked's management company for the termination of services as our President and Chief Executive Officer, upon the later of (i) December 31, 2009 and (ii) the Closing, unless the parties agree as to the continuation of services beyond such date, in which case the termination date will be postponed accordingly. Mr. Shaked also agreed to the provisions of the Separation Agreement in his personal capacity.

Pursuant to the Separation Agreement, Mr. Shaked's management company will continue to receive the monthly fee and other benefits from the Company through the termination date and during the six-month post-termination period. In addition, the management company will be entitled to a payment in the amount of $132,930 (*i.e.,* five monthly fees) to be paid on the termination date, an annual bonus for the year 2009 and an annual bonus for the pro rata portion of the year 2010, if applicable. The annual bonuses will be calculated according to the provisions of the Services Agreement based on net income, excluding special one-time charges.

The Separation Agreement also provides for a special departure bonus to be paid to Mr. Shaked's management company in the amount of $200,000. On the termination date, the Company will release the moneys accumulated in the various employee funds maintained by the Company on Mr. Shaked's behalf, which relate to the period, until 2002, during which Mr. Shaked was an employee of the Company.

Mr. Shaked currently holds outstanding options to purchase 794,137 Ordinary Shares of the Company, which are detailed in the following table:

Original Grant Date	Total Number of Options	Exercise Price	Expiration Date
1/1/06	194,090	$ 24.46	31/12/2009
1/1/07	196,135	16.29	31/12/2010
1/1/08	200,014	15.58	31/12/2011
1/1/09	203,898	6.00	31/12/2012
Total	**794,137**		

Under their terms of grant, these options are vested at the grant date, but are blocked in thirds for one year, two years and three years, respectively, and become exercisable immediately upon a change of control of the Company or an agreement regarding a change of control. Pursuant to the Separation Agreement, such options and any additional options that may be granted to him prior to the termination date, will fully vest and become exercisable upon and subject to the Closing, for their original term until their respective expiration dates. For four years following termination, Mr. Shaked will grant the Chairman of the Board of Directors a voting proxy with respect to his Ordinary Shares, to the extent that they constitute more than 2.0% of the outstanding Ordinary Shares.

The confidentiality and assignment of intellectual property undertakings contained in the Services Agreement will survive the termination of the Services Agreement. Mr. Shaked agreed to extend the non-competition and non-solicitation under his management services agreement period from one year to four years in exchange for a payment of $400,000.

The Separation Agreement is attached as **Appendix E** to this Proxy Statement and we urge you to read it carefully in its entirety.

Election of Directors and Related Matters

Election of Directors

The Board of Directors is currently composed of the following ten directors: Gillon Beck, Brian Cooper, Ishay Davidi, Neomi Enoch, Amnon Lipkin-Shahak, Ian O'Reilly, Barry Shaked, Itschak Shrem, Gur Shomron (an external director) and Dr. Zvi Lieber (an external director). All of such directors will stand for re-election at the Meeting pursuant to Proposal No. 1 above, except for the two external directors, whose three-year terms will continue.

Pursuant to Section 66(b) of the Companies Law, as holders of more than 1% of the Company's outstanding Ordinary Shares, the Investors have requested that the Company nominate for election at the Meeting the following six individuals: Boaz Dotan, Eli Gelman, David Kostman, Nehemia Lemelbaum, Robert A. Minicucci and Avinoam Naor. If elected, such individuals will serve as directors of the Company commencing immediately following the Closing until the Company's next annual meeting of shareholders. The following incumbent directors will continue to serve beyond the Closing: Gillon Beck, Ishay Davidi and Itschak Shrem, assuming they are re-elected at the Meeting, as well as Gur Shomron and Dr. Zvi Lieber, both external directors. All other incumbent directors will resign at the Closing.

A brief biography of each nominee of the Investors is set forth below, based on information provided by the Investors:

Boaz Dotan was a member of the team that founded Amdocs in 1982. At Amdocs he held the position of President and Chief Executive Officer until 1995, at which time he was appointed Chairman of the Board of Directors, and served in that capacity until September 1997. Mr. Dotan has been involved in software systems for over 30 years. Prior to joining Amdocs he worked for Bezeq, the Israel Telecommunication Corp. Ltd., as Manager of the Information Systems Division. Mr. Dotan holds a Bachelor of Science degree in Mathematics and Statistics from Tel Aviv University, Israel.

Eli Gelman has been a director of Amdocs since 2002. He served as Executive Vice President of Amdocs from 2002 until 2007 and as Amdocs' Chief Operating Officer from October 2006 until April 2008. Prior to October 2002, he was a Senior Vice President of Amdocs, heading U.S. sales and marketing operations and helped spearhead Amdocs' entry into the customer care and billing systems market. Before that, Mr. Gelman was an account manager for Amdocs' major European and North American installations, and has led several major software development projects. Mr. Gelman has more than 28 years of experience in the software industry, including more than 20 years with Amdocs. Before joining Amdocs, Mr. Gelman was involved in the development of real-time software systems for communications networks. Since April 2007, Mr. Gelman has devoted his time to charitable matters focused on youth education. Mr. Gelman holds a Bachelor of Science degree in Electronic Engineering with specialization in Communication and Computers from the Technion-Israel Institute of Technology.

David Kostman serves as a director of NICE Systems Ltd. (since July 2008, as well as from 2001 until 2007), as Chairman and Chief Executive Officer of Nanoosh LLC, a restaurant operating company, and as a director of J Mendel, LLC and Russell Newman LLC. From 2006 until 2008, Mr. Kostman served as a Managing Director in the investment banking division of Lehman Brothers, heading the Global Internet Group. From April 2003 until July 2006, Mr. Kostman served as Chief Operating Officer and then Chief Executive Officer of Delta Galil USA, a subsidiary of Delta Galil Industries Ltd., a NASDAQ-listed apparel manufacturer, and from 2000 until 2002, he served as President of the International Division and Chief Operating Officer of VerticalNet, Inc., a NASDAQ-listed internet and software company. From 1994 until 2000, Mr. Kostman worked in the investment banking division of Lehman Brothers, and from 1992 to 1994, he worked in the investment banking division of NM Rothschild & Sons. Mr. Kostman holds a Master's degree in Business Administration from INSEAD and Bachelor's degree in Law from Tel Aviv University.

Nehemia Lemelbaum has been a director of Amdocs since December 2001 and a manager of investments of EHYN Holdings Ltd., a co-owned company. From 1985 until January 2005, he was a Senior Vice President of Amdocs Management Limited. Mr. Lemelbaum joined Amdocs in 1985, with initial responsibility for U.S. operations. Mr. Lemelbaum led Amdocs' development of graphic products for the yellow pages industry and later led Amdocs' development of customer care and billing systems, as well as Amdocs' penetration into that market. Prior to joining Amdocs, he served for nine years with Contahal Ltd., a leading Israeli software company, first as a senior consultant, and later as Managing Director. From 1967 to 1976, Mr. Lemelbaum was employed by the Ministry of Communications of Israel (the organization that predated Bezeq, the Israel Telecommunication Corp. Ltd.), with responsibility for computer technology in the area of business data processing. Mr. Lemelbaum currently invests in various Israeli and international companies and is the co-founder and benefactor of the Ella Institute for the treatment of melanoma in the Sheba Hospital in Israel. Mr. Lemelbaum holds a Bachelor of Science degree in Mathematics from the Hebrew University of Jerusalem.

Robert A. Minicucci serves as a director on five corporate boards, including: Alliance Data Systems, Amdocs, Global Knowledge Network Inc. and Paycom Inc., and on the board of trustees of the Domus Foundation and The Choate School. In the past, he has served on over 15 corporate boards and held the position of Chairman of the Board for six of these companies. In 1993, he became a General Partner of Welsh, Carson, Anderson & Stowe, a New York-based private equity firm. In 1992, Mr. Minicucci was named Senior Vice President and Chief Financial Officer of the First Data Corporation. In 1991, became Treasurer and Senior Vice President of The American Express Company. In 1979, Mr. Minicucci joined Lehman Brothers as an associate in the Investment Banking Department working in Corporate Finance and Mergers and Acquisitions, and in 1988 he became a Managing Director and had clients that included American Express, Automatic Data Processing, First Data Corporation and Polaroid. Mr. Minicucci holds a Master of Business Administration degree from Harvard Business School and a Bachelor's degree from Amherst College.

Avinoam Naor was a member of the team that founded Amdocs in 1982. At Amdocs, Mr. Naor held the position of Senior Vice President until 1995, when he was appointed President and CEO and held that position until July 2002. In 1998, he led the initial public offering of Amdocs on the New York Stock Exchange and subsequently headed major acquisitions and secondary offerings. Mr. Naor currently serves as a director in a number of private companies. Mr. Naor is closely involved in several community projects, particularly the battle against road accidents and supporting children and youth in distress. Mr. Naor is founder and current chairman of the Or Yarok Association, an association established in 1997 that leads the public agenda in Israel in all that concerns road safety. Since 2008, he has served as a member of the board of directors of the Israel Democracy Institute. Since 2004, Mr. Naor has served as a member of the board of governors of the Jewish Agency for Israel and as co-chairman of the sub-committee for young communities. Mr. Naor holds a Bachelor of Science degree in Computer Sciences from the Technion–Israel Institute of Technology.

Amendments to Articles of Association

Under the Company's Amended and Restated Articles of Association, as currently in effect, the Board of Directors shall consist of not less than three not more than ten directors, including two external directors. In order to accommodate their request to nominate six directors, in addition to the five incumbent directors who will continue to serve, the Investors have requested, pursuant to Section 66(b) of the Companies Law, as holders of more than 1% of the outstanding Ordinary Shares, that the Company amend the Amended and Restated Articles of Association to increase the maximum size of the Board of Directors to eleven directors.

Section 221 of the Companies Law provides that the term of a director commences on the date of his or her election or as of a later date, provided that the articles of association of a company may permit an election that commences in the future. In order to accommodate their request to nominate six directors at the Meeting who would commence their term immediately following the Closing, the Investors have requested, pursuant to Section 66 (b) of the Companies Law, as holders of more than 1% of the outstanding Ordinary Shares, that the Company amend its Amended and Restated Articles of Association to allow the election of directors as of a future date.

Indemnification and Insurance

The new directors, as well as directors who serve from time to time in the future, will receive indemnification agreements from the Company in the same form previously approved by the Company's shareholders in the annual general meeting held on October 7, 2008. A form of the indemnification agreement is attached as **Appendix F** to this Proxy Statement and we urge you to read it carefully in its entirety. The Company will purchase and maintain directors' and officers' liability insurance pursuant to the guidelines approved by the Company's shareholders in the annual general meeting held on December 27, 2007.

Director Fees

At the Meeting, the shareholders will be asked to approve the payment of compensation to directors of the Company who may serve from time to time in the amount of up to $50,000 per year. The actual fee payable to any director, not to exceed such maximum amount, will be negotiated with such director and be subject to the approval of the Audit Committee and the Board of Directors. Any Investor who serves as a director will not be entitled to director fees from the Company. However, he would be entitled to management fees under the Management Agreement described above. The Company's external directors will continue to be compensated in accordance with the applicable regulations under the Companies Law.

Increase of Authorized Share Capital

Background

The Company's Amended and Restated Memorandum of Association and the Company's Amended and Restated Articles of Association, as currently in effect, provide for an authorized share capital of NIS 30,000,000, divided into 30,000,000 Ordinary Shares. As of September 15, 2009, there were 20,406,363 Ordinary Shares outstanding. In addition, as of such date, and after giving effect to the increase of the pool described above in Proposal No. 3, (i) approximately 7.2 million Ordinary Shares were reserved for issuance pursuant to our equity incentive plan, of which options and restricted share units to acquire approximately 1.9 million Ordinary Shares were outstanding as of that date. Following the issuance by the Company of the Ordinary Shares under the Private Placement and the reservation of authorized and unissued share capital for the issuance of the Warrant Shares and for awards under the Company's equity incentive plans, the Company would be left with very little reserved and unissued share capital.

Accordingly, the Board of Directors recommends an increase in the share capital of the Company by NIS 20,000,000, divided into 20,000,000 Ordinary Shares, so that following the increase the Company's authorized share capital will be NIS 50,000,000, divided into 50,000,000 Ordinary Shares. The new Ordinary Shares will have the same rights and obligations as the existing Ordinary Shares as specified in the Company's Amended and Restated Articles of Association.

Purposes and Effects of Share Capital Increase

If the proposed amendment is approved by our shareholders, additional Ordinary Shares will be available for general corporate purposes. The Board of Directors believes that the proposed increase in the number of authorized Ordinary Shares is necessary to provide our Company with the flexibility to pursue opportunities without added delay and expense. The additional Ordinary Shares authorized could be issued, if approved by the Board of Directors, from time to time for any proper corporate purpose, including, without limitation, the acquisition of other businesses, the raising of additional capital for use in our business, a split or dividend on then outstanding Ordinary Shares or in connection with any employee equity incentive plan. Any future issuances of authorized Ordinary Shares may be authorized by the Board of Directors without any further action by shareholders, except as required by applicable law. At present, except for the Private Placement, the Company is not engaged in any specific transaction pursuant to which the Ordinary Shares being authorized hereunder would be required to be issued. The issuance of a significant amount of additional authorized shares, however, could result in dilution of the beneficial ownership interests and/or voting power of the Company's current shareholders.

Related Agreements to which the Company is Not a Party

The Company is not a party to the agreements described below in this section. However, such agreements were entered into in connection with the Share Purchase Agreement and generally are each contingent upon the other. Moreover, all or a portion of the parties to such agreements are directors of the Company or affiliates thereof, which gives such directors personal interests in the Private Placement. Such directors did not participate in the discussions or vote on the Private Placement and the related transactions in the meetings of the Board of Directors or committees thereof. In addition, the voting provisions set forth in the Shareholders Agreement will likely affect the constitution of the Board of Directors following the Closing. Finally, the undertakings described below under the heading "–Voting Undertakings" may make the approval of this Proposal No. 4 more likely, subject to the requirement described below under the heading "Required Vote" for the separate approval by non-interested shareholders.

Founders Purchase Agreements

Concurrently with the execution of the Share Purchase Agreement, two share purchase agreements with the Founders were executed: (i) a share sale and purchase agreement among the Investors, Ronex and Mr. Barry Shaked, pursuant to which Mr. Shaked will sell 1,033,479 Ordinary Shares held by him, at a price per share of $12.00, to the Investors and Ronex, such that the Investors will purchase 566,740 Ordinary Shares and Ronex will purchase 466,739 Ordinary Shares (the "**Shaked Purchase Agreement**"), and (ii) a share sale and purchase agreement between Ronex and Mr. Brian Cooper, pursuant to which Mr. Cooper will sell his entire holdings in the Company, an aggregate of 751,485 Ordinary Shares, at a price per share of $12.00, to Ronex (the "**Cooper Purchase Agreement**" and together with Shaked Purchase Agreement, the "**Founders Purchase Agreements**"). Mr. Shaked holds 2,000 Ordinary Shares that are not subject to the Shaked Purchase Agreement.

The purchase price and closing deliverables under the Founders Purchase Agreements will be delivered at the Pre-Closing to the escrow agent under the escrow agreement and will be released upon closing of such agreements, concurrently with the Closing. Under the Founders Purchase Agreements, Messrs. Shaked and Cooper are subject to certain restrictions on voting and/or beneficially owning shares in the Company for a period of four years from Closing and restrictions on competition and solicitation for a period of four years from Closing.

Generally, the Closing of the Share Purchase Agreement may not be consummated if the Founders Purchase Agreements are not consummated. Only if the Founders are unable to deliver the Ordinary Shares held by them to the Investors and Ronex, respectively, free and clear of all third party claims, they will be given a 30-day period in which to cure such breach or remove the restraint, and after such 30-day period, the Investors may conduct the Closing without the Investors or Ronex (as the case may be) purchasing the Founders' Ordinary Shares. In such case the number of Ordinary Shares purchased from the Company by the Investors in the Private Placement will be increased accordingly, in order to cause the Investors to hold 20% of the Company's outstanding Ordinary Shares immediately following the Closing.

Effective as of the execution of the Founders Purchase Agreements, the Old Shareholders Agreement between the Founders and Ronex, dated March 3, 2008, has been terminated (except with respect to the election of directors at the Meeting pursuant to Proposal No. 1). The Old Shareholders Agreement will be reinstated if the Founders Purchase Agreements are terminated.

Shareholders Agreement

The Investors and Ronex entered into a Shareholders Agreement on September 3, 2009 (the "**Shareholders Agreement**"), effective as of the execution thereof.

Under the Shareholders Agreement, the Investors and Ronex agreed to vote all Ordinary Shares held by them for the election to the Board of Directors of six directors designated by the Investors and five directors designated by Ronex, including two external directors. Until the second anniversary from Closing, a majority of the Investors will be designated by the Investors to serve on the Board of Directors.

The Investors and Ronex each have a right of first offer and tag along right with respect to any contemplated sale or transfer of Ordinary Shares representing 5% or more of the outstanding share capital of the Company, subject to certain exceptions and permitted transfers. In the event that such sale or transfer will result in either party holding less than 9% of the issued and outstanding share capital of the Company, such party shall notify the other party of its intentions prior to the consummation of such transaction and if the other party proposes to cause the Company to adopt takeover defense measures, it will vote in favor, and take all necessary action for implementation, of such proposal prior to the consummation of such transaction.

The tag along rights may not be exercised until the third anniversary of the Closing if as a result of the exercise thereof (i) the proposed purchaser will hold 25% or more of the then issued and outstanding share capital of the Company and (ii) the Investors and Ronex will jointly hold less than 25% of the then issued and outstanding share capital of the Company, in which case the number of Ordinary Shares sold will be proportionately reduced.

The Investors and Ronex will meet regularly and attempt to reach a unified position with respect to principal issues on the agenda of any meeting of shareholders of the Company. Furthermore, they will appoint a joint shareholders committee for consultation purposes comprised of four members, two of which will be designated by the Investors and two by Ronex, which committee will not bind the Company in any manner.

Until the earlier of the Closing or the earlier termination of the Shareholders Agreement, Ronex's Ordinary Shares are subject to restrictions on transfer and Ronex is restricted from soliciting other offers relating to the acquisition of its Ordinary Shares.

The Shareholders Agreement terminates on the earliest to occur of (i) the fifth anniversary of the Closing, (ii) the termination of the Purchase Agreement, for any reason, and (iii) the first date on which either party holds less than 1,100,000 Ordinary Shares (subject to adjustments).

Immediately following the Closing, the Ordinary Shares held by the Investors (excluding the Warrant Shares) will represent 20% of the Company's outstanding Ordinary Shares, and, based on the number of Ordinary Shares held by Ronex as of August 31, 2009, if all 1,550,000 Ordinary Shares are tendered in the Tender Offer and the Founders Purchase Agreements are consummated, the Ordinary Shares held by Ronex will represent approximately 20.25% of the outstanding Ordinary Shares immediately following the Closing.

Voting Undertakings

The Founders and Ronex, who together own 5,040,331 outstanding Ordinary Shares (representing approximately 24.7% of the outstanding Ordinary Shares on the record date), have agreed, in their capacity as shareholders, to vote all of the Ordinary Shares owned or subsequently acquired by them in favor of the Private Placement, the Share Purchase Agreement, the related agreements and transactions contemplated thereby (the "**Voting Undertakings**"). The Voting Undertaking of Ronex is included in the Shareholders Agreement, and the Voting Undertakings of the Founders are included in the respective Founders Purchase Agreements.

In support of the Voting Undertakings, each of the Founders and Ronex also delivered to the Investors an irrevocable proxy in respect of the Ordinary Shares held by such shareholder.

Approval by the Audit Committee and the Board of Directors

Audit Committee

The Audit Committee, at a meeting described above held on September 2, 2009, acting with the advice and assistance of the Company's legal and financial advisors and the unanimous recommendation of the Transaction Committee, evaluated the terms of the Private Placement, including the other terms and conditions of the Share Purchase Agreement and the transactions contemplated thereby. The Audit Committee unanimously approved the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby, determined that the Private Placement is in the best interests of the Company and its shareholders and recommended that the Board of Directors (i) approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby and (ii) resolve to recommend that the shareholders of the Company approve the Private Placement, the Share Purchase Agreement, and the transactions contemplated thereby.

In the course of reaching its decision to approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby, the Audit Committee consulted with the Company's management and financial and legal advisors, reviewed a substantial amount of information and considered a number of factors, including, among others, the following:

- the vast experience, proven management capabilities of the Investors, the compatibility of the Investors'background with the Israel-based IT software and service industry in which the Company operates and their plans to improve the Company's business in various areas;

- the long-term commitment of the Investors evidenced by, among others, the fact that the Investors are investing significant personal funds in the Ordinary Shares, have committed to provide management services to the Company as described above, have agreed to the lock-up provisions described above and have agreed to the non-competition restrictions set forth in the Management Agreement, which last for a period of 12 months following termination of such agreement;

- the directors' familiarity with the business, financial condition, results of operations, current business strategy and future prospects of the Company, as well as the risks involved in achieving those prospects and objectives under current management and industry and market conditions;

- consideration of other strategic alternatives, including indications of interest received from potential acquirers, and the difficulty in selling the Company at a price that reflects its fair value given the prevailing depressed stock market prices and tight credit market conditions;

- the fact that, as opposed to the case in a complete sale of the Company, the Company's shareholders will have the opportunity to participate in any future earnings or growth of the Company and to benefit from any appreciation in value of the Company, while also having the opportunity to realize value on their investment in the Company and to cash out part or all of their equity interest in the Company via the Tender Offer, if they so choose;

- the market prices of the Company's shares before it announced the receipt of proposals and the fact that the consideration payable in the Private Placement represents a meaningful premium to those prices (the closing price of the Ordinary Shares on the NASDAQ Global Select Market on February 13, 2009, the last trading day before the Company's first such announcement, was $6.04 per share);

- the financial and other terms and conditions of the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby and the fact that they were the product of arm's-length negotiations between the parties;

- with respect to the price of $12.00 per share being paid to the Founders, the Founders' agreement to terminate their existing shareholders agreement with Ronex and their 27-year relationships with the Company, and their multi-year covenants not to compete with the Company or solicit employees of the Company;

- the fact that, pursuant to Section 328 of the Companies Law, the Investors and Ronex will not be permitted to acquire Ordinary Shares that causes their aggregate holdings in the Company to exceed 45% without effecting a "special tender offer" (which legally may not be consummated if less than 5% of the outstanding Ordinary Shares are tendered or if the number of Ordinary Shares of shareholders that object to the tender offer exceed the number of Ordinary Shares tendered) or a shareholder-approved private placement, thus preventing their acquisition of an absolute majority of the outstanding Ordinary Shares without the consent of the Company's public shareholders;

- certain terms of the Share Purchase Agreement and the transactions contemplated thereby, including:

    - the limited number of, and limited nature of, the conditions to the Investors' obligation to consummate the Tender Offer and the Private Placement;

    - the fact that all closing documents and funds will be placed in escrow before the commencement of the Tender Offer;

    - the fact that the Company is not required to pay a break-up fee if its shareholders do not approve the Private Placement; and

    - the various limitations described above on the ability of the Investors to collect damages from the Company based on a claim of breach of representations and warranties;

- the financial analysis prepared by Oppenheimer and the resulting opinion of Oppenheimer as to the fairness, from a financial point of view, of the consideration to be paid to the Company in the Private Placement;

- the proceeds from the Private Placement will strengthen the Company's balance sheet and help enable the Company to pursue its strategic goals; and

- the fact that the Private Placement is required to be submitted to the Company's shareholders for approval by a special majority, which allows for an informed vote by the Company's public shareholders on the merits of the transaction.

The Audit Committee also considered, among others, the following factors, including a variety of risks and other potentially negative factors concerning the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby:

- although the Investors have a proven track record, there is no assurance that they will succeed in replicating their past performance with the Company;

- the price of the Private Placement and the Tender Offer of $9.10 per share is below recent market prices, and the value of the Warrants lowers the effective price per share of the Private Placement;

- pursuing a sale of the Company may have resulted in enabling all shareholders to cash out all of their interests in the Company, as opposed to the uncertain future value that may or may not result from the leadership of the Investors;

- the Share Purchase Agreement prohibits the Board from negotiating alternative transactions;

- while the existence of the Shareholders Agreement will enable the Investors and Ronex to exercise substantial influence over the affairs of the Company and thereby provide stability that will enable management to focus on executing the development of the Company's business in accordance with its strategic vision, such stability may also have the effect of discouraging an acquisition of the Company that some shareholders may view favorably;

- the issuance of the Ordinary Shares in the Private Placement, including the Warrant Shares, will have a dilutive effect on existing shareholders, which may adversely affect the market price of the Ordinary Shares;

- the risks and contingencies related to the announcement and pendency of the transaction, including the potential impact of the announcement of the transaction on the Company's employees, customers and relationships with third parties;

- although not preventing the Company from continuing to conduct its business in the ordinary course, the Company is subject to specific restrictions and limitations with respect to the conduct of its business prior to the Closing; and

- the possibility that the transaction will not be approved by the necessary governmental authorities.

We do not intend for the foregoing discussion of the information and factors considered by the Audit Committee to be exhaustive. We do believe, however, that the foregoing discussion summarizes the material factors considered by the Audit Committee in its consideration of the Private Placement and the other transactions contemplated by the Share Purchase Agreement. After considering these factors, the Audit Committee concluded that the positive factors relating to the Private Placement and the other transactions contemplated by the Share Purchase Agreement outweighed the potential negative factors. In view of the wide variety of factors considered by the Audit Committee, and the complexity of these matters, the Audit Committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the Audit Committee may have assigned different weights to various factors. The Audit Committee approved and recommended the Private Placement and the other transactions contemplated by the Share Purchase Agreement based upon the totality of the information presented to and considered by it.

Board of Directors

The Board of Directors, acting upon the unanimous recommendation of the Audit Committee, at a meeting described above held on September 2, 2009, unanimously (i) determined that the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby are in the best interests of the Company and its shareholders, (ii) approved the execution, delivery and performance of the Share Purchase Agreement and the consummation of the Private Placement and the other transactions contemplated by the Share Purchase Agreement, (iii) approved the execution, delivery and performance of the Warrants, Management Agreement, Registration Rights Agreement, Separation Agreement, Escrow Agreement and indemnification agreements with new directors, and the respective transactions contemplated thereby, (iv) directed management to call a meeting of shareholders and to take such other actions as are necessary to complete the Private Placement and the other transactions contemplated by the Share Purchase Agreement and (v) resolved to recommend that the shareholders approve the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby.

In reaching these determinations, the Board of Directors considered (i) a variety of business, financial and market factors, (ii) each of the factors considered by the Audit Committee in its recommendation, as described above, and (iii) the recommendations of the Transaction Committee and the Audit Committee.

The foregoing discussion summarizes the material factors considered by the Board of Directors in its consideration of the Private Placement and the other transactions contemplated by the Share Purchase Agreement. In view of the wide variety of factors considered by the Board of Directors, and the complexity of these matters, the Board of Directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the Board of Directors may have assigned different weights to various factors. The Board of Directors approved and recommends the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby, based upon the totality of the information presented to and considered by it.

Personal Interests of Directors and Senior Employees

In considering the Board of Directors' recommendation, you should be aware that four of our directors and seven of our senior employees have interests in the transaction that are different from, or in addition to, your interests as shareholders. The Transaction Committee, the Audit Committee and the Board of Directors were aware of these different or additional interests and considered them, among the other factors described in this Proxy Statement, in reaching their decision to approve the Private Placement, the Share Purchase Agreement the transactions contemplated thereby.

Messrs. Beck and Davidi are officers of FIMI, the shareholder of Ronex, and therefore have a personal interest in the transactions by virtue of the Shareholders Agreement and the Founders Purchase Agreements. Messrs. Cooper and Shaked are the Founders and therefore have personal interests in the transactions by virtue of the Founders Purchase Agreements. Such agreements are described above under "Related Agreements to which the Company is Not a Party". In addition, Mr. Shaked has an additional personal interest in the transactions by virtue of the Separation Agreement described above under "Separation Agreement". Accordingly, Messrs. Beck, Cooper, Davidi and Shaked did not participate in the Board of Directors discussions or voted on the Private Placement and the other transactions contemplated by the Share Purchase Agreement. None of such directors is a member of the Transaction Committee or the Audit Committee. As a result of their deemed personal interests in the Private Placement, each of the Founders, Mr. Davidi and Mr. Beck was not permitted to, and did not, participate in the discussion or vote by the Board of Directors with respect to the Private Placement. Also, because of one or more of the interests described above, the Private Placement and the other transactions contemplated by the Share Purchase Agreement were brought before the Audit Committee for approval.

In addition, though they are currently covered by the Company's directors' and officers' insurance policy that is currently in effect, all of the members of the Board of Directors may be deemed to have a personal interest in the purchase of the "tail" insurance policy that the Company intends to purchase effective as of the Closing. As required by the Companies Law, this matter was approved by the Audit Committee and the Board of Directors and is subject to the approval of the Company's shareholders at the Meeting.

Effective upon Closing, one senior employee of the Company will be entitled to immediate acceleration of his options to purchase 75,000 Ordinary Shares. In addition, six employees will be entitled, if their employment with the Company is terminated within two years following the Closing, to full acceleration of their options or restricted share units with respect to an aggregate of 114,334 Ordinary Shares and to six months' paid termination notice.

Opinion of Financial Advisor

On March 23, 2009, the Board of Directors engaged Oppenheimer to act as its financial advisor. Oppenheimer was selected due to its reputation and experience, particularly its focus on middle market companies, such as the Company, its knowledge of the Company's industry and its experience in the Israeli market. Oppenheimer is an internationally recognized investment banking firm and, as a part of its investment banking business, is regularly engaged in valuations of businesses and securities in connection with acquisitions and mergers, underwritings, secondary distributions of securities, private placements and valuations for other purposes.

At a meeting of the Board of Directors on September 2, 2009, Oppenheimer presented its fairness analysis of the terms of the Private Placement and rendered to the Board of Directors an oral opinion that the consideration to be paid to the Company in the Private Placement is fair from a financial point of view to the Company and advised the Board of Directors that it was in a position to deliver a written opinion, assuming no material change adverse to the Company in the terms of the Private Placement. Subsequent to the delivery of Oppenheimer's oral opinion, the Board of Directors approved the Private Placement, the Share Purchase Agreement and the transactions contemplated thereby, subject to a change in the warrant terms from those included in the draft Share Purchase Agreement and form of Warrants provided to Oppenheimer and used in its analysis. The change was a modification of the exercise price of each of the first and second tranches of warrants to purchase 312,500 shares each, to an exercise price of $9.75 rather than $9.10 and $10.10, respectively. Following the approval of the Board of Directors, Oppenheimer delivered a written opinion, dated September 3, 2009, to the Board of Directors, confirming by its delivery that it had reviewed such modification to the Warrant terms and had concluded that such change did not affect its conclusion that, based on and subject to the various considerations set forth in its opinion, including the various assumptions and limitations set forth therein**, the consideration to be paid to the Company in the Private Placement is fair from a financial point of view to the Company.**

The full text of Oppenheimer's written opinion to the Board of Directors is attached as Appendix G to this Proxy Statement. Such opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Oppenheimer in rendering such opinion. You are encouraged to read this opinion carefully and in its entirety in connection with this Proxy Statement. The following is a summary of Oppenheimer's opinion, which is qualified in its entirety by reference to the full text of the opinion. Oppenheimer's opinion was provided to the Board of Directors in connection with its evaluation of the consideration to be received by the Company from a financial point of view and does not address any other aspect of the transaction. Oppenheimer's opinion does not address the underlying business decision of the Company to effect the Private Placement or any related transaction, the relative merits of the Private Placement or any related transaction as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company might engage and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to any matter relating to the Private Placement, the Share Purchase Agreement or any transaction contemplated thereby.

In arriving at its opinion, Oppenheimer made its determinations on the basis of various financial and comparative analyses as are summarized below. The preparation of a financial advisory opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Oppenheimer did not rely on any one particular analysis or factor, but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the Private Placement. Therefore, Oppenheimer's opinion is not susceptible to partial analysis or summary description and, consequently, Oppenheimer believes that its analyses and the summary below must be considered as a whole. Oppenheimer further believes that selecting portions of its analyses and the factors considered, without considering all analyses and factors, would create an incomplete view of the process underlying the analyses set forth in its presentation to the Board of Directors.

The discussion below is merely a summary of the analyses and examinations that Oppenheimer considered to be material to its opinion and is not a comprehensive description of all analyses and examinations actually conducted by Oppenheimer. The fact that any specific analysis has been referred to in the summary below is not meant to indicate that that analysis was given greater weight than any other analysis. Shareholders are urged to read the Oppenheimer opinion carefully and in its entirety for a more complete description of the procedures followed, the factors considered and the assumptions made in arriving at its opinion.

The analyses described below should not be viewed as determinative of the opinion of the Board of Directors or management with respect to the value of the consideration to be paid to the Company or whether the Board of Directors would have been willing to agree to a different consideration. The Board of Directors did not limit the investigations made or procedures followed by Oppenheimer in rendering its fairness opinion.

In arriving at its opinion, Oppenheimer, among other things:

- reviewed a draft of the Share Purchase Agreement, dated August 31, 2009, and certain related documents (and assumed that there were no material changes to the final draft of the Share Purchase Agreement);
- held discussions with certain members of the Company's management concerning the business and prospects of the Company;
- reviewed historical market prices of the Ordinary Shares;
- reviewed and analyzed certain publicly available information for private investment in public equity, or PIPE, transactions completed over the last five years that it deemed relevant in evaluating the Private Placement;

- reviewed certain publicly available information and other data with respect to the Company that it believed to be relevant to its analysis, including the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2008 and the Company's reports on Form 6-K through August 25, 2009;

- participated in discussions among representatives of the Company and the Investors and their respective legal advisors; and

- performed such other analyses, examinations and procedures, reviewed such other information, and considered such other factors as it has deemed, in its sole judgment, to be necessary, appropriate or relevant to render the opinion that it delivered.

Oppenheimer took into account its assessment of general economic, market and financial conditions and its experience in similar transactions. Oppenheimer's opinion was based upon economic, market, financial and other conditions as they existed and could be evaluated on the date of the opinion, and Oppenheimer assumed no responsibility to update or revise its opinion based upon events or circumstances occurring after the date thereof. For the purposes of its opinion, Oppenheimer was not requested to make, and did not provide, obtain or review any valuation analysis of the Company of the kind that might be made had the Company entered into the sale of all or substantially all of its assets or securities.

For the purposes of its opinion, Oppenheimer was not requested to conduct and did not assume any responsibility for conducting, any independent evaluation, appraisal or physical inspection of the Company's assets or liabilities (contingent or otherwise), nor was it furnished with any such evaluations or appraisals. Oppenheimer assumed and relied upon the accuracy and completeness of the financial and other information supplied to or otherwise used by it in arriving at its opinion and did not attempt independently to verify, or undertake any obligation to verify, such information. It further assumed that there had been no material change in the assets, financial condition, results of operations, business or prospects of the Company since the date of the most recent financial statements made available. Oppenheimer further relied upon the assurances of the management of the Company that it was not aware of any facts that would make such information inaccurate or misleading.

Oppenheimer also assumed that, in the course of obtaining necessary governmental, regulatory and other consents and approvals (contractual or otherwise) for the consummation of the Private Placement, no modification, delay, limitation, restriction or condition would be imposed that will have an adverse effect on the Company or the contemplated benefits of the Private Placement and that the Private Placement would be consummated in accordance with the terms of the draft Share Purchase Agreement, dated September 1, 2009, and certain related documents, without waiver, modification or amendment of any term, condition or agreement therein that was material to its analysis.

Oppenheimer expressed no opinion as to any legal, tax or accounting matters involving the Company, as to which Oppenheimer understood that the Company conducted such investigations, and had obtained such advice from qualified professionals, as it had deemed necessary.

Oppenheimer's opinion did not constitute a recommendation to the Board of Directors of the Private Placement over any alternative transactions which might be available to the Company and did not address the underlying business decision of the Board of Directors to proceed with or effect the Private Placement.

Summary of Analyses Performed

The following is a brief summary of the material financial analyses performed by Oppenheimer in connection with providing its opinion to the Board of Directors. The precedent transaction analysis is used to compare premiums and discounts paid to companies having similar characteristics to the Company in recent publicly announced private placement transactions.

In performing its analyses, Oppenheimer considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the Company's control. No transaction used in Oppenheimer's analyses as a comparison is identical to the Private Placement. Accordingly, an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning differences in financial characteristics and other factors that could affect the transaction being analyzed. The analyses were prepared solely as part of Oppenheimer's analysis of the fairness from a financial point of view to the Company of the consideration to be paid to the Company in the Private Placement and were provided to the Board of Directors in connection with the delivery of Oppenheimer's opinion.

In reviewing the Private Placement, Oppenheimer reviewed and compared the financial terms of 2,168 private placement transactions of ordinary and registered direct securities completed over the past five years. Oppenheimer further subdivided these transactions based on the size of each company, defining "large companies" as those with a market capitalization greater than $250 million and "small companies" as those with a market capitalization less than or equal to $250 million, as well as whether each transaction constituted a "20% or more" transaction (meaning a transaction in which the gross proceeds to the issuer exceeded 20% of its market capitalization on a pre-issuance basis), or a "less than or equal to 20%" transaction.

As part of its analysis, Oppenheimer calculated and analyzed an implied share value for the Company based upon each select group of transactions, taking into account purchase price premium / (discount), adjusted premium to market, warrant coverage and estimated warrant value related to the gross proceeds raised in each transaction. All of these calculations were performed, and based on publicly available financial data and closing prices, as of August 31, 2009, two trading days prior to the delivery of Oppenheimer's oral fairness opinion. Oppenheimer considered few, if any, of the precedent transactions to be directly comparable to the Private Placement's financial terms. However, noting that the consideration to be paid to the Company in the Private Placement would constitute less than 20% of the Company's market capitalization on August 31, 2009, Oppenheimer viewed the small company "less than or equal to 20%" subgroup of transactions as the most similar subgroup to the Private Placement.

Oppenheimer noted for the consideration of the Board of Directors, as part of its analysis in connection with the delivery of its opinion, that the per share purchase price to be paid to the Company in the Private Placement, adjusted for the Warrants, using the Black-Scholes option pricing model, represented: (i) a (27.2%) discount to the Ordinary Shares' closing price on August 31, 2009, assuming the maximum number of Ordinary Shares tendered in the tender offer; (ii) a (15.2%) discount to the Ordinary Shares' closing price on August 31, 2009, assuming the tender of no Ordinary Shares in the tender offer; (iii) a (19.7%) discount to the Ordinary Shares' previous 90-trading-day average closing price as of August 31, 2009, assuming the maximum number of Ordinary Shares tendered in the tender offer; (iv) a (6.4%) discount to the Ordinary Shares' previous 90-day average closing price as of August 31, 2009, assuming the tender of no Ordinary Shares in the tender offer. Oppenheimer noted as part of its analysis that the aforementioned discounts implied by the per share consideration to be paid to the Company in the Private Placement are within, or more favorable to, the discounts ranging from the 25th to the 75th percentile of certain precedent private placement transactions for certain "small companies" in which the gross proceeds to the issuer were less than 20% of its market capitalization, which represents a range of (39.5%) to (8.6%).

Terms of Engagement, Relationships and Other Information

Oppenheimer's opinion and the financial analyses described above were among the many factors considered by the Board of Directors in its evaluation of the Private Placement and should not be viewed as determinative of the views of the Board of Directors or management with respect to the Private Placement or the consideration to be received by the Company.

The issuance of Oppenheimer's opinion was approved by an authorized committee of Oppenheimer. Oppenheimer was engaged to render the financial opinion and received a fee upon delivery of its opinion. It will also receive a financial advisory fee upon the consummation of the Private Placement. In the ordinary course of business, Oppenheimer may in the future, in connection with its market making activities, trade the securities of the Company for its own and its affiliates' own accounts and for the accounts of its customers and, accordingly, may at any time hold a short or long position in such securities. The Company agreed to reimburse Oppenheimer for its reasonable out-of pocket expenses, including reasonable fees and expenses of Oppenheimer's legal counsel, and to indemnify Oppenheimer and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Shareholder Approval

We are seeking shareholder approval for the Private Placement and the other transactions contemplated by the Share Purchase Agreement for the following reasons:

Acquisition of a 25% "Control Block"

Section 328 of the Companies Law provides, among other things, that an acquisition of voting shares of a public company that would result in any person holding 25% or more of the outstanding voting power must be made by means of a "special tender offer" unless (i) there is another shareholder holding 25% or more of the voting power, (ii) the acquisition is from a holder of 25% or more of the voting power or (iii) the acquisition is made in a private placement that received shareholder approval as a private placement intended to grant the acquirer 25% or more of the voting power, thereby becoming a holder of a "control block" pursuant to, and within the meaning of, the Companies Law. The same provisions would apply if the Investors and Ronex were to acquire Ordinary Shares resulting in their holding 45% or more of the outstanding Ordinary Shares. Immediately following the Closing, the Ordinary Shares held by the Investors (excluding the Warrant Shares) will represent 20% of the Company's outstanding Ordinary Shares, and, based on the number of Ordinary Shares held by Ronex as of August 31, 2009, if all 1,550,000 Ordinary Shares are tendered in the Tender Offer and the Founders Purchase Agreements are consummated, the Ordinary Shares held by Ronex will represent approximately 20.25% of the outstanding Ordinary Shares immediately following the Closing. Accordingly, by virtue of the Shareholders Agreement between the Investors and Ronex, they would together hold more than 25%, and less than 45%, of the Company's outstanding Ordinary Shares.

At the Meeting, the shareholders will be asked, for purposes of said Section 328, to approve the issuance and sale of the Purchased Shares as a private placement intended to vest in the Investors severally and jointly holding with Ronex (and their respective permitted transferees) 25% or more of the voting power of the Company, thereby becoming a holder of a "control block" pursuant to, and within the meaning of, the Companies Law. Such approval would not permit the Investors and/or Ronex to hold 45% or more of the outstanding Ordinary Shares without further compliance with said Section 328.

Extraordinary Transaction in which Controlling Shareholders have a Personal Interest

Under Section 275 of the Companies Law, an extraordinary transaction of a public company, with a controlling shareholder, or in which a controlling shareholder has a personal interest, requires the approval of the audit committee, the board of directors and the shareholders, in that order. For this purpose, the definition of "controlling shareholder" includes any holder of 25% or more of the outstanding voting rights of the company if no other shareholder holds 25% or more of the outstanding voting rights of the company, and any two or more shareholders who each has a personal interest in the proposal will be deemed to hold their shares jointly.

Ronex has a personal interest in this proposal by virtue of the Shareholders Agreement and the Founders Purchase Agreements. Messrs. Cooper and Shaked are the Founders and therefore have personal interests in the transactions by virtue of the Founders Purchase Agreements. Such agreements are described above under the heading "Related Agreements to which the Company is Not a Party". In addition, Mr. Shaked has an additional personal interest in the transactions by virtue of the Separation Agreement described above under "Separation Agreement". The Investors have personal interests in the proposal by virtue of the Share Purchase Agreement and all of the other related agreements described above, including, with respect to the four Investors who are expected to serve as directors of the Company, the indemnification agreements. As detailed above in this Proxy Statement, Ronex, the Founders and the Investors hold in the aggregate 5,663,174 Ordinary Shares, or approximately 27.75% of outstanding Ordinary Shares, and are therefore deemed to be "controlling shareholders" of the Company for purposes of Section 275 of the Companies Law.

Compensation of Directors

Under Section 273 of the Companies Law, the compensation of directors, including insurance and indemnification, for services to the company in any capacity requires the approval of the audit committee, the board of directors and the shareholders, in that order. Accordingly, the resolutions under this Proposal No. 4 regarding director fees, the Indemnification Agreements, the "tail" insurance policy and the Separation Agreement require the approval of the Company's shareholders at the Meeting.

Amendments to Memorandum and Articles of Association

Under Sections 20 and 24 of the Companies Law, the amendment of a company's memorandum or articles of association requires shareholder approval. Accordingly, the resolutions under this Proposal No. 4 regarding the amendments of the Company's Amended and Restated Memorandum of Association and Amended and Restated Articles of Association require the approval of the Company's shareholders at the Meeting.

Required Vote

The approval of a private placement for purposes of Section 328 of the Companies Law requires the affirmative vote of the holders of a majority of the Ordinary Shares present, in person or by proxy, and voting on the matter. The same threshold applies to the compensation of directors and to amendments of the Company's Amended and Restated Memorandum of Association and Amended and Restated Articles of Association. However, under Section 275 of the Companies Law, for the reason described above, this proposal requires the affirmative vote of the holders of a majority of the Ordinary Shares present, in person or by proxy, and voting on the matter, provided that either (i) such majority includes at least one-third of the votes of shareholders voting on the matter (not including abstentions) who do not have a personal interest in the proposal or (ii) the total number of votes against the proposal of shareholders voting on the matter who do not have a personal interest in the proposal does not exceed one percent of the outstanding voting power in the Company. Accordingly, this proposal will be deemed to have been approved by the Company's shareholders only if the threshold under Section 275 is satisfied.

Personal Interests of Shareholders

The Companies Law requires that each shareholder voting on the proposal indicate whether or not the shareholder has a personal interest in the proposal. A "personal interest" of a shareholder (i) includes a personal interest of any members of the shareholder's family or a personal interest of a company with respect to which the shareholder (or such family member) serves as a director or the CEO, owns at least 5% of the shares or voting power or has the right to appoint a director or the CEO and (ii) excludes an interest arising solely from the ownership of our Ordinary Shares. To avoid confusion, the enclosed form of proxy includes a certification that you **do not** have a personal interest in this proposal. If you have a personal interest in this proposal, please contact the Company's proxy solicitor, MacKenzie Partners, at 1-800-322-2885 or 1-212-929-5500 for instructions on how to vote your shares and indicate that you have a personal interest or, if you hold your shares in "street name", you may also contact the representative managing your account, who could then contact the Company's proxy solicitor on your behalf.

Proposed Resolutions

At the Meeting, the shareholders will be asked to approve the following resolutions, each contingent upon the other:

"**RESOLVED**, that the Share Purchase Agreement among the Company, the Investors and the Investors representatives, dated September 3, 2009, and the transactions contemplated by the Share Purchase Agreement, including the Private Placement, the Warrants, the Management Agreement, the Registration Rights Agreement and the Escrow Agreement, be, and hereby are, approved. The issuance and sale of the Ordinary Shares to the Investors in the Private Placement are intended to vest in the Investors severally and jointly holding with Ronex Holdings L.P. (and their respective permitted transferees) 25% or more of the total voting power of the Company, thereby becoming a holder of a "control block" pursuant to, and within the meaning of, the Companies Law.

RESOLVED, to replace, effective immediately, Article 32 of the Company's Amended and Restated Articles of Association with the following:

"Until otherwise determined by resolution of the Company's shareholders, the Board of Directors shall consist of not less than three (3) nor more than eleven (11) Directors, including two (2) Independent Directors."

RESOLVED, to add the following sentence, effective immediately, to the end of Article 33 of the Company's Amended and Restated Articles of Association:

"Notwithstanding anything to the contrary herein, the term of a Director may commence as of a date later than the date of the Shareholder Resolution electing said Director, if so specified in said Shareholder Resolution."

RESOLVED, to elect, effective as of the Closing, Boaz Dotan, Eli Gelman, David Kostman, Nehemia Lemelbaum, Robert A. Minicucci and Avinoam Naor as directors of the Company until the next annual meeting of the Company's shareholders and until their respective successors are duly elected.

RESOLVED, to approve the payment of compensation to directors of the Company who may serve from time to time, whether or not they may be deemed to be controlling shareholders, in the amount of up to $50,000 per year, subject to the approval of the Audit Committee and the Board of Directors with respect to each applicable director.

RESOLVED, to replace, effective as of the Closing, Article 4 of the Company's Amended and Restated Articles of Association and Article 5 of the Company's Memorandum of Association in their entirety with the following Article:

"The Company's authorized share capital shall be NIS 50,000,000 divided into 50,000,000 ordinary shares of the Company, nominal value NIS 1.00 each."

RESOLVED, to approve the Separation Agreement, dated September 3, 2009, among, the Company, B.G.A.G.S. Shaked Ltd. and Mr. Barry Shaked.

RESOLVED, to approve the purchase of a "tail" policy with respect to the Company's directors' and officers' insurance policy, effective as of the Closing, for a period of seven years.

RESOLVED, to approve the execution of indemnification agreements with the Company's directors who shall be elected as of the Closing or who may serve time to time in the future, whether or not they may be deemed to be controlling shareholders."

The Board of Directors recommends that the shareholders vote "FOR" the approval of the foregoing resolutions.

PROPOSAL 5 – CONSIDERATION OF FINANCIAL STATEMENTS

A copy of our audited consolidated financial statements for the fiscal year ended December 31, 2008 are included in our Annual Report on Form 20-F, which we filed with the SEC. You may read and copy this report without charge at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Branch of the SEC at such address, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC reports are also available to the public at the SEC's website at http://www.sec.gov. These reports are not a part of this Proxy Statement. We will hold a discussion with respect to the financial statements at the Meeting.

This item will not involve a vote of the shareholders.

OTHER BUSINESS

Management knows of no other business to be transacted at the Meeting. However, if any other matters are properly presented to the Meeting, the persons named in the enclosed form of proxy will vote upon such matters in accordance with their best judgment.

By Order of the Board of Directors,

Ishay Davidi

Chairman of the Board

Dated: September 17, 2009

Exhibit 99.1(a)

APPENDIX A

Retalix Ltd.

2009 Share Incentive Plan

A. NAME AND PURPOSE

1. **Name:** This plan, as amended from time to time, shall be known as the "Retalix Ltd. 2009 Share Incentive Plan" (the "**Plan**").

2. **Purpose:** The purpose and intent of the Plan is to provide incentives to employees, directors, consultants and contractors of Retalix Ltd., a company incorporated under the laws of the State of Israel (the "**Company**"), or any subsidiary or affiliate thereof (where applicable in this Plan, the term "**Company**" shall include any subsidiary or affiliate of the Company), by providing them with opportunities to purchase Ordinary Shares, nominal value of 1.00 New Israeli Shekel each ("**Shares**"), of the Company pursuant to a plan approved by the Board of Directors of the Company (the "**Board**") which is designed to benefit from, and is made pursuant to, the provisions of applicable tax laws. Accordingly, *inter alia*, awards under the Plan to Israeli residents may be granted under either Section 102 or Section 3(9) of the Israeli Income Tax Ordinance [New Version] 1961 (the "**Ordinance**"), as applicable, and the rules and regulations promulgated thereunder, and, pursuant to the Addendum to the Plan (the "**Addendum**"), awards under the Plan to U.S. Persons (as defined in the Addendum) may be non-qualified options or, if the Plan is approved by the Company's shareholders, incentive stock options under Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

B. GENERAL TERMS AND CONDITIONS OF THE PLAN

3. **Administration:**

3.1 The Board may appoint a Share Incentive Committee or other committee of the board, which will consist of such number of Directors of the Company, as may be fixed from time to time by the Board. The Board shall appoint the members of such committee, may from time to time remove members from, or add members to, such committee and shall fill vacancies in such committee however caused. The Plan will be administered by such committee, or by the Board (including, but not limited to, actions which the Share Incentive Committee is not permitted to take according to Section 112 of the Companies Law, 1999 (the "**Companies Law**")) (the Board or its committee, as applicable – the "**Committee**").

3.2 The Committee shall select one of its members as its Chairman and shall hold its meetings at such times and places, as it shall determine. Actions taken by a majority of the members of the Committee, at a meeting at which a majority of its members is present, or acts reduced to, or approved in, writing by all members of the Committee, shall be the valid acts of the Committee. The Committee may appoint a Secretary, who shall keep records of its meetings and shall make such rules and regulations for the conduct of its business, as it shall deem advisable.

3.3 Subject to the general terms and conditions of this Plan and applicable law, the Committee shall have the full authority in its discretion, from time to time and at any time to determine (i) the persons ("**Grantees**") to whom options to purchase Shares (the "**Options**") shall be granted, (ii) the time or times at which the same shall be granted, (iii) the schedule and conditions on which such Options may be exercised and on which such Shares shall be paid for, (iv) rules and provisions as may be necessary or appropriate to permit eligible Grantees who are not Israeli residents to participate in the Plan and/or to receive preferential tax treatment in their country of residence, with respect to the Options granted hereunder, and/or (v) any other matter which is necessary or desirable for, or incidental to, the administration of the Plan. Unless otherwise determined by the Committee for a specific grant or grants of Options, each Option will be exercisable, under the terms of this Plan, into one Share of the Company.

3.4 Subject to the general terms and conditions of the Plan and the Ordinance, the Committee shall have the full authority in its discretion, from time to time and at any time, to determine:

(a) with respect to the grant of 102 Options (as defined in Section 5.1(a)(i) below) – whether the Company shall elect the "Ordinary Income Route" under Section 102(b)(1) of the Ordinance (the "**Ordinary Income Route**") or the "Capital Gains Route" under Section 102(b)(2) of the Ordinance (the "**Capital Gains Route**") (each of the Ordinary Income Route or the Capital Gains Route – a "**Taxation Route**") for the grant of 102 Options, and the identity of the trustee who shall be granted such 102 Options in accordance with the provisions of this Plan and the then prevailing Taxation Route.

Unless otherwise permitted by the Ordinance, in the event the Committee determines that the Company shall elect one of the Taxation Routes for the grant of 102 Options, the Company shall be entitled to change such election only following the lapse of one year from the end of the tax year in which 102 Options are first granted under the then prevailing Taxation Route; and

(b) with respect to the grant of 3(9) Options (as defined in Section 5.1(a)(ii) below) – whether or not 3(9) Options shall be granted to a trustee in accordance with the terms and conditions of this Plan, and the identity of the trustee who shall be granted such 3 (9) Options in accordance with the provisions of this Plan.

3.5 Notwithstanding the aforesaid, the Committee may, from time to time and at any time, grant 102 Options that will not be subject to a Taxation Route, as detailed in Section 102(c) of the Ordinance ("**102(c) Options**").

3.6 The Committee may, from time to time, adopt such rules and regulations for carrying out the Plan, as it may deem necessary. No member of the Board or of the Committee shall be liable for any act or determination made in good faith with respect to the Plan or any Option granted thereunder.

3.7 The interpretation and construction by the Committee of any provision of the Plan or of any Option thereunder shall be final and conclusive and binding on all parties who have an interest in the Plan or any Option or Share issuance thereunder unless otherwise determined by the Board.

4. **Eligible Grantees:**

4.1 The Committee, at its discretion, may grant Options to any employee, director, consultant or contractor of the Company. Anything in this Plan to the contrary notwithstanding, all grants of Options to office holders shall be authorized and implemented only in accordance with the provisions of applicable law.

4.2 The grant of an Option to a Grantee hereunder, shall neither entitle such Grantee to participate, nor disqualify him from participating, in any other grant of options pursuant to this Plan or any other share incentive plan of the Company.

5. **Grant of Options, Issuance of Shares, Dividends and Shareholder Rights:**

5.1 Grant of Options and Issuance of Shares.

(a) Subject to the provisions of the Ordinance and applicable law (it being understood that, unless otherwise determined by the Committee, the following shall not apply to Options granted to non-Israeli Grantees),

(i) all grants of Options to employees, directors and office holders of the Company, other than to a Controlling Shareholder of the Company (i.e., "**Baal Shlita**", as such term is defined in Section 32(9) of the Ordinance), shall be made only pursuant to the provisions of Section 102 of the Ordinance, the Income Tax Rules (Tax Relief in Issuance of Shares to Employees), 2003 ("**102 Rules**") and any other regulations, rulings, procedures or clarifications promulgated thereunder ("**102 Options**"), or any other section of the Income Tax Ordinance that will be relevant for such issuance in the future; and

(ii) all grants of Options to consultants, contractors or Controlling Shareholders of the Company shall be made only pursuant to the provisions of Section 3(9) of the Ordinance and the rules and regulations promulgated thereunder ("**3(9) Options**"), or any other section of the Ordinance that will be relevant for such issuance in the future.

(iii) Notwithstanding the aforesaid in Sections 5.1(a)(i) and 5.1 (a)(ii), the Committee, at it discretion, may grant Options to any employee, director, consultant or contractor of the Company pursuant to the provisions of any tax ruling provided to the Company with respect to such Options by the Israeli Commissioner of Income Tax.

(b) Subject to Sections 7.1 and 7.2 hereof, the effective date of the grant of an Option (the "**Date of Grant**") shall be the date the Committee resolves to grant such Option, unless specified otherwise by the Committee in its determination relating to the award of such Option. The Committee shall promptly give the Grantee written notice (the "**Notice of Grant**") of the grant of an Option.

(c) Trust. In the event Options are deposited under the Plan with a trustee designated by the Committee in accordance with the provisions of Section 3.4 hereof and, with respect to Options under a Taxation Route, approved by the Israeli Commissioner of Income Tax (the "**Trustee**"), the Trustee shall hold each such Option and the Shares issued upon exercise thereof in trust (the "**Trust**") for the benefit of the Grantee in respect of whom such Option was granted (the "**Beneficial Grantee**").

In accordance with Section 102, the tax benefits afforded to 102 Options (and any Shares issued upon exercise thereof) in accordance with the Ordinary Income Route or Capital Gains Route, as applicable, shall be contingent upon the Trustee holding such 102 Options for a period of at least (i) one year from the end of the tax year in which the 102 Options are granted, if the Company elects the Ordinary Income Route, or (ii) two years from the end of the tax year in which the 102 Options are granted, if the Company elects the Capital Gains Route, or (iii) such other period as shall be prescribed by the Ordinance or approved by the Israeli Commissioner of Income Tax (collectively the "**Trust Period**").

With respect to 102 Options granted to the Trustee, the following shall apply:

(i) A Grantee granted 102 Options will not be entitled to sell the Shares issued upon exercise thereof (the "**Exercised Shares**") or to transfer such Exercised Shares (or such 102 Options) from the Trust prior to the lapse of the Trust Period;

(ii) Any and all rights issued in respect of the Exercised Shares, including bonus shares but excluding cash dividends ("**Rights**"), shall be deposited with the Trustee and held thereby until the lapse of the Trust Period, and such Rights shall be subject to the Taxation Route which is applicable to such Exercised Shares.

(iii) Notwithstanding the aforesaid, Exercised Shares or Rights may be sold or transferred, and the Trustee may release such Exercised Shares (or 102 Options) or Rights from Trust, prior to the lapse of the Trust Period, provided, however, that tax is paid or withheld in accordance with Section 102(b)(4) of the Ordinance and/or Section 7 of the 102 Rules. However, the Committee may, in its sole discretion, require a Grantee not to sell the Exercised Shares or transfer the Options in the Grantee's name prior to the lapse of the Trust Period.

(iv) All certificates representing Exercised Shares held in Trust under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such Shares are released from the Trust as herein provided.

(d) Subject to the terms hereof and specifically the provisions of Section 9 herein, at any time after the Options have vested, with respect to any Options or Shares the following shall apply: Upon the written request of any Beneficial Grantee, the Trustee shall release from the Trust the Options granted, and/or the Shares issued, on behalf of such Beneficial Grantee, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Grantee, provided, however, that the Trustee shall not so release any such Options and/or Shares to such Beneficial Grantee unless the latter, prior to, or concurrently with, such release, provides the Trustee with evidence, satisfactory in form and substance to the Trustee, that all taxes, if any, required to be paid upon such release have, in fact, been paid.

5.2 Guarantee. In the event a 102(c) Option is granted to a Grantee who is an employee at the time of such grant, if the Grantee's employment is terminated, for any reason, such Grantee shall provide the Company with a guarantee or collateral securing the payment of all taxes required to be paid upon the sale of the Shares issued upon exercise of such 102(c) Option.

5.3 Dividends. All Shares issued upon the exercise of Options granted under this Plan shall entitle the Grantee thereof to receive dividends with respect thereto. For so long as Shares are held in the Trust, the dividends paid or distributed with respect thereto shall be distributed directly to such Beneficial Grantee, and the Company shall provide appropriate notification to the Trustee of such distribution.

5.4 Shareholder Rights. Unless otherwise provided herein, the holder of an Option shall have no shareholder rights with respect to the Shares underlying such Option until such person shall have exercised the Option, paid the exercise price and become the record holder of the purchased Shares. Subject to the provisions of the Plan and the provisions of the Articles of Association of the Company, the Exercised Shares shall entitle the Grantee thereof to full shareholder rights, including voting and dividend rights, with respect to such Exercised Shares. As long as the Exercised Shares are registered in the name of the Trustee, the voting rights at the Company's general meeting attached to such Exercised Shares will remain with the Trustee. However, the Trustee shall not be obligated to exercise such voting rights at general meetings, and may, in its sole discretion, empower another person, including the respective Beneficial Grantee, to vote in name and in place of the Trustee according to such Beneficial Grantee's instructions, if provided.

6. **Reserved Shares:** The total number of Shares that may be subject to Options granted under this Plan shall not exceed **11,000,000** in the aggregate, subject to adjustments as provided in Section 11 hereof. Such number includes Shares issued under the Company's Second 1998 Share Incentive Plan, as amended, and the Company's 2004 Israeli Share Incentive Plan, as amended, which as of the date of adoption of the Plan, have an authorized pool of 7,000,000 Shares and 2,000,000 Shares, respectively. Without derogating from the foregoing, the Committee shall have full authority in its discretion to determine that the Company may issue, for the purposes of the Plan, previously issued Shares that are held by the Company, from time to time, as Dormant Shares (as such term is defined in the Companies Law). All Shares under the Plan, in respect of which the right of a Grantee to purchase the same shall, for any reason, terminate, expire or otherwise cease to exist, shall again be available for grant through Options under the Plan.

7. **Grant of Options:**

7.1 The implementation of the Plan and the granting of any Option under the Plan shall be subject to the Company's procurement of all approvals and permits required by applicable law or regulatory authorities having jurisdiction over the Plan, the Options granted under it and the Exercised Shares.

7.2 The Notice of Grant shall state, *inter alia*, the number of Shares subject to each Option, the vesting schedule, the dates when the Options may be exercised, the exercise price, whether the Options granted thereby are 102 Options or 3(9) Options or other type of Options, and such other terms and conditions as the Committee at its discretion may prescribe, provided that they are consistent with this Plan. Each Notice of Grant evidencing a 102 Option shall, in addition, be subject to the provisions of the Ordinance applicable to such Options.

7.3 Validity and Vesting. Without derogating from the rights and powers of the Committee under this Section 7.3, unless otherwise specified by the Committee, the Options shall be valid for a term of ten (10) years from the Date of Grant and thereafter expire. Subject to Section 10 hereof, unless determined otherwise by the Committee, the Vesting Period pursuant to which Options shall vest, and the Grantee thereof shall be entitled to pay for and acquire the Exercised Shares, shall be such that all Options shall be fully vested on the first business day following the passing of three (3) years from the Date of Grant, as follows: 1/3 of such Options shall vest on the first anniversary of the Adoption Date (the "**Adoption Date**" for the purpose of this Plan means the Date of Grant or any other date determined by the Committee for a given grant of Options). A further 1/3 of such Options shall vest on each of the second, and third anniversaries of the Adoption Date.

"**Vesting Period**" of an Option means, for the purpose of the Plan and its related instruments, the period between the Adoption Date and the date on which the Grantee may exercise the rights awarded pursuant to the terms of the Option. Unless otherwise determined by the Committee, any period in which the Grantee shall not be employed by the Company (or, in the case of consultants, contractors or directors, shall not be in the service of the Company) or in which the Grantee shall have taken an unpaid leave of absence, shall not be included in the Vesting Period.

7.4 Acceleration of Vesting. Anything herein to the contrary in this Plan notwithstanding, the Committee shall have full authority to determine any provisions regarding the acceleration of the Vesting Period of any Option or the cancellation of all or any portion of any outstanding restrictions with respect to any Option or Share upon certain events or occurrences, and to include such provisions in the Notice of Grant on such terms and conditions as the Committee shall deem appropriate.

7.5 Repricing. Subject to applicable law, the Committee shall have full authority to, at any time and from time to time, without the approval of the Shareholders of the Company, (i) grant in its discretion to the holder of an outstanding Option, in exchange for the surrender and cancellation of such Option, a new Option having an exercise price lower than provided in the Option (and related Notice of Grant) so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan, or (ii) effectuate a decrease in the Exercise Price (see Section 8 below) of outstanding Options. At the full discretion of the Committee such actions may be brought before the shareholders of the Company for their approval.

8. **Exercise Price:** The exercise price per Share subject to each Option shall be determined by the Committee in its sole and absolute discretion, subject to applicable law.

9. **Exercise of Options:**

9.1 Options shall be exercisable pursuant to the terms under which they were awarded and subject to the terms and conditions of the Plan.

9.2 The exercise of an Option shall be made by a written notice of exercise (the "**Notice of Exercise**") delivered by the Grantee (or, with respect to Options held in the Trust, by the Trustee upon receipt of written instructions from the Beneficial Grantee) to the Company at its principal executive office, specifying the number of Shares to be purchased and accompanied by the payment therefor, and complying with such other terms and conditions as the Committee shall prescribe from time to time.

9.3 Anything herein to the contrary notwithstanding, but without derogating from the provisions of Section 10 hereof, if any Option has not been exercised and the Shares subject thereto not paid for within ten (10) years after the Date of Grant (or any shorter period set forth in the Notice of Grant), such Option and the right to acquire such Shares shall terminate, all interests and rights of the Grantee in and to the same shall *ipso facto* expire, and, in the event that in connection therewith any Options are still held in the Trust as aforesaid, the Trust with respect thereto shall *ipso facto* expire, and the Shares underlying such Options shall again be available for grant through Options under the Plan, as provided for in Section 6 herein, provided the Plan shall be in force at such time.

9.4 Each payment for Shares shall be in respect of a whole number of Shares, and shall be effected in cash or by a bank's check payable to the order of the Company, or such other method of payment acceptable to the Company.

9.5 Notwithstanding the provisions of Section 9.4 above, the Company will be entitled in its sole discretion on a case-by-case basis, to allow payment of the Exercise Price out of the proceeds from the sale of the Exercised Shares, provided that the Company has ascertained the Grantee's ability to pay the exercise price at that time. Grantees are not entitled to demand that the Company, and the Company shall not be required to, act as described in this Section 9.5.

10. **Termination of Employment:**

10.1 Employees. In the event that a Grantee who was an employee of the Company on the Date of Grant of any Options to him or her ceases, for any reason, to be employed by the Company (the "**Cessation of Employment**"), all Options theretofore granted to such Grantee when such Grantee was an employee of the Company shall terminate as follows:

(a) The date of the Grantee's Cessation of Employment shall be the date on which the employee-employer relationship between the Grantee and the Company ceases to exist (the "**Date of the Cessation**").

(b) All such Options that are not vested at the Date of Cessation shall terminate immediately.

(c) If the Grantee's Cessation of Employment is by reason of such Grantee's death or "Disability" (as hereinafter defined), such Options (to the extent vested at the Date of Cessation) shall be exercisable by the Grantee or the Grantee's guardian, legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution, at any time until 180 days from the Date of Cessation, and shall thereafter terminate.

For purposes hereof, "**Disability**" shall mean the inability to engage in any substantial gainful occupation for which the Grantee is suited by education, training or experience, by reason of any medically determinable physical or mental impairment that is expected to result in such person's death or to continue for a period of six (6) consecutive months or more.

(d) If the Grantee's Cessation of Employment is due to any reason other than those stated in Sections 10.1(c), 10.1(e) and 10.1(f) herein, such Options (to the extent vested at the Date of Cessation) shall be exercisable at any time until (i) the Date of Cessation; or (ii) in the event the Grantee's Cessation of Employment is initiated by the Company and the Grantee receives an applicable one-time payment from the Company in lieu of a notice period, 15 days after the Date of Cessation; and shall thereafter terminate, provided, however, that if the Grantee dies within such period, such Options (to the extent vested at the Date of Cessation) shall be exercisable by the Grantee's legal representative, estate or other person to whom the Grantee's rights are transferred by will or by laws of descent or distribution at any time until 180 days from the Date of Cessation, and shall thereafter terminate.

(e) Notwithstanding the aforesaid, if the Grantee's Cessation of Employment is due to (i) breach of the Grantee's duty of loyalty towards the Company, or (ii) breach of the Grantee's duty of care towards the Company, or (iii) the commission any flagrant criminal offense by the Grantee, or (iv) the commission of any act of fraud, embezzlement or dishonesty towards the Company by the Grantee, or (v) any unauthorized use or disclosure by the Grantee of confidential information or trade secrets of the Company, or (vi) any other intentional misconduct by the Grantee (by act or omission) adversely affecting the business or affairs of the Company in a material manner, or (vii) any act or omission by the Grantee which would allow for the termination of the Grantee's employment without severance pay, according to the Severance Pay Law, 1963, all the Options whether vested or not shall *ipso facto* expire immediately and be of no legal effect.

(f) If a Grantee retires, he shall, subject to the approval of the Committee, continue to enjoy such rights, if any, under the Plan and on such terms and conditions, with such limitations and subject to such requirements as the Committee in its discretion may determine.

(g) Whether the Cessation of Employment of a particular Grantee is by reason of "Disability" for the purposes of paragraph 10.1 (c) hereof or by virtue of "retirement" for purposes of paragraph 10.1(f) hereof, or is a termination of employment other than by reason of such Disability or retirement, or is for reasons as set forth in paragraph 10.1(e) hereof, shall be finally and conclusively determined by the Committee in its absolute discretion.

(h) Notwithstanding the aforesaid, under no circumstances shall any Option be exercisable after the specified expiration of the term of such Option.

10.2 Directors, Consultants and Contractors. In the event that a Grantee, who is a director, consultant or contractor of the Company, ceases, for any reason, to serve as such, the provisions of Sections 10.1(b), 10.1(c), 10.1(d), 10.1(e), 10.1(g) and 10.2(h) above shall apply, *mutatis mutandis*. For the purposes of this Section 10.2, "**Date of Cessation**" shall mean:

(a) with respect to directors – the date on which the director ceases to serve as a director of the Company; and

(b) with respect to consultants and contractors – the date on which the consulting or contractor agreement between such consultant or contractor, as applicable, and the Company expires or the date on which either of the parties to such agreement sends the other notice of its intention to terminate said agreement.

10.3 Notwithstanding the foregoing provisions of this Section 10, the Committee shall have the discretion, exercisable either at the time an Option is granted or thereafter, to:

(a) extend the period of time for which the Option is to remain exercisable following the Date of Cessation to such greater period of time as the Committee shall deem appropriate, but in no event beyond the specified expiration of the term of the Option;

(b) permit the Option to be exercised, during the applicable exercise period following the Date of Cessation, not only with respect to the number of Shares for which such Option is exercisable at the Date of Cessation but also with respect to one or more additional installments in which the Grantee would have vested under the Option had the Grantee continued in the employ or service of the Company.

10.4 Notwithstanding the foregoing provisions of this Section 10, and for the avoidance of doubt, the transfer of a Grantee from the employ or service of the Company to the employ or service of an affiliate, or from the employ or service of an affiliate to the employ or service of the Company or another affiliate, shall not be deemed a termination of employment or service for purposes hereof.

11. **Adjustments, Liquidation and Corporate Transaction:**

11.1 Definitions:

"Corporate Transaction" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(a) a saleor other disposition of all or substantially all, as determined by the Board in its discretion, of the consolidated assets of the Company and its subsidiaries;

(b) a sale or other disposition of at least eighty percent (80%) of the outstanding securities of the Company;

(c) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(d) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Ordinary Shares of the Company outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

11.2 Adjustments. Subject to any required action by the shareholders of the Company, the number of Shares subject to each outstanding Option, and the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Shares subject to each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares or the payment of a stock dividend (bonus shares) with respect to the Shares or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." The Committee, whose determination in that respect shall be binding and conclusive, shall execute such adjustment. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option.

11.3 Liquidation. Unless otherwise provided by the Board, in the event of the proposed dissolution or liquidation of the Company, all outstanding Options will terminate immediately prior to the consummation of such proposed action. In such case, the Committee may declare that any Option shall terminate as of a date fixed by the Committee and give each Grantee the right to exercise his Option, including any Option which would not otherwise be exercisable.

11.4 Corporate Transaction.

(a) Upon a Corporate Transaction involving another corporation or a parent or subsidiary of such other corporation (each, a "**Successor Entity**"), then, unless otherwise determined by the Board, immediately prior to the effective date of such Corporate Transaction, each Option shall, at the sole and absolute discretion of the Committee, either:

(i) be substituted for an option to purchase securities of the Successor Entity (the "**Successor Entity Option**") such that the Grantee may exercise the Successor Entity Option for such number and class of securities of the Successor Entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised immediately prior to the effective date of such Corporate Transaction; or

(ii) be assumed by the Successor Entity such that the Grantee may exercise the Option for such number and class of securities of the Successor Entity which would have been issuable to the Grantee in consummation of such Corporate Transaction, had the Option been exercised immediately prior to the effective date of such Corporate Transaction; or

(iii) automatically vest in full so that the Option shall, immediately prior to the effective date of the Corporate Transaction, become fully exercisable for all of the Shares at that time subject to the Option and may be exercised for any or all of those Shares;

In the event of a clause (i) or clause (ii) action, appropriate adjustments shall be made to the exercise price per Share to reflect such action.

Immediately following the consummation of the Corporate Transaction, all outstanding Options shall terminate and cease to be outstanding, except to the extent assumed by the Successor Entity.

(b) Notwithstanding the foregoing, the Committee shall have full authority and sole discretion to determine that any of the provisions of Sections 11.4(a)(i), 11.4(a)(ii) or 11.4(a)(iii) above shall apply in the event of a Corporate Transaction in which the consideration received by the shareholders of the Company is not solely comprised of securities of the Successor Entity, or in which such consideration is solely cash or assets other than securities of the Successor Entity.

11.5 Sale. In the event that all or substantially all of the issued and outstanding share capital of the Company is to be sold (the "**Sale**"), each Grantee shall be obligated to participate in the Sale and sell his or her Shares and/or Options in the Company, provided, however, that each such Share or Option shall be sold at a price equal to that of any other Share sold under the Sale (minus the applicable exercise price), while accounting for changes in such price due to the respective terms of any such Option, and subject to the absolute discretion of the Board.

11.6 The grant of Options under the Plan shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

12. **Limitations on Transfer:** No Option shall be assignable or transferable by the Grantee to whom granted otherwise than by will or the laws of descent and distribution, and an Option may be exercised during the lifetime of the Grantee only by such Grantee or by such Grantee's guardian or legal representative. The terms of such Option shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee.

13. **Restricted Stock Units**:

13.1 Subject to the sole and absolute discretion and determination of the Committee, the Committee may decide to grant under this Plan, in addition to, or instead of, any grant of Options, Restricted Stock Unit(s) ("**RSU(s)**"). A RSU is a right to receive a Share of the Company, under certain provisions, for a consideration of no more than the underlying Share's nominal value. In addition, upon the lapse of the vesting period of a RSU, such RSU shall automatically vest into an Exercised Share of the Company and the Grantee shall pay to the Company its purchase price.

13.2 Unless determined otherwise by the Committee, in the event of a Cessation of Employment, all RSUs theretofore granted to such Grantee when such Grantee was an employee, director, service provider, consultant or constructor of the Company, as the case may be, that are not vested on the Date of Cessation, shall terminate immediately and have no legal effect.

Notwithstanding the foregoing provisions of this Section 13, the Committee shall have the discretion, exercisable either at the time an RSU is granted or thereafter, to permit an unvested RSU to continue to vest into an Exercised Share, during the applicable Vesting Period even following the Date of Cessation, with respect to one or more additional installments in which the Grantee would have vested under the RSU had the Grantee continued in the employ or service of the Company.

Notwithstanding the foregoing provisions of this Section 13, and for the avoidance of doubt, the transfer of a Grantee from the employ or service of the Company to the employ or service of an affiliate, or from the employ or service of an affiliate to the employ or service of the Company or another affiliate, shall not be deemed a termination of employment or service for purposes hereof.

13.2 All other terms and conditions of this Plan applicable to Options, shall apply to RSUs, *mutatis mutandis*.

14. **Term and Amendment of the Plan**:

14.1 The Plan shall terminate upon the earliest of (i) the expiration of the ten (10)-year period measured from the date the Plan was adopted by the Board, or (ii) the termination of all outstanding Options in connection with a Corporate Transaction. All Options outstanding at the time of a clause (i) termination event shall continue to have full force and effect in accordance with the provisions of the Plan and the documents evidencing such Options.

14.2 Subject to applicable laws and regulations, the Board in its discretion may, at any time and from time to time, amend this Plan, including effecting the following amendments without the approval of the Shareholders of the Company: (i) expanding the class of participants eligible to participate in the Plan; and/or (ii) expanding the types of options or awards provided under the Plan and/or (iii) extending the duration of the Plan. However, no amendment or modification shall adversely affect any rights and obligations with respect to Options at the time outstanding under the Plan, unless the applicable Grantee consents to such amendment or modification.

15. **Withholding and Tax Consequences:** The Company's obligation to deliver Shares upon the exercise of any Options granted under the Plan shall be subject to the satisfaction of all applicable income tax and other compulsory payments withholding requirements. All tax consequences and obligations (of the Company or the Grantee or the Trustee) regarding any other compulsory payments arising from the grant or exercise of any Option, from the payment for, or the subsequent disposition of, Shares subject thereto or from any other event or act (of the Company or the Grantee or the Trustee) hereunder, shall be borne solely by the Grantee, and the Grantee shall indemnify the Company and/or the Trustee, as applicable, and hold them harmless against and from any and all liability for any such tax or other compulsory payment, or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax or other compulsory payment from any payment made to the Grantee.

16. **Miscellaneous:**

16.1 Continuance of Employment. Neither the Plan nor the grant of an Option thereunder shall impose any obligation on the Company to continue the employment or service of any Grantee. Nothing in the Plan or in any Option granted thereunder shall confer upon any Grantee any right to continue in the employ or service of the Company for any period of specific duration, or interfere with or otherwise restrict in any way the right of the Company to terminate such employment or service at any time, for any reason, with or without cause.

16.2 Rights Deriving from Employee-Employer Relationship. Any gain or income credited or attributable to a Grantee (or deemed as such) as a result of this Plan will not be taken into account when calculating the basis for entitlement of the Grantee to any social rights or benefits, or any other benefits deriving from an employee-employer relationship between the Grantee and the Company.

16.3 Governing Law. The Plan and all instruments issued thereunder or in connection therewith, shall be governed by, and interpreted in accordance with, the laws of the State of Israel.

16.4 Use of Funds. Any proceeds received by the Company from the sale of Shares pursuant to the exercise of Options granted under the Plan shall be used for general corporate purposes of the Company.

16.5 Multiple Agreements. The terms of each Option may differ from other Options granted under the Plan at the same time, or at any other time. The Committee may also grant more than one Option to a given Grantee during the term of the Plan, either in addition to, or in substitution for, one or more Options previously granted to that Grantee. The grant of multiple Options may be evidenced by a single Notice of Grant or multiple Notices of Grant, as determined by the Committee.

16.6 Non-Exclusivity of the Plan. The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

ADDENDUM

Terms of Options Granted to U.S. Persons

1. Purpose of the Addendum

This Addendum is part of the Plan. All terms not otherwise defined herein shall have the meaning ascribed to them in the Plan. This Addendum governs grants of Options to U.S. Persons (as defined below).

2. Provisions of the Addendum

In connection with U.S. Persons, the provisions of this Addendum shall supersede and govern in the case of any inconsistency between the provisions of this Addendum and the provisions of the Plan, provided, however, that this Addendum shall not be construed to grant to any Grantee rights not consistent with the terms of the Plan, unless specifically provided herein.

3. Eligibility

The individuals who shall be eligible to receive Option Grants under the Plan that are subject to the provisions of this Addendum shall be employees, directors and other individuals and entities who are United States citizens or who are resident aliens of the United States for United States federal tax purposes (collectively, "**U.S. Persons**"), and who render services to the management, operation or development of the Company or a Subsidiary and who have contributed or may be expected to contribute materially to the success of the Company or a Subsidiary. ISOs (as defined in Section 4 below) shall not be granted to any individual who is not an employee of a corporation for United States federal tax purposes. The term "**Subsidiary**" as used in this Addendum means a corporation or other business entity of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent or more of the total combined voting power of all classes of stock.

4. Terms and Conditions of Options

Every Option granted to a U.S. Person shall be evidenced by a written Notice of Grant in such form as the Committee shall approve from time to time, specifying the number of Shares that may be purchased pursuant to the Option, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an incentive stock option ("**ISO**") or a nonqualified stock option ("**NSO**") and such other terms and conditions as the Committee shall approve, and containing or incorporating by reference the following terms and conditions. The Plan and this Addendum shall be administered in such a manner as to permit those Options granted hereunder and specially designated as an ISO to qualify as incentive stock options as described in Section 422 of the Code. To the extent the Committee determines it to be desirable to qualify Options granted under this Addendum as "peformance-based compensation" within the meaning of Section 162(m) of the Code, grants of such Options shall be administered by a committee of two or more "outside directors" within the meaning of Section 162 (m) of the Code and shall be made in accordance with the requirement s of the "performance-based compensation" exception of Section 162 (m) and the regulations thereunder.

(a) Duration. Each Option shall expire no later than ten (10) years from its date of grant. No ISO granted to a Grantee who owns (directly or under the attribution rules of Section 424(d) of the Code) shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company or any Subsidiary shall expire later than five (5) years from its date of grant.

(b) Exercise Price. The exercise price of each Option shall be as specified by the Committee in its discretion; provided, however, that the price shall be at least 100 percent of the Fair Market Value (as hereinafter defined) of the Shares on the date on which the Board grants the Option, which shall be considered the date of grant of the Option for purposes of fixing the price; and provided, further, that the price with respect to an ISO granted to a Grantee who at the time of grant owns (directly or under the attribution rules of Section 424(d) of the Code) shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company or of any Subsidiary shall be at least 110 percent of the Fair Market Value of the Shares on the date of grant of the ISO. For purposes of the Plan, except as may be otherwise explicitly provided in the Plan or in any Notice of Grant, the "**Fair Market Value**" of a Share at any particular date shall be determined according to the following rules: (i) if the Shares are not at the time listed or admitted to trading on a stock exchange, the Fair Market Value shall be the closing price of the Shares on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Board and regularly reporting the price of the Shares in such market; provided, however, that if the price of the Shares is not so reported, the Fair Market Value shall be determined in good faith by the Board, which may take into consideration (1) the price paid for the Shares in the most recent trade of a substantial number of shares known to the Board to have occurred at arm's length between willing and knowledgeable investors, (2) an appraisal by an independent party or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect; or (ii) if the Shares are at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the mean between the lowest and highest reported sale prices (or the highest reported bid price and the lowest reported asked price) of the Shares on the date in question on the principal exchange, on which the Shares are then listed or admitted to trading. If no reported sale of Shares takes place on the date in question on the principal exchange, then the most recent previous reported closing sale price of the Shares (or, in the Board's discretion, the reported closing asked price) of the Shares on such date on the principal exchange, shall be determinative of Fair Market Value.

(c) Notice of ISO Stock Disposition. The Grantee must notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any Shares issued upon exercise of an ISO before the later of (i) the second anniversary of the date of grant of the ISO or (ii) the first anniversary of the date the shares were issued upon his exercise of the ISO.

5. Requirements of Law

(a) The Company shall not be required to transfer Shares or to sell or issue any Shares upon the exercise of any Option if the issuance of such Shares will result in a violation by the Grantee or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended from time to time (the "**Securities Act**"), upon the exercise of any Option, the Company shall not be required to issue Shares unless the Committee has received evidence satisfactory to it to the effect that the holder of the Option will not transfer such shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that registration is not required. Any determination in this connection by the Committee shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the exercise of an Option to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.

(b) All other provisions of this Addendum and the Plan notwithstanding, this Addendum and the Plan shall be administered and construed so as to avoid any person who receives an Option grant incurring any adverse tax consequences under Internal Revenue Code Section 409A. The Committee shall suspend the application of any provisions of the Plan which could, in its sole determination, result in an adverse tax consequence to any person under Internal Revenue Code Section 409A.

6. Tax Withholding

To the extent required by law, the Company shall withhold or cause to be withheld income and other taxes with respect to any income recognized by a Grantee by reason of the exercise of an Option, and as a condition to the receipt of any Option the Grantee shall agree that if the amount payable to him by the Company and any Subsidiary in the ordinary course is insufficient to pay such taxes, then he shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax.

Exhibit 99.1(b)

APPENDIX B

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (the "**Agreement**") is made and entered into on this 3rd day of September, 2009 by and among **RETALIX LTD**., a company incorporated under the laws of the State of Israel, of 10 Zarhin Street, Ra'anana 43000, Israel (the "**Company**"), the investors set forth on the signature page hereto (the "**Investors**") and Eli Gelman and Avinoam Naor, acting together as the Investors' representatives (the "**Investors' Representatives**"). Capitalized terms used but not otherwise defined shall have the meaning ascribed in Section 1.1 hereof.

RECITALS

A. The Board of Directors of the Company has (i) determined that it is in the best interests of the Company to enter into, deliver and perform this Agreement, the Related Agreements and the transactions contemplated hereby and thereby; (ii) approved this Agreement and the Related Agreements and the transactions contemplated hereby and thereby; and (iii) determined to recommend that the shareholders of the Company vote to approve the Shareholders Resolution.

B. The Investors desire to purchase, and the Company desires to issue and sell to the Investors, Purchased Shares in consideration for the investment by the Investors of the Actual Investment Purchase Price, all as set forth in and subject to the terms and conditions of this Agreement.

C. Concurrently with the execution and delivery of this Agreement, and as an inducement to the Investors to enter into this Agreement: (i) each of the Investors and/or Ronex Holdings L.P. ("**Ronex**"), as the case may be, are entering into Share Purchase Agreements for the sale and purchase of the Company Shares held by the Company's Founders, in the forms attached hereto as **Exhibits A-1 and A-2** (the "**Founders SPAs**"), and shall be depositing in escrow at the Pre-Closing their applicable deliverables with the Escrow Agent pursuant to Escrow Agreement; (ii) the Investors and Ronex are entering into a Shareholders Agreement, in the form attached hereto as **Exhibit B** (the "**Shareholders Agreement**"); and (iii) each of the Founders and Ronex are executing a voting undertaking and irrevocable proxy pursuant to which the Company Shares beneficially owned by them shall be voted in favor of the approval of this Agreement, the Related Agreements and the transactions contemplated thereby and other matters set forth therein.

D. Concurrently with the execution and delivery of this Agreement and as a material condition and inducement to the Company to enter into this Agreement, the Investors shall deposit an aggregate amount equal to the Maximum Investment Purchase Price at the Pre-Closing, with Clal Finance Betucha Investment Management Ltd. (the "**Tender Offer Agent**") and Clal Finance Trustees 2007 Ltd. (the "**Escrow Agent**") to be held pursuant to an Escrow Agreement in the form attached hereto as **Exhibit C** (the "**Escrow Agreement**").

E. The Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(2) of the Securities Act and Rule 506 of Regulation D as promulgated by the SEC under the Securities Act, or, in the alternative, Rule 903 of Regulation S promulgated by the SEC under the Securities Act.

F. The Company and the Investors desire to make certain representations, warranties, covenants and other agreements in connection with the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and other promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 **Definitions.** For all purposes of this Agreement, the following terms shall have the following respective meanings:

(a) "**Actual Investment Purchase Price**" shall mean the product of the Purchased Shares multiplied by the Price Per Share.

(b) **"Actual Tender Offer Purchase Price"** shall mean the product of the actual number of Tender Offer Shares purchased pursuant to the Tender Offer multiplied by the Price Per Share.

(c) "**Adjustment Shares**" such number of Company Shares, that together with (i) the Tender Offer Shares, if any; (ii) the Initial Purchased Shares; (iii) the Company Shares actually purchased by the Investors from the Founder at the Closing and (iv) the Company Shares beneficially held by or on behalf of the Investors on the date hereof (being 622,843), will constitute 20% of the Company's issued and outstanding share capital as of the Closing Date, after giving effect to the issuance of the Adjustment Shares.

(d) "**affiliate**" (and words of similar import) shall mean as set forth in Rule 405 promulgated under the Securities Act.

(e) "**Agreement**" shall have the meaning set forth in the recitals of this Agreement.

(f) "**Acquisition Proposal**" shall mean any offer or proposal (other than an offer or proposal by the Investors or their respective affiliates), oral or written, relating to any Acquisition Transaction.

(g) "**Acquisition Transaction**" shall mean any transaction or series of related transactions, other than the transactions contemplated by this Agreement, involving: (i) any merger, exchange, consolidation, business combination, plan of arrangement, issuance of securities, acquisition of securities, reorganization, recapitalization, takeover offer, tender offer, exchange offer or other similar transaction in which any member of the Company Group is a constituent corporation, and (A) in which a Person or "group" (as defined in the Exchange Act and the rules promulgated thereunder) of Persons directly or indirectly acquires beneficial or record ownership of securities representing 5% or more of the outstanding securities of any class of voting securities or debt securities of any member of the Company Group; or (B) in which any member of the Company Group issues securities representing 5% or more of the outstanding securities of any class of voting securities of any member of the Company Group or debt securities; (ii) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 5% or more of the consolidated net revenues, consolidated net income or consolidated assets (including for this purpose the outstanding equity securities of the Company's Subsidiaries) of the Company Group (but other than in the ordinary course of business consistent with past practice); (iii) any financing transaction (whether debt, equity or a combination thereof, including by way of a purchase or the restructuring of the Company's existing debts, but other than in the ordinary course of business consistent with past practice); or (iv) any liquidation or dissolution of any material member of the Company Group.

(h) "**Antitrust Laws**" shall mean the RTPL and other comparable foreign competition laws that the parties reasonably determine to apply.

(i) "**Business Day**" shall mean each day that is not a Friday, Saturday, Sunday or holiday on which banking institutions located in New York, New York or Tel Aviv, Israel are obligated by law or executive order to close.

(j) "**Charter Documents**" shall have the meaning set forth in Section 3.1(b) hereof.

(k) "**Closing**" shall have the meaning set forth in Section 2.3 hereof.

(l) "**Closing Date**" shall have the meaning set forth in Section 2.3 hereof.

(m) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

(n) "**Companies Law**" shall mean the Israeli Companies Law, 5759-1999 together with the regulations promulgated thereunder, as amended.

(o) "**Company**" shall have the meaning set forth in the recitals to this Agreement.

(p) "**Company Employee Plan**" shall mean any plan, program, policy, practice, custom, Contract, agreement (other than Employment Agreements) or other arrangement providing for compensation, severance, termination pay, retirement or pension benefits, deferred compensation, performance awards, shares or equity-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded.

(q) "**Company General Meeting**" shall have the meaning set forth in Section 5.5 hereof.

(r) "**Company General Meeting Notice**" shall have the meaning set forth in Section 5.5 hereof.

(s) "**Company Group**" shall mean collectively, the Company and its Subsidiaries.

(t) "**Company Options**" shall mean all issued and outstanding options (including commitments to grant options) to purchase or otherwise acquire Company Shares (whether or not vested) held by any person or entity.

(u) "**Company Shares**" shall mean the Ordinary Shares, par value NIS 1.00 per share, of the Company.

(v) "**Company Source Code**" shall mean any source code for any Intellectual Property of the Company that is software and any proprietary or confidential information or algorithms related to such source code that are in human-readable form and any proprietary manufacturing or design files.

(w) "**Contract**" shall mean any written or oral agreement, contract, subcontract, lease, binding understanding, instrument, note, bond, mortgage, indenture, option, warranty, purchase order, license, sublicense, benefit plan, obligation, commitment or undertaking of any nature.

(x) "**Disclosure Schedule**" shall have the meaning set forth in ARTICLE III hereof.

(y) "**Employee**" means any current employee, consultant or director of the Company or any ERISA Affiliate.

(z) "**Employment Agreement**" shall mean each management, employment, severance, consulting, relocation, repatriation, expatriation, collective agreement or arrangement or other Contract between the Company or any ERISA Affiliate and any Employee.

(aa) "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

(bb) "**ERISA Affiliate**" means any Subsidiary of the Company or other Person or entity under common Control with the Company or any Subsidiary of the Company within the meaning of Section 414(b), (c), (m) or (o) of the Code.

(cc) "**Escrow Agent**" shall mean as set forth in the recitals to this Agreement.

(dd) "**Escrow Agreement**" shall mean as set forth in the recitals to this Agreement.

(ee) "**Exchange Act**" shall mean the United States Securities Exchange Act of 1934, as amended.

(ff) "**Final Tender Offer Date**" shall mean the date the Tender Offer is finally expired or terminated (whichever occurs earlier).

(gg) "**Founder(s)**" shall mean Messrs. Barry Shaked and/or Brian Cooper.

(hh) "**GAAP**" shall mean generally accepted accounting principles in the United States consistently applied.

(ii) "**Governmental Entity**" shall have the meaning set forth in Section 3.5(b) hereof.

(jj) "**Initial Purchased Shares**" means such number of Company Shares vesting in the Investors a "control block" ('*dvukat shlita*') within the meaning of the Companies Law as of the Closing Date, taking into account (i) the Company Shares beneficially held by or on behalf of the Investors on the date hereof (being 622,843) and (ii) the Company Shares held by Ronex as of the Closing (being 3,253,367) (as of immediately prior to the purchase of Company Shares by Ronex from the Founders) and (iii) the Shareholders Agreement.

(kk) "**Indebtedness**" shall mean any principal, interest, premiums, fees, indemnifications, reimbursement, penalties, damages and other liabilities payable under the documentation governing any such indebtedness, in respect of all indebtedness of the Company Group for money borrowed from third parties, including (i) any obligation of, or any obligation guaranteed by, any member of the Company Group for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other instruments, (ii) all indebtedness of the Company Group due and owing with respect to letters of credit, surety bond, performance bond or other guarantee of contractual performance, (iii) any deferred payment obligation of, or any such obligation guaranteed by, any member of the Company Group for the payment of the purchase price of property or assets evidenced by a note or similar instrument, and (iv) obligation of any member of the Company Group under interest rate and currency swaps, caps, floors, collars or similar agreements or arrangements intended to protect the Company Group against fluctuations in interest or currency rates.

(ll) "**Intellectual Property**" shall mean any or all of the following (i) works of authorship including, without limitation, computer programs, source code, and executable code, whether embodied in software, firmware or otherwise, architecture, documentation, designs, files, records, databases and data, (ii) inventions (whether or not patentable), discoveries, improvements, and technology, (iii) proprietary and confidential information, trade secrets and know how, (iv) databases, data compilations and collections and technical data, (v) logos, trade names, trade dress, trademarks and service marks, (vi) domain names, web addresses and sites, (vii) tools, methods and processes, and (viii) any and all instantiations of the foregoing in any form and embodied in any media.

(mm) "**Intellectual Property Rights**" shall mean all worldwide, whether common law or statutory rights in (i) all patents and patent applications; (ii) copyrights, copyright registrations and copyright applications, "moral" rights and mask work rights; (iii) the protection of trade and industrial secrets and confidential information; (iv) licenses, right of use and other proprietary rights relating to Intellectual Property; (v) trademarks, trade names and service marks; (vi) analogous rights to those set forth above, and (vii) divisions, continuations, renewals, re-issuances and extensions of the foregoing (as applicable).

(nn) "**Investors**" shall mean as set forth in the recitals to this Agreement and any successor or assignee thereof.

(oo) "**Investors' Representative(s)**" shall mean as set forth in the recitals to this Agreement and any successor thereof.

(pp) "**InvestmentCenter**" shall mean the Investment Center of the Israeli Ministry of Industry, Trade and Labor.

(qq) "**Investment Center Approval**" shall mean as set forth in Section 2.5(i) hereof.

(rr) "**ISA**" shall mean the Israeli Securities Authority.

(ss) "**Israeli Securities Law**" shall mean the Israeli Securities Law, 5728 – 1968 and the regulations promulgated thereunder, as amended.

(tt) "**knowledge**" or "**known**" shall mean, with respect to any fact, circumstance, event or other matter in question, the knowledge of such fact, circumstance, event or other matter of (A) an individual, if used in reference to an individual, (B) with respect to any Person (other than the Company Group) that is not an individual, the executive officers of such Person (such individuals are collectively referred to herein as the "**Entity Representatives**"), or (C) with respect to the Company Group, the executive officers of the Company. Any such individual or Entity Representative will have or be deemed to have knowledge of a particular fact, circumstance, event or other matter if (i) such fact, circumstance, event or other matter is actually known to such individual or Entity Representative or is stated in one or more documents (whether written or electronic, including electronic mails sent to or by such individual or Entity Representative) in, or that have been in, the possession of such individual or Entity Representative, or (ii) such individual, when taking into account his or her position and responsibilities, should reasonably be expected to become aware of such fact or other matter in the course of filling such position after conducting reasonable inquiry.

(uu) "**Legal Requirements**" shall mean any Israeli, U.S. federal, state or municipal or foreign law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

(vv) **"Legend Removal Date"** shall have the meaning set forth in Section 5.4 hereof.

(ww) "**Lien(s)**" shall mean any mortgage, pledge, assessment, security interest, lease, lien, easement, covenant, condition, restriction, levy, charge, option, equity, restriction or other encumbrance of any kind, any conditional sale Contract, title retention Contract, voting Contract or Contract relating to the registration, sale or transfer (including Contracts relating to rights of first refusal, co-sale rights or "drag-along" rights) of any capital stock of any member of the Company Group, or other Contract that give rise to any of the foregoing.

(xx) "**Material Adverse Effect**" with respect to the Company Group, taken as a whole, means any change, event, fact, violation, inaccuracy, circumstance or effect (each, an "**Effect**") that, individually or taken together with all other Effects occurring or existing at or about the same time, has or could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties, assets (tangible and intangible), operations or results of operations of the Company Group; provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been or will be, a Material Adverse Effect: (i) changes in general economic or political conditions or financial credit or securities markets in general (including changes in interest or exchange rates) in any country or region in which the Company or its Subsidiaries conduct a material portion of its business, except to the extent such changes affect the Company and its Subsidiaries in a materially disproportionate manner as compared to similarly situated companies or businesses operating in any such country or region, (ii) any events, circumstances, changes or effects that affect the industries in which the Company or its Subsidiaries conduct a material portion of its business, except to the extent such events, circumstances, changes or effects affect the Company and its Subsidiaries in a materially disproportionate manner as compared to similarly situated participants in such industry, (iii) any changes in laws applicable to the Company or any of its Subsidiaries or any of their respective properties or assets or changes in GAAP, in each case, occurring after the date of this Agreement, (iv) acts of war, armed hostilities or terrorism or any escalation or worsening of any acts of war, armed hostilities or terrorism (other than such acts of war, armed hostilities or terrorism, or escalation or worsening thereof, that cause any damage or destruction to, or render physically unusable, any facility or property of the Company or any of its Subsidiaries or otherwise disrupt in any material manner the business or operations of the Company or any of its material Subsidiaries), (v) any decline in the market price or decrease or increase in the trading volume of Company Shares, (vi) any failure to meet internal or published projections, forecasts, or revenue or earning predictions for any period; and (vii) any litigation arising from allegations of a breach of fiduciary duty or violation of other applicable law relating to this Agreement, the Related Agreements or the transactions contemplated herein and therein, or the approval thereof (for the avoidance of doubt, the exceptions in clauses (v) and (vi) shall not prevent or otherwise affect a determination that the underlying cause of such failure is a Material Adverse Effect).

(yy) "**Maximum Investment Purchase Price**" shall mean solely for purposes of calculation of the amount of funds to be deposited pursuant to Section 2.2, $39,339,637, which represents the maximum Purchase Price payable for the Purchased Shares, assuming that (i) no Company Shares are purchased pursuant to the Tender Offer, (ii) no Company Shares are purchased by the Investors from the Founder at the Closing and (iii) the Company's issued and outstanding share capital constitutes of 20,406,363 Company Shares.

(zz) **"Maximum Tender Offer Purchase Price"** shall mean the product of the maximum number of Tender Offer Shares offered to be purchased at the Tender Offer multiplied by the Price Per Share.

(aaa) "**member of the Company Group**" shall mean each of the Company and its Subsidiaries.

(bbb) "**NIS**" shall mean the New Israeli Shekel.

(ccc) "**Option Plans**" shall mean each share option plan, program or arrangement of the Company Group, as amended from time to time.

(ddd) "**Person**" shall mean an individual, a corporation, a partnership, an association, a trust, an enterprise or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

(eee) "**Pre-Closing**" shall have the meaning set forth in Section 5.7(a) hereof.

(fff) "**Pre-Closing Date**" shall have the meaning set forth in Section 5.7(a) hereof.

(ggg) "**Proxy Statement**" shall have the meaning set forth in Section 5.6 hereof.

(hhh) "**Price Per Share**" shall have the meaning set forth in Section 2.1 hereof.

(iii) "**Purchased Securities**" means the Purchased Shares, the Warrants and the Warrant Shares.

(jjj) "**Purchased Shares**" means (i) the Initial Purchased Shares; plus (ii) any Adjustment Shares.

(kkk) **"Registration Rights Agreement"** shall have the meaning set forth in Section 2.4(b) hereof.

(lll) "**Related Agreements**" shall mean the Registration Rights Agreement, the Warrants, the Management Agreement, the Escrow Agreement and any and all other agreements, instruments, certificates or other documents delivered by the Company in connection with the consummation of the transactions contemplated hereby, and the transaction contemplated thereby.

(mmm) "**Remaining Tender Offer Fund**" shall mean as defined in Section 5.7(b) hereof.

(nnn) "**Required Company Shareholder Vote**" shall mean as set forth in Section 3.4(b) hereof.

(ooo) "**Ronex**" shall mean as set forth in the Recitals to this Agreement.

(ppp) "**RTPL**" shall mean the Israeli Restrictive Trade Practices Law, 5748-1988 and the regulations promulgated thereunder.

(qqq) "**SEC**" shall mean the United States Securities and Exchange Commission.

(rrr) "**SEC Documents**" shall have the meaning set forth in Section 3.6(a) hereof.

(sss) "**Securities Act**" shall mean the United States Securities Act of 1933, as amended.

(ttt) **"Shareholders Resolution"** shall have the meaning set forth in Section 5.5(a) hereof.

(uuu) "**Software**" shall mean any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, testing scripts, schematics, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, and (iv) all documentation, including user manuals, training materials and functional specifications or similar documentation relating to any of the foregoing.

(vvv) "**Subsidiary**" shall mean, with respect to any Person, any other Person of which more than 50% of the securities or other ownership interests having by their terms ordinary voting power to elect a majority of the board of directors, or of other Persons performing similar functions, of such other Person is directly or indirectly owned or controlled by such Person, by one or more of such Person's Subsidiaries (as defined in the preceding sentence) or by such Person and any one or more of such Person's Subsidiaries.

(i) "**Warrants**" means, collectively, (i) the 3.5-year warrant to purchase 625,000 Company Shares, at an exercise price of $9.75 per each share, in the form attached hereto as **Exhibit D-1**; (ii) the 4.5-year warrant to purchase 312,500 Company Shares, at an exercise price of $11.10 per each share, in the form attached hereto as **Exhibit D-2**; and (iii) the 4.5-year warrant to purchase 312,500 Company Shares, at an exercise price of $12.10 per each share, in the form attached hereto as **Exhibit D-3**; in each case, subject to adjustments as set forth therein.

(www) "**Warrant Shares**" shall mean the Company Shares issuable upon exercise of the Warrants.

(xxx) "**Tax**" shall mean: (i) all federal, state, local and foreign income, taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation and franchise, environmental, customs duty, share capital, severances, stamp, payroll, social security, national health insurance, employment, unemployment, disability, use, property, withholding, excise, production, value added, together with all interest, linkage for inflation, indexation penalties and other penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions; and (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being or ceasing to be a member of an affiliated, consolidated, combined or unitary group for any period.

(yyy) "**Tax Returns**" shall mean returns, reports and information statements with respect to Taxes required to be filed or actually filed with any authority, including any schedule or attachment thereto, and including any amendment thereof.

(zzz) "**TASE**" shall mean the Tel Aviv Stock Exchange.

(aaaa) "**Tender Offer**" shall mean as set forth in Section 5.7 hereof.

(bbbb) "**Tender Offer Agent**" shall mean as set forth in the recitals to this Agreement.

(cccc) "**Tender Offer Regulations**" shall mean the Securities Regulations (Tender Offer), 5760 – 2000, as amended.

(dddd) "**Tender Offer Shares**" shall mean such number of Company Shares actually purchased by the Investors from the Company's shareholders pursuant to the Tender Offer.

(eeee) "**Transfer Agent**" shall mean American Stock Transfer and Trust Company, or any successor thereof.

1.2 **Other Terms**. Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meanings throughout this Agreement.

1.3 **Other Definitional Provisions.**

(a) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(b) Unless otherwise noted, all references to "$" shall be nominated in U.S. dollars.

ARTICLE II

SALE AND PURCHASE OF SECURITIES

2.1 **Sale and Purchase of Purchased Securities**. At the Closing and subject to the terms and conditions of this Agreement, the Company shall issue and sell to the Investors and the Investor shall purchase from the Company, severally and not jointly (i) the Purchased Shares, in consideration for a price per Purchased Share of $9.10 (the "**Price Per Share**") and (ii) the Warrants, for no additional consideration. The internal allocation of the Purchased Shares and Warrants among the Investors shall be as directed in writing by the Investors to the Company prior to the Closing. To the extent it is required to separate the transactions contemplated hereby for purposes of complying with Section 328 of the Companies Law, then the purchase of Company Shares by the Investors hereunder and the consummation of the other transactions to occur at the Closing as contemplated hereby, shall be deemed to have occur as follows: the Shareholders Agreement and the purchase and sale of the Initial Purchased Shares shall be deemed to have occurred first, and the Tender Offer, sale of Company Shares by the Founders and purchase and sale of Adjustment Shares shall immediately follow.

2.2 **Deposit of Maximum Investment Purchase Price**. At the Pre-Closing, the Investors shall deposit, or shall cause to be deposited, with Tender Offer Agent the Maximum Tender Offer Purchase Price and with the Escrow Agent the Maximum Investment Purchase Price *less* the Maximum Tender Offer Purchase Price, to be held by the Escrow Agent pursuant to the Escrow Agreement. The Maximum Investment Purchase Price is an amount calculated solely for purposes of deposit in escrow and neither this provision, nor the deposit of such amount in escrow by the Investors, shall derogate from the actual results of the Tender Offer, the calculation of the actual number Purchased Shares to be purchased from the Company at the Closing or the calculation of the Actual Investment Purchase Price to be paid by the Investors in consideration for the Purchased Shares. Any amount remaining with the Escrow Agent after release and transfer of the Actual Investment Purchase Price (*less* the Remaining Tender Offer Fund, if applicable) shall be released and transferred to or as instructed by the Investors, by wire transfer of immediately available funds to an account designated or as instructed by the Investors.

2.3 **Closing**. Unless this Agreement is earlier terminated pursuant to Section 7.1 hereof, the consummation of the sale of the Purchased Shares and the Warrants to the Investors (the "**Closing**") will take place at the offices of Meitar, Liquornik, Geva & Leshem, Brandwein, Law Offices, 16 Abba Hillel Road, Ramat Gan, Israel, at a time and date to be designated by the parties, which shall be no later than the third Business Day after the later to occur of: (i) the satisfaction or waiver (to the extent permitted hereunder) of the conditions set forth in **ARTICLE VI** hereof (other than those conditions that by their nature may only be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), and (ii) the Final Tender Offer Date; or at such other time, date and location as the parties hereto shall mutually agree. The date upon which the Closing actually occurs shall be referred to herein as the "**Closing Date**". Except as set forth in Section 2.2, all actions at the Closing and all transactions occurring at the Closing shall be deemed to take place simultaneously and no transactions shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered.

2.4 **Investors' Deliveries at the Closing**. At or prior to the Closing, the Investors shall, severally and not jointly, deliver, or cause to be delivered or released from escrow, as the case may be, to the Company the following, to the extent not previously delivered or released:

(a) Immediately available funds equal to the amount of the Actual Investment Purchase Price, according to the allocation pursuant to Section 2.1, to an account designated in writing by the Company.

(b) A counterpart of the Registration Rights Agreement, in the form attached hereto as **Exhibit E** (the **"Registration Rights Agreement**") duly executed by the Investors.

(c) A counterpart of the Management Services Agreement, in the form attached hereto as **Exhibit F** (the **"Management Agreement**"), duly executed by the Investor party thereto, providing for the payment of annual management fees of $240,000.

(d) An undertaking to the OCS, with respect to the observance by the Investors, as shareholders of the Company, of the requirements of the Israeli Encouragement of Research and Development in Industry Law, 5744 – 1984, if required.

2.5 **Company's Deliveries at the Closing**. At or prior to the Closing, the Company shall deliver, or cause to be delivered or released from escrow, as the case may be, to the Investors the following, to the extent not previously delivered or released:

(a) A certificate, dated as of the Closing Date, duly executed on behalf of the Company by an executive officer thereof certifying as to the aggregate number of Company Shares issued and outstanding as of the Closing Date;

(b) Duly executed irrevocable letter of instructions from the Company to the Transfer Agent, instructing the recordation of the issuance of the Purchased Shares to the Investors and the issuance of share certificate(s) registered in the name of the Investors representing the number of Purchased Shares purchased by the Investors;

(c) Duly executed Warrants in the name of the Investors, dated as of the Closing Date;

(d) Written opinion from legal counsel to the Company addressed to the Investors, in the form attached hereto as **Exhibit G**;

(e) Duly executed counterpart of the Registration Rights Agreement dated as of the Closing Date;

(f) Duly executed counterpart of the Management Agreement;

(g) Duly executed Indemnification Letter, in the form approved by the Company in its Annual General Meeting held on October 7, 2008, in favor of each of the individuals set forth on **Exhibit J**, as a director of the Company, effective as of immediately after the Closing Date;

(h) Resignation letters of the directors set forth on **Exhibit J** hereof, effective immediately after the Closing;

(i) The approval of the Investment Center for the investment contemplated hereunder (the "**Investment Center Approval**") and notice to the OCS in accordance with the Israeli Encouragement of Research and Development in Industry Law, 5744 – 1984;

(j) An approval from the TASE that the Purchased Securities have been registered for trading; and

(k) A copy of the Notice of Listing of Additional Shares in respect of the Purchased Securities duly submitted to NASDAQ.

2.6 **Recapitalization Adjustments**. In the event of any stock split (bonus shares), consolidation, share dividend (including any dividend or distribution of securities convertible into share capital), reorganization, reclassification, combination, recapitalization or other like change with respect to the Company Shares occurring after the date hereof and prior to the Closing, all references in this Agreement to specified price per share, exercise price, numbers of shares and all calculations provided for that are based upon numbers affected thereby, shall be equitably adjusted to the extent necessary to provide the parties the same economic effect as contemplated by this Agreement prior to such event.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to (i) the disclosures set forth in the disclosure schedule attached hereto as **Exhibit H** (the "**Disclosure Schedule**") (each of which disclosures shall clearly indicate the Section and, if applicable, the Subsection of this Article III to which it specifically relates (unless and only to the extent the relevance to other representations and warranties is readily apparent from the actual text of the disclosures), which shall also be deemed to be representations and warranties made by the Company to the Investors under this Article III, and (ii) other than with respect to Sections 3.2(b), 3.4 3.5 and 3.19, the information publicly disclosed by the Company under the SEC Documents, which shall also be deemed to be representations and warranties made by the Company to the Investors under this Article III if and to the extent such information qualifies any representations and warranties made by the Company, the Company hereby represents and warrants, on behalf of and with respect to each member of the Company Group, to the Investors, as follows:

3.1 **Organization of the Company.**

(a) Each material member of the Company Group is duly organized, validly existing and, to the extent that such jurisdiction recognizes the concept of good standing, in good standing under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to own its properties and to carry on its business as currently conducted.

(b) The Company's Memorandum of Association and Articles of Association, as filed in the SEC Documents (collectively, the "**Charter Documents**"), are in full force and effect on the date hereof. Neither member of the Company Group is in material violation of any of the provisions of its respective Charter Documents or equivalent organizational documents, as the case may be.

3.2 **Company Capital Structure.**

(a) The registered share capital of the Company is NIS 30,000,000 divided into 30,000,000 Company Shares, of which 20,406,363 Company Shares are issued and outstanding as of August 31, 2009. No Company Shares are dormant shares and no shares are held in treasury by any member of the Company Group. All outstanding Company Shares, when issued, were duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights created by statute, the Charter Documents of the Company, or any agreement to which the Company is or was a party or by which it is or was otherwise bound. All outstanding Company Shares and Company Options have been issued (i) in compliance with all applicable securities laws and other applicable Legal Requirements, and (ii) in compliance with all applicable requirements set forth in Contracts. There are no declared or accrued but unpaid dividends with respect to any Company Shares. Except as contemplated hereby, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of shares of the Company to which the Company is a party or by which it is bound, or of which the Company has knowledge. To the Company's knowledge, there are no agreements relating to the registration, sale or transfer (including agreements relating to rights of first refusal, co-sale rights or "drag-along" rights) of any capital stock of the Company, and no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company, other than under the Registration Rights Agreement.

(b) The Purchased Securities have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement or, with respect to the Warrant Shares, in the manner set forth in the Warrants, will be validly issued, fully paid, nonassessable, free and clear of all Liens and duly registered in the name of the Investors in the Company's share register. On the Pre-Closing Date the Company shall have reserved from its duly authorized share capital the maximum number of Company Shares required for the issuance of the Purchased Securities. The Purchased Shares and the Warrant Shares will have the rights, preferences, privileges and restrictions set forth in the Charter Documents. The execution and delivery by the Company of this Agreement, the Related Agreements and the consummation of the transactions contemplated hereby and thereby will not obligate the Company to issue any Company Shares or other securities to any other person or entity and will not result in the adjustment of, or give rise to a right to adjust, the exercise, conversion, exchange or reset price or any other term of any outstanding security. The Company does not have outstanding stockholder purchase rights or "poison pill" or any similar arrangement in effect giving any person or entity the right to receive or purchase any equity interest in the Company upon the occurrence of certain events.

(c) The SEC Documents detail the number of Company Shares reserved for issuance under the Option Plans upon the exercise of Company Options, the Company Shares subject to outstanding and unexercised Company Options and the Company Shares available for issuance thereunder.

(d) Other than as set forth in Sections 3.2(a) and 3.2(c) and the transactions contemplated by this Agreement and the Related Agreements and in the SEC Documents, there are no (i) securities of any member of the Company Group authorized, convertible into or exchangeable for shares of capital stock or voting securities of such member of the Company Group, (ii) options, warrants, calls, rights, convertible securities or other rights to acquire from the member of the Company Group, and no obligation of the member of the Company Group, to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, now or in the future, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of any member of the Company Group, and (iii) equity equivalents, phantom or notional equity interests, interests in the ownership, earnings or price per security of any member of the Company Group or other similar rights in the equity of any member of the Company Group. The execution, delivery and performance by the Company of this Agreement and any Related Agreement to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, will not result in or give rise to an obligation of the Company to grant, extend, accelerate the vesting of, change the price of, otherwise amend the terms of, any such options, warrants, calls, rights, convertible securities or other rights to acquire from the member of the Company Group.

(e) There are no bonds, debentures, notes or other indebtedness of any member of the Company Group (i) granting the holder thereof the right to vote on any matters on which shareholders may vote (or which is convertible into, or exchangeable for, securities having such right) or (ii) the value of which is in any way based upon or derived from capital or voting share capital of the Company, are issued or outstanding as of the date hereof.

(f) No member of the Company Group has agreed, is obligated to make, or is bound by any Contract under which it may become obligated to make any future investment in, or capital contribution to, any Person.

3.3 **Subsidiaries.** The SEC Documents lists each of the Company's material Subsidiaries.

3.4 **Authority.**

(a) The Company has taken any and all action necessary under all applicable Legal Requirements and the Charter Documents and has all requisite corporate power and authority to enter into and deliver this Agreement and any Related Agreements to which it is a party and, subject to obtaining the approval by the Required Company Shareholder Vote with respect to the Shareholder Resolution, to consummate the transactions contemplated by this Agreement and the Related Agreements. Subject to the foregoing, the execution and delivery of this Agreement and any Related Agreements to which the Company is a party and the consummation of the transactions contemplated by this Agreement and the Related Agreements have been duly authorized by all necessary corporate action on the part of the Company and no further action is required on the part of the Company to authorize the Agreement and any Related Agreements to which it is a party and the transactions contemplated hereby and thereby.

(b) The sufficient shareholders' vote necessary to approve the Agreement, the Related Agreements and the transactions contemplated hereby and thereby, is the affirmative vote of majority of the Company Shares present and voting at the Company General Meeting at which a quorum is present, provided that (i) such a majority includes at least one-third (1/3) of the Company Shares held by shareholders participating in the vote who do not have a "personal interest" (as defined in the Companies Law) in the approval of such transactions; or (ii) the Company Shares voting against the approval of such transactions and held by shareholders who do not have a "personal interest" as aforesaid do not exceed one percent (1%) of the outstanding voting rights of the Company (the "**Required Company Shareholder Vote**"). The quorum required for the Company General Meeting consists of two or more holders of Company Share (present in person or by proxy at the Company General Meeting) and holding Company Share conferring in the aggregate twenty-five percent (25%) or more of the voting power in the Company. No statutory vote of: (i) any creditor of the Company, or (ii) any holder of any Company Options, is necessary in order to approve this Agreement, the Related Agreements and the transactions contemplated hereby and thereby.

(c) The Board of Directors of the Company and its Audit Committee, by resolutions duly adopted at duly held meetings (and not thereafter modified or rescinded) by the vote of the Board of Directors of the Company and the Audit Committee, have (i) determined that it is in the best interests of the Company to enter into, deliver and perform this Agreement, the Related Agreements and the transactions contemplated hereby and thereby; (ii) approved and adopted this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby; and (iii) directed that the matters set forth in the Shareholder Resolution be submitted to the vote of the shareholders of the Company and recommended that the Company's shareholders grant such approval.

(d) This Agreement has been, and each of the Related Agreements to which the Company is a party will be as of their dates of execution, duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligations of the Company enforceable against it in accordance with their respective terms, except as such enforceability may be limited by principles of public policy and subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

3.5 **No Conflicts; Consents.**

(a) The execution, delivery and performance by the Company of this Agreement and any Related Agreement to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, will not conflict with or result in any violation of or default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under (i) any provision of the Charter Documents of the Company or the equivalent organizational documents of any of the Company's Subsidiaries, subject to obtaining the Required Company Shareholder Vote, (ii) any law, rule, regulation, order, judgment or decree applicable to the Company or by which any of its material properties is bound or affected, subject to obtaining the Required Company Shareholder Vote and compliance with the requirements and receipt of the approvals and consents set forth in Section 3.5 (a) of the Disclosure Schedule, (iii) any material contract, or (iv) any material judgment, order, decree, statute, law, ordinance, rule or regulation applicable to any member of the Company Group or any of its properties or assets. The execution and delivery by the Company of this Agreement, and any Related Agreement to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, will not result in the creation of any Lien on any of the properties or assets of the Company.

(b) Other than as listed in Section 3.5(b) of the Disclosure Schedule, the execution and delivery by the Company of this Agreement and any Related Agreement to which the Company is a party, and the consummation of the transactions contemplated hereby and thereby, will not require any consent, waiver, exemption, approval, order or authorization or permit of, declaration or filing with or notification to, any United States, Israeli, or foreign court, administrative agency, commission, federal, states, local, governmental or regulatory authority (a "**Governmental Entity**") with respect to the Company.

(c) Section 3.5(b) of the Disclosure Schedule sets forth all necessary consents, waivers and approvals of parties to any Contract as are required thereunder in connection with the execution and delivery of this Agreement and the Related Agreements and their performance of the transactions contemplated hereby and thereby, or for any such Contract to remain in full force and effect without limitation, modification or alteration after the Pre-Closing so as to preserve all rights of, and benefits to, the Company Group under such Contract after the Pre-Closing.

3.6 **SEC Documents; Financial Statements.**

(a) The Company is a "foreign private issuer" (as such term is defined in the rules and regulations under the Securities Act and the Exchange Act). The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission promulgated thereunder.

(b) The Company has filed with or furnished to the SEC, TASE and the ISA true and complete copies of all reports, schedules, forms, statements and other documents required to be filed with or furnished under the Securities Act, the Exchange Act and the Israeli Securities Law and the respective applicable rules and regulations thereof since January 1, 2007 (the "**SEC Documents**"), on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. Each of the SEC Documents (including the financial statements or schedules included therein) as of the respective date thereof (or, if amended or superseded by a filing or submission, as the case may be, prior to the Pre-Closing Date, then on the date of such filing or submission, as the case may be), do not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Each Reporting Document complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act, the Sarbanes-Oxley Act of 2002, the Israeli Securities Law, as the case may be, and the respective applicable rules and regulations thereunder.

(c) As of their respective dates (or if amended prior to the date of this Agreement, as of the date of such amendment), the financial statements of the Company included in the SEC Documents, including any related notes thereto, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, fairly present, in all material, the consolidated financial position of the Company, as of the dates indicated therein and the consolidated results of its operations and cash flows for the periods therein specified, subject, in the case of unaudited financial statements for interim periods, to normal year-end audit adjustments, and are consistent with the books and records of the Company (which books and records are correct and complete). Except as set forth in the financial statements of the Company included in the SEC Documents, neither the Company nor any of its Subsidiaries has incurred any material liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, is material.

(d) The Company has established and maintains disclosure controls and procedures and internal controls over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended. The Company is otherwise in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated thereunder.

(e) Except (a) as reflected or reserved against in the Company's financial statements (as restated, or the notes thereto) included in the SEC Documents filed with or furnished to the SEC and publicly available prior to the date of this Agreement, and (b) liabilities or obligations incurred in the ordinary course of business since the date of such financial statements, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet (or the notes thereto) of the Company and its Subsidiaries.

3.7 **Absence of Certain Changes**. Except as set forth in Section 3.7 of the Disclosure Schedule and/or in the SEC Documents, from and after December 31, 2008 and through the date hereof, the Company has not:

(a) Suffered any loss to its property or incurred any material damage, award or judgment for injury to the property or business of others or for injury to any Person;

(b) Made any material increase in the rate of compensation, commission, bonus or other remuneration payable to any of its directors, officers, or key employees, other than in the ordinary course of business;

(c) Incurred any Indebtedness or any other kind of liabilities (contingent or otherwise), other than trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice;

(d) Sold, assigned, licensed, leased or transferred any material asset, other than in the ordinary course of business;

(e) Made any change in its accounting methods, policies, practices or principles other than as required under GAAP, or made any change in any material election in respect of Taxes, adoption or change in any accounting method in respect of Taxes, agreement or settlement of any claim or assessment in respect of Taxes, or extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;

(f) Issued, pledged, encumbered, sold or disposed of any of its securities other than issuances of Company Shares upon exercise of Company Options under the Option Plans;

(g) Declared, set aside, paid or made any dividend or other distribution with respect to any of its share capital, or otherwise redeemed, repurchased or acquired any share capital or other securities of the Company;

(h) Subjected any of its material assets or properties to any Lien or permitted any of its material assets or properties to be subjected to any Lien;

(i) Entered into any transaction with any affiliate, director, officer or shareholder (other than the payment of ordinary course compensation);

(j) Entered into any Contract that involves the exclusive license of any intellectual property of the Company or its Subsidiaries;

(k) Purchased any real property or entered into any lease therefor (including any capitalized lease obligations) other than purchases or leases in the ordinary course of business;

(l) Suffered any other event which has caused, or is reasonably likely to cause a Material Adverse Effect; or

(m) Entered into an agreement by any member of the Company Group, or, to the Company's knowledge, by any officer on behalf of any member of the Company Group, to do any of the things described in the preceding sub-sections (other than transactions contemplated by this Agreement and the Related Agreements).

3.8 **Contracts**. The material contracts to which the Company is a party have been duly and validly authorized, executed and delivered by the Company or any Subsidiary, as the case may be, and constitute the legal, valid and binding agreements of the Company or such Subsidiary, as the case may be, enforceable by and against them in accordance with their respective terms. Each member of the Company Group and, to the Company's knowledge, the other party thereto has performed and is in compliance with all material obligations required to be performed by it or complied with to date under such material contracts. Following the Pre-Closing, the Company will be permitted to exercise all of its rights under the material contracts without the payment of any additional amounts or consideration other than ongoing fees, royalties or payments which the Company would otherwise be required to pay pursuant to the terms of such material contracts had the transactions contemplated by this Agreement not occurred.

3.9 **Properties and Assets.**

(a) The Company and each Subsidiary owns and has good and marketable title and interest to, or has obtained valid and enforceable leases or otherwise rights to use, all the properties and assets, real and personal described as owned by it in the consolidated financial statements included in the SEC Documents, used in, required for, and necessary to the conduct of its respective business as currently conducted and as proposed to be conducted. The property and assets owned by the Company Group are free and clear of all Liens, except (i) those, if any, reflected in the SEC Documents, or (ii) such imperfections of title and non-monetary Liens as do not and will not detract, in any material respect, from or interfere with the use of the properties subject thereto or affected thereby, or otherwise impair, in any material respect, business operations involving such properties.

(b) The Company and each Subsidiary hold their respective leased properties under valid and binding leases.

3.10 **Intellectual Property.**

(a) The Company Group owns all right, title and interest in, or has obtained valid and enforceable licenses or other rights to use, free and clear of all Liens, all Intellectual Property and Intellectual Property Rights used in, required for, or which otherwise is material to the conduct of its respective business as currently conducted and as proposed to be conducted (such Intellectual Property and Intellectual Property Rights, the "**Material Intellectual Property**"), without, to the knowledge of the Company, infringing upon, misappropriating, or violating any third party rights. No member of the Company Group has received any written notice or claim challenging or questioning the validity or enforceability of any Material Intellectual Property or indicating an intention on the part of any Person to bring a claim that any Material Intellectual Property is invalid, unenforceable or has been misused, nor, to the knowledge of the Company, is there any basis for any of the foregoing. To the knowledge of the Company, there are no third parties who have any rights to any Material Intellectual Property that is owned by, or has been licensed to, the Company or each Subsidiary that would preclude the Company or any Subsidiary from conducting its business as currently conducted and as proposed to be conducted that are reasonably expected to result in a Material Adverse Effect.

(b) To the knowledge of the Company, no Person is infringing or misappropriating, and no Intellectual Property or Intellectual Property Right owned or used by any other Person is infringing or misappropriating, any Material Intellectual Property.

(c) Each existing and currently developed, manufactured and marketed Software product: (i) does not contain, or is not derived in any manner (in whole or in part) from, or developed with the assistance of, any Software that is distributed as free Software, open source Software or similar licensing or distribution models (including but not limited to the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL) the Sun Industry Standards License (SISL) and the Apache License) ("**Open Source Materials**"); and (ii) to the knowledge of the Company, does not require as a condition of use, modification and/or distribution of such Software that such Software or other Software incorporated into, derived from or distributed with such Software be disclosed or distributed in source code form, licensed for the purpose of making derivative works, or redistributable at no charge.

(d) Each member of the Company Group has taken and takes such action to maintain and protect the Company's rights in and the confidentially of each item of the Material Intellectual Property and all confidential information of the Company Group, which actions are reasonable and customary in the industry in which the Company Group operates. To the knowledge of the Company, any and all Material Intellectual Property which has been developed, is currently being developed, or will be developed by any former or current Employee in the course of its engagement with the Company Group shall be the property solely of the Company Group. To the Company's knowledge, it is not and will not become necessary to utilize any inventions of any of the Company's present and former Employees made prior to their engagement with the Company Group, other than those that have been fully assigned to the Company Group.

(e) No member of the Company Group nor any Person acting on its behalf, has disclosed delivered or licensed to any Person, agreed to disclose, deliver or license to any Person any Company Source Code, other than pursuant to disclosure or delivery that is held in escrow and subject to customary release conditions. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time or both) has resulted, or would reasonably be expected to result, in the disclosure or delivery by or on behalf of any member of the Company Group of any Company Source Code.

3.11 **Employee Matters and Benefit Plans.**

(a) Other than as disclosed in the SEC Documents, each member of the Company Group (including any applicable ERISA Affiliate) (i) is in compliance in all material respects with applicable Legal Requirements and contracts relating to employment, employment practices, wages, bonuses and other compensation matters and terms and conditions of employment related to its Employees; (ii) has performed in all material respects all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of any material default or violation by any other party to each Company Employee Plan and Employment Agreement. Each Company Employee Plan and Employment Agreement has been established, maintained and administered in all material respects in accordance with its terms and in any applicable Legal Requirements, (including ERISA). As of the date hereof, there are no audits, inquiries or proceedings pending or, to the Company's knowledge, threatened by any Governmental Entity (including any Tax authority) with respect to any Company Employee Plan. No Company Employee Plan has unfunded liabilities (other than routine payments, deductions or withholdings to be timely made in the normal course of business and consistent with past practice), that as of the Pre-Closing, will not be offset by insurance or fully accrued.

(b) No ERISA Affiliate of the Company has ever maintained, established, sponsored, participated in, contributed to, or is obligated to contribute to, or otherwise incurred any obligation or liability (including any contingent liability) under any "multiemployer plan", as defined in Section 3(37) of ERISA, any plan subject to Title IV of ERISA or Section 412 of the Code, any multiple employer plan (as defined in ERISA or the Code), or any "funded welfare plan" within the meaning of Section 419 of the Code. Any Company Employee Plan intended to be qualified under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code has either timely applied for or obtained a favorable determination, notification, advisory and/or opinion letter, as applicable, as to its qualified status from the IRS. For each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code, there has been no event, condition or circumstance that has adversely affected or is likely to adversely affect such qualified status, except such events, conditions or circumstances which could be corrected without such ERISA Affiliate incurring a material liability. No Company Employee Plan provides health benefits that are not fully insured through an insurance contract.

(c) No Company Employee Plan provides, or reflects or represents any liability material to the Company and its Subsidiaries to provide post-termination life, health or other welfare benefits to any Person for any reason, except as may be required by Section 601 through 608 of ERISA or other applicable statute.

(d) The Company and each ERISA Affiliate: (i) is not liable for any material arrears of wages or penalties with respect thereto, and (ii) is not liable for any material payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Entity, with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the ordinary course of business and consistent with past practice). Each current Employee of the Company Group is an "at-will" employee.

(e) Without limiting the foregoing sub-paragraphs, solely with respect to Employees who reside or work in Israel, excluding any consultants, directors or other Persons which do not have an "employer – employee relationship" with the Company, as such term is defined in Israeli law ("**Israeli Employees**"): (i) neither the Company nor any Israeli Subsidiary of the Company is a party to any collective bargaining contract, collective labor agreement or other contract or arrangement with a labor union, trade union or other organization or body involving any of its Israeli Employees, neither the Company nor any Israeli Subsidiary of the Company has recognized or received a demand for recognition from any collective bargaining representative with respect to any of its Israeli Employees, and neither the Company nor any Israeli Subsidiary of the Company has or is subject to, and no Israeli Employee of the Company or any Israeli Subsidiary of the Company benefits from, any extension order, other than general extension orders which apply to all employees in Israel, (ii) the Company's or the applicable Israeli Subsidiary of the Company's obligations to provide statutory severance pay to its Israeli Employees pursuant to the Severance Pay Law have been satisfied or have been fully funded by contributions to appropriate insurance funds or accrued on the Company's financial statements, other than routine payments, deductions or withholdings to be timely made in the normal course of business and consistent with past practice, and (iii) all managers insurance policies, pension funds, disability insurance, health insurance, education funds due to the Israel Employees are fully funded by contributions to appropriate insurance funds or paid or accrued on the Company's financial statements other than routine payments, deductions or withholdings to be timely made in the normal course of business and consistent with past practice, and (iv) all reserves for accumulated vacation days are accrued on the Company's financial statements and all reserves for accumulated sick leave due are properly recorded.

(f) As of the date hereof, no work stoppage or labor strike against the Company or any Subsidiary of the Company is pending, or to the knowledge of the Company, threatened. The Company does not have knowledge of any material activities or proceedings of any labor union to organize any Employees. Neither the Company nor any of its Subsidiaries has engaged in any material unfair labor practices within the meaning of the National Labor Relations Act. Neither the Company nor any Subsidiary of the Company is presently, nor has it been in the preceding five years, a party to, or bound by, any collective bargaining agreement or union contract with respect to Employees and no collective bargaining agreement is being negotiated by the Company or any Subsidiary of the Company.

(g) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Company Employee Plan, Employment Agreement, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee.

3.12 **Material Customers; Material Relationships.**

(a) Since December 31, 2007, there has not been (i) any material adverse change in the relationship of any member of the Company Group with any customer, distributor or reseller that was among the five largest costumers, distributors or resellers of the Company Group in the year 2008 or in the 6-months period ending on June 30, 2009, in terms of the amount of revenues in each of the Company's segments (each, a "**Material Customer**"), or (ii) except for changes in volumes or prices in the ordinary course of business consistent with past practice, any change in any material terms (including credit terms) of the agreements with any such Material Customer. During the past three years, no member of the Company Group has received any written customer complaint concerning the business, other than complaints made in the ordinary course of business that, individually or in the aggregate, have not been material. During any quarterly period in the past three years, the number of terminations (for any reason) of customer relationships, by the customers (regardless of the revenues generated from such customers) has not been material.

(b) No Person having a material business relationship with any member of the Company Group has informed any member of the Company Group that such Person, and the Company does not otherwise have reason to believe that any such Person, intends to change such relationship, whether or not as a result of the entering into of this Agreement or the Related Agreements or the consummation of any other transaction contemplated hereby or thereby.

3.13 **Litigation**. Other than as listed in the SEC Documents, there is no material action, suit, claim, injunctions, decrees, orders, judgments or legal proceeding of any nature pending, or, to the knowledge of the Company, threatened, against any member of the Company Group, its properties (tangible or intangible) or any of its current or former Employees, members of management, officers and directors, in their capacities as such. To the Company's knowledge, there is no investigation or other proceeding pending or threatened, against any member of the Company Group, any of its properties (tangible or intangible) or any of its current or former Employees, members of management, officers and directors, in their capacity as such, by or before any Governmental Entity. No Governmental Entity has at any time challenged or questioned the legal right of any member of the Company Group to conduct its operations as currently or previously conducted and as currently proposed to be conducted. The Company has not received any notice (written or oral) from TASE, Nasdaq, or any stock exchange, market or trading facility on which the Ordinary Shares is or has been listed (or on which it has been quoted) to the effect that the Company is not in compliance with the listing or maintenance requirements of such exchange, market or trading facility which has not been since remedied to the satisfaction of such stock exchange.

3.14 **Taxes.**

(a) Other than as described in Section 3.133.14(a) of the Disclosure Schedule, each member of the Company Group has (i) prepared and timely filed all required Tax Returns relating to any and all material Taxes concerning or attributable to the Company Group or its operations, or has lawfully obtained extensions for such filings, and such Tax Returns are or will be true and correct in all material respects and have been or will be completed in accordance with Legal Requirements, and (ii) timely paid all Taxes it is required to pay, whether or not shown on such Tax Returns. Each member of the Company Group has paid or withheld with respect to its Employees and other third parties, all material Taxes required to be paid or withheld, and has timely paid such Taxes withheld over to the appropriate Taxing authority. No member of the Company Group has been delinquent in the payment of any material Tax, nor is there any material Tax deficiency outstanding, assessed or proposed against any member of the Company Group, nor has any member of the Company Group executed any waiver of any statute of limitations on or extending the period for the assessment or collection of any material Tax which remains in effect. No audit or other examination of any Tax Return of any member of the Company Group is in progress, nor has any member of the Company Group been notified of any request for such an audit or other examination. No material adjustment relating to any Tax Return filed by any member of the Company Group has been proposed in writing by any Tax authority to any member of the Company Group or any representative thereof.

(b) All material inter-company payments made to or by any of the members of the Company Group have been calculated in accordance with the provisions of Section 85A of the Israeli Income Tax Ordinance [New Version], 1961, as amended, and the regulations promulgation thereunder, and the Company Group has obtained and maintained documentation with respect to such payments to the extent required thereby.

(c) No member of the Company Group has, within the two years preceding the date of this Agreement, constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code, or been a party to any transaction under Sections 104 or 105 of the Israeli Income Tax Ordinance [New Version], 1961, as amended.

(d) Each member of the Company Group is in compliance with all material terms and conditions of any Tax exemptions, Tax holiday or other Tax reduction agreement, approval or order of any Tax authority and the consummation of the transactions contemplated hereby will not have any Material Adverse Effect on the validity and effectiveness of any such Tax exemptions, Tax holiday or other Tax reduction agreement or order.

(e) Section 3.14(e) of the Disclosure Schedule lists each material Tax incentive subsidy or benefit granted to or enjoyed by any member of the Company Group under the laws of the State of Israel or any other foreign law, the period for which such Tax incentive applies, and the nature of such Tax incentive. Each member of the Company Group has complied with all material Legal Requirements and the relevant approvals to be entitled to claim all such incentives, subsidies or benefits. The consummation of the transactions contemplated hereby will not adversely affect the continued qualification for the incentives, subsidies or benefits or the terms or duration thereof or require any recapture of any previously claimed incentive, subsidy or benefit, and no consent or approval of any Tax authority or any Persons is required prior to the consummation of the transactions contemplated hereby in order to preserve the entitlement of the Company to any such incentive, subsidy or benefit after the Pre-Closing, and which is not reasonably expected to be obtained by the Pre-Closing.

(f) Each member of the Company Group is and has at all times been resident for Tax purposes in its place of incorporation or formation and is not and has not at any time been treated as resident in any other jurisdiction for any Tax purpose (including any Tax treaty or other arrangement for the avoidance of double taxation). No member of the Company Group is, to the best of its knowledge, subject to Tax in any jurisdiction other than its place of incorporation or formation by virtue of having a permanent establishment or other place of business or by virtue of having a source of income in that jurisdiction, except for income earned from services for which any income tax is satisfied through withholding. No member of the Company Group has been informed by any jurisdiction that the jurisdiction believes that such member of the Company Group was required to file any Tax Return that was not filed. No member of the Company Group is, to the best of its knowledge, liable for any Tax as the agent of any other Person and does not constitute a permanent establishment or other place of business of any other Person for any Tax purpose.

(g) The Company did not receive any written notice from any Tax authority that the consummation of the transactions contemplated under this Agreement and the Related Agreements would adversely affect the Company's ability to set off for tax purposes in the future any and all losses accumulated by any member of the Company Group as of the Pre-Closing Date.

(h) All stock transfer or other Taxes (other than income taxes) that are required to be paid in connection with the sale and transfer of the Purchased Securities to be sold to the Investors hereunder and under the Related Agreements will have been or will be fully paid or provided for by the Company on such dates on which the relevant payments are required to be made and all laws imposing such taxes will have been or will be fully complied with on such dates on which such compliance is required.

3.15 **Insurance**. The Company Group maintains such insurance policies of the types and in the amounts adequate for its assets, business, equipment, properties, operations, employees, officers and directors. There is no claim by any member of the Company Group pending under any of such policies as to which coverage has been questioned, denied or disputed or that the Company has a reason to believe will be denied or disputed by the underwriters of such policies. In addition, there is no pending claim of which its total value (inclusive of defense expenses) will exceed the policy limits. All premiums due and payable under all such policies have been paid and each member of the Company Group is otherwise in material compliance with the terms of such policies. All such policies are in full force and effect and the Company does not have knowledge of threatened termination of or premium increase with respect to, any of such policies. Other than as set forth in Section 3.15 of the Disclosure Schedule, such policies will remain in full force and effect and will not in any way be affected by or terminate by reason of this Agreement and any Related Agreement, and the consummation of the transactions contemplated hereby and thereby.

3.16 **Governmental Authorization; Compliance with Legal Requirements**. The Company Group obtained and maintains in full force and effect all material consents, licenses, permits, grants or other authorizations required for or used in connection with the business and operations of the Company Group as currently conducted or as proposed to be conducted, and is in compliance, in all material respects, with the terms thereof. The Company Group and the conduct and operations of its business, is in compliance in all material respects with all Legal Requirements.

3.17 **Grants, Incentives and Subsidies**. The SEC Documents describe outstanding grants, incentives, exemptions and subsidies from the government of the State of Israel or any agency thereof, or from any other Governmental Entity, granted to the Company or any of its Subsidiaries, including the grant of Approved Enterprise Status from the Investment Center and grants from the Office of the Chief Scientist of the Israeli Ministry of Trade, Industry and Labor ("**OCS**"). The Company and the applicable Subsidiary is in compliance, in all material respects, with the terms and conditions of all such grants which have been approved and has duly fulfilled, in all material respects, all the undertakings required thereby. The Company's contingent liabilities to the OCS are disclosed in the notes to the financial statements of the Company contained in the SEC Documents.

3.18 **Related Party Transactions**. Other than as listed in the SEC Documents, none of the officers and directors of the Company Group and, to the knowledge of the Company, none of the Employees, consultants or shareholders of the Company Group, nor any immediate family member of an officer, director, Employee, consultant or shareholder of the Company Group, (i) has any direct or indirect ownership, participation, royalty or other interest in, or is an officer, director, employee of or consultant or contractor for any firm, partnership, entity or corporation that competes with, or does business with, or has any contractual arrangement with, the Company Group; provided, however, that ownership of no more than five percent (5%) of the outstanding voting stock of a publicly traded corporation shall not be deemed to be an "interest in any entity" for purposes of this Section 3.18; (ii) is a party to or otherwise directly or indirectly interested in, any Contract to which the Company Group is a party or by which the Company Group or any of their respective assets or properties may be bound or affected, except for normal compensation for services as an officer, director, Employee or consultant thereof; (iii) has any interest in any property, real or personal, tangible or intangible that is used in, or that relates to, the business of the Company Group, except for the rights of shareholders under applicable Legal Requirements. No Employee or shareholder has any loans outstanding from any member of the Company Group (other than advance of expenses reimbursement in the ordinary course of business consistent with past practice. All material contracts currently in effect (i) with a third party other than a shareholder, officer or director of any member of the Company Group (or a Person who, to the Company Group's knowledge, is an affiliate thereof) have been negotiated and entered into on an arm's-length basis; and (ii) with a shareholder, officer or director of any member of the Company Group, or with a Person who, to the Company Group's knowledge, is an affiliate thereof, were approved in accordance with the procedures of the Israeli Companies Law relating to approval of transactions with interested parties.

3.19 **Private Placement; Offshore Transaction**. Assuming the accuracy of the representations and warranties of the Investors, the offer and sale of the Purchased Securities to the Investors as contemplated hereby is exempt from the registration or prospectus requirements of the Securities Act, the Israeli Securities Law and the securities laws of other jurisdictions. Neither the Company nor anyone acting on its behalf, directly or indirectly, has or will sell, offer to sell or solicit offers to buy any of the Purchased Securities or similar securities to, or solicit offers with respect thereto from, or enter into any negotiations relating thereto with, any person, or has taken or will take any action so as to bring the issuance and sale of any of such securities under the registration provisions of the Securities Act and applicable state securities laws, and neither the Company nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act), or in any directed selling efforts (within the meaning of Regulation S under the Securities Act) in connection with the offer or sale of any of the Securities. To the extent required, the Company has implemented offering restrictions (within the meaning of Regulation S under the Securities Act) in order to ensure that the offshore transaction (within the meaning of Regulation S under the Securities Act) constituted by the sale of the Purchased Securities hereunder qualifies for the exemption provided under Rule 903 of Regulation S under the Securities Act.

3.20 **Brokers' and Finders' Fees**. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the origin, negotiation or execution of this Agreement and the Related Agreements or in connection with the transactions contemplated hereby and thereby based upon arrangements made by or on behalf of any member of the Company Group.

3.21 **Non Public Information**. The Company has not disclosed to the Investors information that would constitute material non-public information or inside information, which has not been made disclosed to the public or which will not be disclosed to the public prior to the commencement of the Tender Offer.

3.22 **Representations Complete**. None of the representations or warranties made by the Company in this Agreement, the Related Agreements or in any exhibit or schedule hereto or thereto, including the Disclosure Schedule, or in any certificate furnished by the Company pursuant thereto, taking into account the disclosures set forth in the SEC Documents, contains any untrue statement of a material fact, or omits to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which made, not false or misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor, severally and not jointly, hereby represents and warrants to the Company that on the date hereof and as of the Pre-Closing Date, as though made at the Pre-Closing Date, as follows:

4.1 **Organization**. Such Investor (in case of a corporate entity) is duly organized and validly existing under the laws of the State of Israel and has the requisite power and authority to carry on its business conducted.

4.2 **Power and Authority**. Such Investor has requisite corporate power (in case of a corporate entity) or legal capacity (in case an individual) and authority to enter into this Agreement and any Related Agreements to which such Investor is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Related Agreements to which such Investor is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of such Investor (in case of a corporate entity). This Agreement and any Related Agreements to which such Investor is a party have been duly executed and delivered by such Investor and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute its valid and binding obligations, enforceable against such Investor it in accordance with their terms, except as such enforceability may be limited by principles of public policy and subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

4.3 **Consents**. Other than as listed in Schedule 6.1(b), the execution and delivery by the Investor of this Agreement and any Related Agreements to which such Investor is a party and the consummation of the transactions contemplated hereby and thereby, will not require the Investor to obtain or deliver any consent, waiver, approval, order or authorization or permit of, or registration, declaration or filing with, or notification to any Governmental Entity.

4.4 **No Conflicts**. The execution and delivery of this Agreement and any Related Agreement to which such Investor is a party do not, and the consummation of the transactions contemplated hereby and thereby will not conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under (i) any provision of such Investor's incorporation or formation documents (in case of a corporate entity); or (ii) any law, rule, regulation, order, judgment or decree applicable to such Investor or by which any of such Investor's properties are bound or affected.

4.5 **Experience; Accredited Investor; Non-U.S. Person**. (i) Such Investor is knowledgeable, sophisticated and experienced in making, and is qualified to make, decisions with respect to investments in securities representing an investment decision like that involved in the purchase of the Purchased Securities, without limitation of the Company's representations and warranties included herein, has requested, received, reviewed and considered all information such Investor deems relevant in making an informed decision to purchase the Purchased Shares and has had the opportunity to ask questions of and receive answers from the Company concerning such information; (ii) such Investor is acquiring the Purchased Securities for such Investor's own account with no present intention of distributing any of such Purchased Securities and does not have any current arrangement or understanding with any other persons regarding the distribution of such securities (this representation and warranty not limiting such Investor's right to sell or distribute in compliance with the Securities Act and the rules and regulations thereunder); and (iii) such Investor is an "accredited investor" within the meaning of Rule 501(a) promulgated under the Securities Act and a non-"U.S. person" within the meaning of Rule 902(k) promulgated under the Securities Act (and the Investor is not purchasing for the account or benefit of a U.S. Person).

4.6 **Available Funds**. Such Investor has sufficient funds in its possession to permit such Investor to acquire and pay for the Purchased Shares to be purchased by such Investor and to perform such Investor's obligations under this Agreement.

4.7 **Transfer or Resale.**

(a) Such Investor understands that the certificates representing the Purchased Shares issued upon the Closing will bear a restrictive legend in substantially the following form:

"THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR HAVE THEY BEEN REGISTERED WITH THE SECURITIES AUTHORITIES OF ANY STATE OR OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE OR OTHER JURISDICTION SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY (WHICH OPINION SHALL NOT BE REQUIRED FOR A SALE PURSUANT TO RULE 144(b)(1) UNDER THE SECURITIES ACT, PROVIDED THAT THE COMPANY HAS RECEIVED CUSTOMARY REPRESENTATIONS CERTIFYING AS TO THE AVAILABILITY OF SUCH RULE 144(b)(1)). FOLLOWING [*the expiration of the Lock-Up Period*], THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES OR OTHER LOAN WITH AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(b) In addition, the Investor understands that, until the expiration of the lock up period set forth in Section 5.3 below, any instrument or certificates representing the Purchased Shares will bear a restrictive legend in substantially the following form:

"[IN ADDITION,] THESE SECURITIES ARE SUBJECT TO CONTRACTUAL RESTRICTIONS ON DISPOSITIONS AS SET FORTH IN THE SHARE PURCHASE AGREEMENT DATED SEPTEMBER 3rd, 2009. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY."

4.8 **Exemption from Registration**. Such Investor understands that the Purchased Securities are being offered and sold to such Investor in reliance upon specific exemptions from the registration requirements of the Securities Act, the rules and regulations thereunder and state securities laws and that the Company is relying upon the truth and accuracy of, and such Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Investor set forth herein in order to determine the availability of such exemptions and the eligibility of such Investor to acquire the Purchased Securities.

ARTICLE V

COVENANTS

5.1 **Conduct of Business of the Company**. Except as expressly contemplated by this Agreement, or in Section 5.1 of the Disclosure Schedule, or to the extent that the Investors shall otherwise consent in writing, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing, which consent shall not be unreasonably withheld, the Company shall, and shall cause each member of the Company Group to (i) conduct its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted, (ii) pay its debts and Taxes when due, subject to good-faith disputes over such debts or Taxes, (iii) pay or perform other material obligations when due (including accounts payable), subject to good-faith disputes over such obligations, (iv) observe in all material respects all provisions of, and perform in all material respects all its obligations under, any Contract, (v) use commercially reasonable efforts consistent with past practices and policies to preserve intact its present business organizations, (vi) use commercially reasonable efforts to keep available the services of its present officers and key employees, (vii) use commercially reasonable efforts to preserve the relationships with its material customers, suppliers, distributors, licensors, licensees and others having material business dealings with them, and (viii) use commercially reasonable efforts to enter into legally binding agreements incorporating all material terms and conditions of any new material arrangement, obligation, commitment or undertaking of any nature relating to any new or existing customer, supplier, distributor, licensor, licensee or Person with whom any member of the Company Group has any material business dealings, all with the goal of preserving unimpaired the goodwill and ongoing business of the Company Group at the Closing. The Company shall promptly notify Investors upon becoming aware of any event or occurrence or emergency which is material and not in the ordinary course of business of any member of the Company Group or any event having a Material Adverse Effect involving any member of the Company Group that arises during the period from the date of this Agreement and continuing until the earlier of the termination date of this Agreement or the Closing. Furthermore, the Company shall promptly notify Investors in writing of any notice or other communication from any third party alleging that the consents, waiver or approval of such third party is or may be required in connection with the execution, delivery or performance of this Agreement or any Related Agreement or the consummation of the transactions contemplated hereby and thereby. All notices, request for consents and other communications pursuant to Sections 5.1 and 5.2 shall be in writing and delivered in accordance with Section 10.7 hereof.

5.2 Without derogating from the generality of the foregoing Section 5.1, except as expressly contemplated by this Agreement or as set forth in Section 5.2 of the Disclosure Schedule, or as required by any applicable Legal Requirement or by a Governmental Entity, or to the extent that the Investors shall otherwise consent in writing, such consent not to be unreasonably withheld, no member of the Company Group, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing, the Company shall not, and shall cause each member of the Company Group not to:

(a) cause or permit any amendments to its Charter Documents or equivalent organizational documents;

(b) declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock or property) in respect of any Company Shares, or split, combine or reclassify any Company Shares, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for Company Shares, or repurchase, redeem or otherwise acquire, directly or indirectly, any Company Shares (or options, warrants or other rights exercisable therefor);

(c) issue, sell, pledge, dispose of, encumber, deliver or authorize, agree or commit to issue, sell, pledge, dispose of or deliver any additional shares of, or rights of any kind to acquire any shares of, its share capital of any class or any other ownership interest (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) of any member of the Company Group, other than Company Shares issued to holders of Company Options outstanding on the date hereof upon exercise;

(d) make any expenditures or enter into any commitment or transaction exceeding these relevant items as budgeted in the annual budget of the Company for 2009 by an aggregate amount of $800,000 or by $350,000 individually, except for sale of products and services and expenditures by any member of the Company Group in the ordinary course of business;

(e) pay, discharge, release, waive or satisfy, or enter into any commitment to do the same, in an amount in excess of $800,000 in the aggregate, or $350,000 individually, over these items as budgeted in the annual budget of the Company for 2009, other than the payment, discharge or satisfaction in the ordinary course of business or of liabilities reflected or reserved against in the financial statements included in SEC Documents;

(f) adopt or change accounting methods or practices (including any change in depreciation or amortization policies), other than as required by GAAP;

(g) sell, lease, license, pledge, encumber or otherwise dispose of any material assets of any member of the Company Group or any interest therein, other than in the ordinary course, or adopt a plan of merger, consolidation, restructuring or other reorganization;

(h) make or change any material election in respect of Taxes, adopt or change any accounting method in respect of Taxes, enter into any closing agreement, settle any claim or assessment in respect of Taxes in excess of $500,000 of existing reserves of the Company Group made available to the Investors (provided such settlements do not affect future or going forward elections or practices), consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes or file any Tax Return unless a copy of such Tax Return has been delivered to Investors for review a reasonable time prior to filing and filing in consultation in good faith with Investor, except for elections made in the ordinary course of business. To the extent possible, the Company shall consult in good faith with the Investors prior to settling any claim or assessment in respect of Taxes in an amount of $500,000 or less of the existing reserves of the Company Group made available to the Investors;

(i) revalue any of its assets (whether tangible or intangible), including, without limitation, writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business consistent with past practice, except as required by GAAP;

(j) incur any Indebtedness, or make any loan to any Person or guarantee any indebtedness for borrowed money of any Person, or purchase debt securities of any Person, or amend the terms of any outstanding loan agreement, each in excess of $350,000 individually or $800,000 in the aggregate, and other than in connection with the financing of ordinary course trade payables;

(k) commence, discharge, compromise or settle any lawsuit, threat of any lawsuit or proceeding or other investigation against, any member of the Company Group with an amount in controversy exceeding $800,000 in the aggregate, or $350,000 individually;

(l) purchase or license any material Intellectual Property or enter into any new material contract or materially modify any existing material contract with respect to the Intellectual Property from any Person, other than any modification in the ordinary course of business consistent with past practices or Contracts that involve payments by the Company not exceeding $350,000 each;

(m) enter into or alter, or commit to enter into or materially alter, any material strategic alliance, joint venture, partnership, other business entity, affiliate or joint marketing Contract, other than as set forth on Section 5.2(m) of the Disclosure Schedule;

(n) (i) promote, demote or terminate (other than for cause) any officer or senior employee, or encourage any officer or senior employee to resign, or (ii) hire such number of new employees which in the aggregate exceeds 5% of the existing number of employees of the Company Group as of the date hereof;

(o) execute any Contract, or commit to execute any Contract, that has or may reasonably be expected to have the effect of prohibiting, limiting, restricting or impairing, in a material respect, any business practice of any member of the Company Group, any acquisition of material property (tangible or intangible) by any member of the Company Group, the conduct of business by any member of the Company Group, or otherwise limiting in a material respect the freedom of any member of the Company Group to engage in any line of business or to compete with any Person;

(p) become obligated to provide any credit, allowance, return or similar concession to any customer or other third party, in excess of $350,000 individually or $800,000 in the aggregate, other than in the ordinary course of business consistent with past practices;

(q) enter into any transaction with any of its affiliates, other than pursuant to arrangements in effect on the date hereof or in connection with transactions between or among the Company and wholly-owned Subsidiaries or affiliates of the Company controlled by the Company; or

(r) authorize any of, or commit or agree to take any of, the foregoing actions.

5.3 **Lock up of Shares; Investors as Directors.**

(a) The Investors agree that, during the period beginning from the Closing and until the second anniversary thereof (the "**Lock Up Period**"), the Investors will not offer, sell, transfer or assign, contract to sell, create a Lien, grant any option to purchase or otherwise dispose of any of the Purchased Shares or Tender Offer Shares, other than to Permitted Transferees. The foregoing restriction is expressly agreed to preclude the Investors from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Purchased Shares or Tender Offer Shares even if such Purchased Shares or Tender Offer Shares would be disposed of by someone other than the Investors or their Permitted Transferees. Such prohibited hedging or other transactions include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Purchased Shares or Tender Offer Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Purchased Shares or Tender Offer Shares. "**Permitted Transferee**" means (a) each of Investors (in case of an individual), the beneficiary thereof (in case of a trust) or the controlling holder thereof (in case of a corporate entity) (the "**Alpha Promoters**"), (b) as to any individual – any grandparents, parents, siblings, children, lineal descendant (including step and adopted children), and any spouse of such individual or any of the foregoing, or trust of which at least one of the foregoing is the beneficiary; (c) any affiliate of the persons indicated in (a) or (b) above; (d) as to any partnership: (1) any of its general and limited partners; (2) any of its affiliates; (3) any person, directly or indirectly, managing such entity; or (4) any entity (and its partners) managed by the same management company or managing general partner, or managed by an affiliate of such management company or managing general partner; (e) as to a trust, the beneficiary or beneficiaries of such trust; provided that, in each case, the Permitted Transferee has agreed in writing to assume and be bound by the Investor's obligations hereunder as if it were an original party hereto. For the purpose of this Section 5.3(a), "affiliate(s)" of any person shall mean another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person; and "control" shall mean ownership (direct or indirect) of more than 50% of the shares of the subject person entitled to vote in the election of directors (or, in the case of a person that is not a corporation, for the election of the corresponding managing authority).

(b) During the one-year period following the expiration of the lock up period set forth above, in no event shall the Investors offer, sell, contract to sell, create a Lien, grant any option to purchase, make any short sale or otherwise dispose of any of the Purchased Shares or Tender Offer Shares to any Person that would result in such Person "holding" 25% or more of the Company Shares if, following such transaction, the Investors and Ronex (and their respective Permitted Transferees) would jointly "hold" less than 25% of the Company Shares. For the purpose of this Section 5.3(b), "holding" shall have the meaning ascribed to it in the Companies Law, except that it shall include the holding of any convertible securities as if exercised or converted into Company Shares. The Investors shall not be deemed to be in breach of their obligations hereunder solely a result of a beach by Ronex of Section 3.9 of the Shareholders Agreement.

(c) During the Lock Up Period, if the Investors exercise their right to designate directors to the Company's Board of Directors pursuant to the Shareholders Agreement, then, subject to and to the extent permitted by applicable law, a majority of the Alpha Promoters will be designated by the Investors to serve as directors (taking into account, for such purpose, the Alpha Promoters then serving as directors).

5.4 **Removal of Legends**. Promptly following the expiration of the lock-up period under Section 5.3, at the request of the Investors, the Company shall cooperate with the Investors to have, and shall promptly cause, the restrictive legend pursuant to Section 4.7(b) promptly removed from the certificates representing the Purchased Shares referred to in such written request, and be replaced with certificates which do not bear such restrictive legends. Promptly following the satisfaction of all of the applicable conditions in Rule 144 or in connection with sales of Purchased Shares that are otherwise permitted by the applicable securities laws, at the request of the Investors, the Company shall cooperate, and shall instruct its counsel to cooperate, with the Investors to have, and shall promptly cause, the restrictive legend pursuant to Section 4.7(a) promptly removed from the certificates representing such Purchased Shares referred to in such written request, and be replaced with certificates which do not bear such restrictive legends.

5.5 **Company General Meeting.**

(a) The Company shall take any and all action necessary under all applicable Legal Requirements and the Charter Documents to, (i) as promptly as practicable but in no event later than five Business Days after the date hereof, call and give notice of a General Meeting of the holders of Company Shares (the "**Company General Meeting**", and the notice thereof, in the form attached hereto as **Exhibit I**, the "**Company General Meeting Notice**") in which the shareholders of the Company will be requested to approve the resolutions set forth in **Exhibit J** (the "**Shareholders Resolution**"), and (ii) cause the Proxy Statement to be mailed to the Company's shareholders together with the Company General Meeting Notice. The Investors' request to include the appointment of the directors designated by them and the amendments to Articles 32 and 33 of the Articles of Associations in the Shareholders Resolution shall constitute a request by the Investors pursuant to Section 66(b) of the Company Law as holders of more than 1% of the outstanding Ordinary Shares. Subject to the notice requirements of the Companies Law, and the regulations thereunder and the Charter Documents, the Company General Meeting shall be held as promptly as practicable after the date hereof (on a date selected by the Company and consented to by the Investors) which shall be on a Business Day 35 days after delivery of the Company General Meeting Notice. The Company shall use its reasonable best efforts to solicit from its shareholders proxies in favor of the adoption and approval of the Shareholders Resolutions and, without limitation of the foregoing shall engage a proxy solicitation firm in the U.S. whose identity shall be coordinated with the Investors, in order to solicit the votes of shareholders of the Company in favor of the Shareholders' Resolution. The Company shall call, convene, hold and conduct the Company General Meeting and solicit proxies with respect thereto in compliance as to form and substance with all applicable Legal Requirements, including the Companies Law and the Charter Documents.

(b) Without the prior written consent of the Investors, the Company may adjourn or postpone the Company General Meeting only: (i) if and to the extent necessary to provide any supplement or amendment to the Proxy Statement to the Company's shareholders in advance of a vote on the Shareholders Resolution; (ii) if, as of the time for which such meeting is originally scheduled (as set forth in the Proxy Statement), there are insufficient Company Shares represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting; or (iii) as may otherwise be required specifically by applicable Legal Requirements. Except as specifically provided in the preceding sentence, the Company's obligation to call, give notice of, convene and hold the Company General Meeting in accordance with this Section 5.5 shall not be limited to or otherwise affected by the commencement, disclosure, announcement or submission to the Company of any Acquisition Proposal.

5.6 **Proxy Statement; Board Recommendation.**

(a) As promptly as practicable after the date of this Agreement but in no event later than eight Business Days after the date hereof, the Company shall prepare a proxy statement with respect to the Company General Meeting and the Shareholders' Resolution (the "**Proxy Statement**"). The Proxy Statement shall comply as to form and substance with applicable Legal Requirements and shall not, as of its date, contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which made, not false or misleading. The Investors and the Company shall cooperate (and shall cause their respective counsel, auditors, agents and representatives to cooperate) in the preparation of any supplement to the Proxy Statement, if such supplement is required.

(b) The Proxy Statement shall include a statement to the effect that the Audit Committee and the Board of Directors of the Company has each approved the transaction contemplated by this Agreement and the Related Agreements and that the Board of Directors of the Company has recommended that the Company's shareholders vote in favor of and approve the Shareholders' Resolutions at the Company General Meeting.

(c) If any event that the Company becomes aware of any information that should be disclosed in an amendment or supplement to the Proxy Statement, then the Company shall promptly inform the Investors of such event or information and shall, in accordance with the procedures set forth in Section 5.6(a) hereof prepare and cause such amendment or supplement to be mailed to the shareholders of the Company as soon thereafter as is reasonably practicable.

(d) The Investors shall cooperate (and shall cause its respective counsel, auditors, agents and representatives to cooperate) in the preparation of any documents or other instruments related to or required for the Proxy Statement, as may be reasonably requested by the Company.

5.7 **Tender Offer.**

(a) As promptly as practicable, but in no event later than five Business Days after the satisfaction of the conditions set forth in thisSection 5.7, any of which may be waived by the party(ies) for which benefit they are provided (the "**Pre-Closing**" and the date upon which the Pre-Closing actually occurs shall be referred to herein as the "**Pre-Closing Date**"), the Investors shall commence a "regular tender offer"(within the meaning of the Tender Offer Regulations), to the shareholders of the Company, for the purchase of up to 1,550,000 Company Shares, at a price equal to the Price Per Share (the **"Tender Offer**"). All actions at the Pre-Closing and all transactions occurring at the Pre-Closing shall be deemed to take place simultaneously and no action shall be deemed to have been taken, no transactions shall be deemed to have been completed and no document delivered until all such actions, transactions and documents have been taken, completed and all required documents delivered.

(i) The Shareholders Resolutions have been adopted by the Required Company Shareholder Vote in accordance with applicable Legal Requirement and the Charter Documents. In addition, the Investors shall have received duly executed minutes of the Company General Meeting so evidencing the Shareholders Resolutions so adopted;

(ii) (a) The representations and warranties of the Company in this Agreement that are qualified by a "Material Adverse Effect" or other materiality qualification shall have been true and correct in all respects as so qualified on and as of such date with the same effect as if made at and as of such date, (b) the representations and warranties of the Company in this Agreement that are not qualified by a "Material Adverse Effect" or other materiality qualification shall have been true and correct in all material respects on and as of such date with the same effect as if made at and as of such date, *provided, however*, that, representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (a), or (b), as applicable) only as of such date or period, and (c) the Company shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by the Company at or prior to such date. In addition, the Investors shall have received a certificate signed by the Chief Executive Officer and Chief Financial Officer of the Company certifying as to satisfaction of the conditions set forth in Section 5.7(i), (ii) and (iv);

(iii) (a) The representations and warranties of the Investors that are qualified by a "Material Adverse Effect" or other materiality qualification shall have been true and correct in all respects as so qualified on and as of such date with the same effect as if made at and as of such date, (b) the representations and warranties of the Investors in this Agreement that are not qualified by a "Material Adverse Effect" or other materiality qualification shall have been true and correct in all material respects on and as of such date with the same effect as if made at and as of such date, *provided, however*, that, representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (a), or (b), as applicable) only as of such date or period, and (c) the Investors shall have performed and complied in all material respects with all covenants and obligations under this Agreement required to be performed and complied with by such parties at or prior to such date. In addition, the Company shall have received a certificate signed by an executive officer of the Investors certifying as to the satisfaction of the conditions set forth in this Section 5.7(iii);

(iv) There shall not have occurred a Material Adverse Effect;

(v) All other conditions set forth in Sections 6.1, 6.2 and 6.3 hereof are satisfied or waived (to the extent permitted hereunder), as if the Closing would have occurred on such date, provided that (a) the deliverable set forth in Sections 2.4(a) (*purchase price*) shall be deposited with and held in escrow by the Escrow Agent in accordance with the Escrow Agreement and released therefrom at the Closing, as full satisfaction of the Purchasers' obligation thereunder; (b) with respect to the deliverables set forth in 2.4(b) (*registration rights agreement*), 2.4(c) (*management agreement*), 2.4(d) (*OCS undertaking*), 2.5(b) *(transfer agent instructions*, with the number of Purchased Shares left blank), 2.5(c) (*warrants*), 2.5(e) *(registration rights agreement*), 2.5(f) (*management agreement*), 2.5(g) (*indemnification letter*), 2.5(h) *(resignations*) and 2.5(k) (*NASDAQ listing notice*, with the number of Purchased Shares left blank), such deliverables would be dated blank and held in escrow by the Escrow Agent and released therefrom at the Closing; (c) the deliverable set forth in Sections 2.5(d) (*legal opinion* which shall bedated as of the Pre-Closing*)* 2.5(i) (*consents*) and 2.5(j) (*TASE listing approval*) (assuming, in the case of Sections 2.5(i) and 2.5(j), that no Tender Offer Shares are purchased) are dated as of (or prior to) such date, as applicable, and (d) the deliverable set forth in Section 2.5(a) (*officer's certificate*) and Sections 2.5(d) (*legal opinion* which shall bedated as of the Closing*)* will be delivered only at the Closing;

(vi) A consent to certain customary exemptions from the Tender Offer Regulations has been obtained from the Israeli Securities Authority, as coordinated between the Investors and the Company; and

(vii) The Founders SPAs and the Shareholders Agreement shall be in full force and effect, shall not have been terminated, revoked or amended without the Investors' consent and all actions required to be taken or satisfied at the Pre-Closing of the Founders SPAs in order to effect it simultaneously with the Pre-Closing hereunder shall have been duly taken, satisfied or waived in accordance with their respective terms (except if, pursuant to the terms of the Founders SPAs, Closing hereunder may be effected without effecting the Closing thereunder).

(b) As required by Section 2.2, the Investors shall deposit with the Tender Offer Agent, who shall serve as the agent required pursuant to the Tender Offer Regulations, immediately prior to the launch of the Tender Offer, by wire transfer of immediately available funds to an account designated by the Escrow Agent, the Maximum Tender Offer Purchase Price.

(c) The Investors shall irrevocably instruct the Tender Offer Agent to release and transfer to the Company on the Closing Date, by wire transfer of immediately available funds to an account designated by the Company in writing prior to the Closing Date, the balance, if any, between the Maximum Tender Offer Purchase Price and the Actual Tender Offer Purchase Price (the "**Remaining Tender Offer Fund**"). If the Closing occurs, such Remaining Tender Offer Fund shall be deemed for all intent and purposes as paid by the Investors on account of the Actual Investment Purchase Price.

(d) The Company shall cooperate (and shall cause their respective counsel, auditors, agents and representatives to cooperate) in the preparation of any documents, rulings, applications, exemptions, or other instruments related to or required in order to initiate and consummate the Tender Offer, as may be reasonably requested by the Investors.

(e) The parties acknowledge that there can be no assurance as to the consummation of the Tender Offer or the amount of Tender Offer Purchased Shares, if any, that would be purchased thereby, and that subject to the terms and conditions set forth in this Agreement, the Company may be required to issue and sell to the Investors, and the Investors shall be required to purchase from the Company, Purchased Shares assuming no Company Shares are purchased pursuant to the Tender Offer.

(f) The Tender Offer shall not be subject to any conditions other than, to the extent permitted by the ISA, the conditions to Closing under Section 6.1 and 6.2 hereunder or the termination of this Agreement pursuant to Section 7.1.

(g) The Investors shall not extend the Tender Offer without the Company's consent, which shall not be unreasonably withheld or delayed.

(h) The Investors shall (and shall cause their respective counsels and representatives to) respond as promptly as reasonably practicable to, and comply with, comments from the SEC and its staff with respect to the Tender Offer documents.

5.8 **Approvals and Filings.**

(a) **General**. The Company and the Investors shall use their respective reasonable best efforts to deliver and file, as promptly as practicable after the date of this Agreement, each notice, report or other document required to be delivered by such party to, or filed by such party with, any Governmental Entity with respect to this Agreement and the transactions contemplated hereby and thereby. The Company and the Investors shall use their respective reasonable best efforts to obtain or deliver, as promptly as practicable after the date of this Agreement, the Investment Center Approval, the notice to the OCS and any and all other consents and approvals that may be required pursuant to Legal Requirements in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby and any other third party consents. The Company and the Investors shall cause all documents that they are responsible for filing with any Governmental Entity under this Section 5.8 to comply as to form and substance in all material respects with the applicable Legal Requirements and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Entity and shall comply promptly with any such inquiry or request. Whenever any event occurs which is required to be set forth in an amendment or supplement to any such document or filing, the Company or the Investors, as the case may be, shall promptly inform the other of such occurrence and cooperate in filing with the applicable Governmental Entity, such amendment or supplement. In this connection the Investors shall provide to the OCS and the Investment Center any information, and shall execute, if required, an undertaking with respect to the observance by the Investors, as shareholder of the Company, of the requirements of the Israeli Encouragement of Research and Development in Industry Law, 1984.

(b) **Antitrust Filings**. Without limiting the generality of Section 5.8(a), if required, as soon as may be reasonably practicable, each of the Company and the Investors shall file with the Israeli Restrictive Trade Practices Authority notification forms relating to the transactions contemplated herein as required by the RTPL, as well as comparable merger notification forms required by the merger notification or control laws and regulations of any applicable jurisdiction. Each of the Company and Investors shall promptly: (i) supply the other and its counsels with any information which may be required in order to effectuate such filings; and (ii) supply any additional information which reasonably may be required by Israeli Restrictive Trade Practices Authority or the competition or merger control authorities of any other jurisdiction which is subject to the Antitrust Laws; provided, however: Investors shall be under no obligation to make proposals, execute or carry out agreements or submit to orders providing for (A) the sale, license or other disposition or holding separate (through the establishment of a trust or otherwise) of the Purchased Securities or any assets or categories of assets of Investors or any of their affiliates or the Company or its Subsidiaries, (B) the imposition of any limitation or regulation on the ability of Investors or any of their affiliates to freely conduct their business or own such assets, (C) the holding separate of the Purchased Securities or any limitation or regulation on the ability of Investors or any of their affiliates to exercise full rights of ownership of the Purchased Securities; and the Company shall be under no obligation to execute or carry out agreements or submit to orders providing for the sale, license or other disposition or holding separate (through the establishment of a trust or otherwise) of any assets or categories of assets of any member of the Company Group or any of their respective affiliates. The Company and the Investors shall instruct their respective counsel to cooperate with each other and use reasonable best efforts to facilitate and expedite the identification and resolution of any such antitrust issues and shall use reasonable best efforts to assure that the respective waiting periods required by the RTPL and other applicable Antitrust Laws have expired or been terminated at the earliest practicable dates.

5.9 **Confidentiality**. The Investors and any successor or assignee thereof, who received or receives from the Company or its agents, directly or indirectly, any information concerning the Company Group which the Company or any member of the Company Group has not made generally available to the public, acknowledges and agrees that such information is confidential, and further agrees that, for so long as such information is not public, it will neither use such information for any purpose other than in connection with the consummation of this Agreement, the Related Agreements and the transactions contemplated hereby, nor will it disseminate such information to any person other than the employees, officers, consultants, representatives and advisors of the Investors or their affiliates who have a need to know such information for purposes of effecting the transaction contemplated by this Agreement, provided that such Persons to whom the Investors have given access to the Company Group confidential information are bound by similar confidentiality obligations to those set forth herein. Notwithstanding the foregoing, subject to applicable law, each Company director affiliated with the Investors may include in its reports to the Investors, their directors, partners or shareholders information concerning the Company Group and such other information reasonably required to enable such Investor, directors, partners and shareholders to evaluate their indirect investment in the Company, provided that such Persons to whom the director or Investors have given access to the Company Group confidential information are bound by similar confidentiality obligations to those set forth herein. If this Agreement is terminated by any of the parties hereto, for any reason whatsoever, (a) at the Company's request, the Investors shall immediately return to the Company any and all information received from the Company or their respective advisors in connection with the transactions contemplated hereby and shall so confirm to the Company by a written certificate executed by the Investors; and (b) the Confidentiality Agreement between the parties hereto dated as of June 1, 2009 will be in full force and effect and binding on each of the Investors.

5.10 **Access to Information**. Subject to the confidentiality undertakings set forth in Section 5.9 and without limitation of the Investors' reliance on the Company's representations and warranties included herein, the Company shall afford the Investors and their accountants, counsel, representatives in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby, reasonable access during the period from the date hereof and prior to the Closing to (i) all of the properties, books, contracts, commitments and records of the Company Group, (ii) all other information concerning the business, properties and personnel (subject to restrictions imposed by applicable law) of the Company Group as the Investors may reasonably request, and (iii) all employees and consultants of the Company Group as identified by the Investors on a non interference basis.

5.11 **Legal Proceedings**. The Company and the Investors shall: (i) give the other party prompt notice of the commencement of any legal proceeding by or before any Governmental Entity with respect to this Agreement, the Related Agreements and the transactions contemplated hereby and thereby; (ii) keep the other party informed as to the status of any such legal proceeding; and (iii) promptly inform the other party of any communication with any Governmental Entity about the this Agreement and the transactions contemplated hereby. The Company and the Investors will consult and cooperate with one another, and will consider in good faith the views of one another, in connection with any analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted in connection with any legal proceeding relating to this Agreement, the Related Agreements and the transactions contemplated hereby and thereby pursuant to a joint defense agreement separately agreed to, or request, filing, or notice to any Governmental Entity. In addition, except as may be prohibited by any Governmental Entity or by any Legal Requirement, the Company and the Investors will permit authorized representatives of the other party to be present at each meeting or conference relating to any such legal proceeding or request, filing, or notice to any Governmental Entity and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Entity in connection with any such legal proceeding.

5.12 **Public Disclosure**. Except for (i) the announcement by the Company of the execution and delivery of this Agreement, the timing and content of which shall have been mutually agreed in advance by the Company and the Investors, (ii) the Proxy Statement, and (iii) the Tender Offer material, no party shall issue any statement or communication to any third party (other than their respective agents, partners, affiliates and representatives that are bound by confidentiality restrictions) regarding this Agreement and/or the Related Agreements, their existence and content, or the transactions contemplated hereby and thereby, including, if applicable, the termination of this Agreement and/or the Related Agreements and the reasons therefor, without the consent of the Company and the Investors, except as required to comply with applicable Legal Requirements and the rules of any stock exchange, provided, however, that the Company and the Investors shall use commercially reasonable efforts to notify and consult with each other prior to any such required public disclosure and use commercially reasonable efforts to accommodate the views of the other parties and shall promptly provide the other parties with copies of any written public disclosure made by such party in connection therewith.

5.13 **Notification of Certain Matters**. The Company shall give prompt notice to the Investors of: (i) the occurrence or non-occurrence of any event, the occurrence or non-occurrence of which is likely to cause any representation or warranty of the Company contained in this Agreement to be untrue or inaccurate at or prior to the Closing in any material respect, (ii) any failure of the Company to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder, and (iii) any matter hereafter arising or discovered that, if existing or known by the Company on the date hereof, would have been required to be set forth or described in the Disclosure Schedule; provided, however, that the delivery of any notice pursuant to this Section 5.13 shall not constitute an acknowledgment or admission of a breach of this Agreement nor shall the receipt of such notice constitute a waiver of any right or remedy, provided, however, that no claim of breach by the Company of any representation or warranty may be made by any Investor on the basis of a notice duly given by the Company pursuant to this Section 5.13 prior to the Pre-Closing to the extent relating to events or occurrences following the date hereof and prior to the Pre-Closing.

5.14 **No Solicitation.**

(a) From and after the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to its terms, the Company shall not, nor shall it authorize or permit any member of the Company Group or any of its or their respective employees, officers or directors and any agent, investment banker, attorney or other advisor or representative retained by any member of the Company Group to, (i) directly or indirectly solicit, initiate, encourage or induce the making, submission or announcement of any Acquisition Proposal; (ii) engage or otherwise participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any Acquisition Proposal; (iii) respond to or engage in discussions with any person with respect to any Acquisition Proposal, except as to the existence of these provisions; (iv) approve, endorse or recommend any Acquisition Proposal; or (v) enter into any letter of intent or similar document or any Contract, agreement or commitment contemplating or otherwise relating to any Acquisition Transaction. The Company shall, and shall cause each member of the Company Group or any of its or their respective employees, officers or directors and any agent, investment banker, attorney or other advisor or representative retained by any member of the Company Group, to immediately cease all existing activities, discussions and negotiations with any Person conducted heretofore with respect to any Acquisition Proposal and request the return of all confidential information regarding the Company Group provided to any such Person prior to the date hereof pursuant to the terms of any confidentiality agreement or otherwise. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this Section 5.14 by any employee, officer or director of the Company or any agent, investment banker, attorney or other advisor or representative of the any member of the Company Group shall be deemed to be a breach of this Section 5.14 by the Company.

(b) In addition to the obligations of the Company set forth in Section 5.14(a), the Company shall promptly advise the Investors of any request received by the Company for non-public information which the Company reasonably concludes would lead to an Acquisition Proposal or the receipt of any Acquisition Proposal, or any inquiry received by the Company with respect to or which the Company reasonably concludes would lead to any Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person or group making any such request, Acquisition Proposal or inquiry. The Company will keep the Investors informed in all respects of the status and details (including material amendments or proposed amendments) of any such request, Acquisition Proposal or inquiry.

5.15 **Additional Documents and Further Assurances**. Each party hereto, at the reasonable request of another party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of this Agreement, the Related Agreements and the transactions contemplated hereby and thereby.

5.16 **Tail Directors' and Officers' Insurance; Indemnification Agreements.**

(a) From and after the Closing Date, the Company shall fulfill and honor all the obligations of the Company pursuant to the indemnification agreements listed on Section 5.16 of the Disclosure Schedule, with each individual who at the Closing Date is, or at any time prior to the Closing Date was, a director or officer of the Company or of any current or former Subsidiary of the Company (each, an "**Indemnitee**" and, collectively, the "**Indemnitees**") which agreements shall survive this Agreement and the transactions contemplates hereby and continue in full force and effect in accordance with their respective terms. Without limiting the foregoing, the Company, from and after the Closing Date until seven (7) years from the Closing Date, shall cause, unless otherwise required by Law, the articles of association, certificate of incorporation and by-laws (as applicable) and comparable organizational documents of the Company and each of its Subsidiaries to contain provisions no less favorable to the Indemnitees with respect to insurance and indemnification than are set forth as of the date of this Agreement in the Charter Documents and comparable organizational documents of the relevant Subsidiaries, which provisions shall not be amended, repealed or otherwise modified in a manner that would adversely affect the rights thereunder of the Indemnitees with respect to exculpation and limitation of liabilities or insurance and indemnification.

(b) The Company may purchase at the Closing Date, a "tail" policy (the "**Tail Policy**"), which policy shall include "Side A" coverage, from a reputable insurer, which (i) has an effective term of seven (7) years from the Closing Date, (ii) covers each Indemnitee and (iii) contains terms that are otherwise similar to those of the Company's directors' and officers' insurance policy in effect on the date of this Agreement. If and to the extent such a policy has been purchased prior to the Closing Date (but on a date not earlier than the Pre-Closing Date), the Company shall maintain such policy in effect and continue to honor the obligations thereunder.

(c) The Indemnitees to whom this Section 5.16 applies shall be intended third party beneficiaries of this Section 5.16, provided that any right of claim such Indemnitees may have may only be instituted against the Company, and in no event, against the Investors or any of its directors, shareholders, officers and affiliates. The provisions of this Section 5.16 are intended to be for the benefit of each Indemnitee, his or her successors or heirs. The Company shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnitee in enforcing the indemnity obligations provided in the indemnification agreements listed on Section 5.16 of the Disclosure Schedule pursuant to their terms.

(d) This Section 5.16 shall be binding upon the Company and its successors and assigns. In the event that the Company or any of its respective successors or assigns consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or transfers or conveys all or a majority of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Company shall succeed to the obligations set forth in this Section 5.16.

5.17 **Directors' and Officers' Insurance; Indemnification Agreements.**

(a) The Company shall purchase, no later than the Pre-Closing Date, and maintain a directors' and officers insurance policy from a reputable insurer, which (i) shall be effective as of and from the Closing Date and the successive annual period thereafter, (ii) covers directors and officers of the Company Group serving from time to time, including the directors to be elected at the Meeting, and (iii) contains terms that are otherwise similar to those of the Company's directors' and officers' insurance policy in effect on the date of this Agreement. To the extent and as required under applicable law, the Company shall submit the purchase of such insurance to the approval of the shareholders of the Company at the Meeting. If and to the extent such a policy has been purchased prior to the Closing Date (but on a date not earlier than the Pre-Closing Date), the Company shall maintain such policy in effect and continue to honor the obligations thereunder.

(b) The Company shall, no later than the Pre-Closing Date, enter into, deliver and perform indemnification agreements in the Company's customary form with each person designated by the Investors who at the Closing Date is, or at any time after the Closing Date is, a director. To the extent and as required under applicable law, the Company shall submit such agreements to the approval of the shareholders of the Company at the Meeting.

(c) The directors and officers designated by the Investors to serve as directors shall be intended third party beneficiaries of this Section 5.17, provided that any right of claim such persons may have may only be instituted against the Company, and in no event, against the Investors or any of their directors, shareholders, officers and affiliates. The provisions of this Section 5.17 are intended to be for the benefit of each such person, his or her successors or heirs. The Company shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any such person in enforcing the indemnity obligations provided in the indemnification agreements referred to in sub-section (b) above pursuant to their terms.

(d) This Section 5.17 shall be binding upon the Company and its successors and assigns. In the event that the Company or any of its respective successors or assigns consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or transfers or conveys all or a majority of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Company shall succeed to the obligations set forth in this Section 5.17.

5.18 **Observer**. During the period commencing upon the approval of the Shareholders Resolution and ending upon the earlier the Closing or the termination of this Agreement for any reason whatsoever, the Investors shall be entitled to appoint up to two (2) representatives who shall be entitled to participate in all meetings (whether in person, telephonic or otherwise) of the Board of Directors and its committees in a non-voting observer capacity and, in this respect, the Company shall give such representatives copies of all notices, minutes, consents, and other materials that it provides, and as and when it provides it, to the Board of Directors or a committee thereof; provided, however, that, as a condition to the right hereunder, such representatives shall agree to hold in confidence all information so provided, based on a customary form of confidentiality undertaking approved by the Investors; and provided further, that the Company reserves the right to withhold any information and to exclude such representatives from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel, or cause the Company to violate confidentiality obligations with a third party. The Company shall indicate in the materials sent to the representatives if any information has been omitted or withheld and shall notify the representatives of any exclusion from a meeting or portion thereof. The Company will not be obligated to reimburse any expenses of a representative pursuant hereto.

ARTICLE VI

CLOSING CONDITIONS

6.1 **Conditions to the Obligations of Each Party**. The respective obligations of the Company and the Investors to effect the Closing shall be subject to the satisfaction, at or prior to the Closing Date, of the following conditions, any of which may be waived, in writing, by mutual written instrument of the Investors and the Company:

(a) **No Order**. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, judgment, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of preventing, enjoining, restraining, prohibiting or otherwise making this Agreement, the Related Agreements or the transactions contemplated hereby and thereby illegal.

(b) **Governmental Entity Approvals**. The Governmental Entity approvals listed on Section 3.5 of the Disclosure Schedule shall have been obtained or the applicable waiting periods shall have expired or been terminated.

6.2 **Additional Conditions to the Obligations of the Investors**. The obligations of the Investors to effect the Closing shall be subject to the satisfaction at or prior to the Closing Date of the following conditions, which may be waived (in whole or in part), in writing, by the Investors, that:

(a) **Receipt of Closing Deliveries**. Each of the agreements, instruments and other documents to be delivered by the Company pursuant to Section 2.5 hereof shall have been delivered by the Company (if applicable) or released from escrow and received by the Investors.

(b) **Effectiveness and Simultaneous Closing of Series Transactions**. (i) Each of Founders SPAs and the Shareholders Agreement shall be in full force and effect, shall not have been terminated, revoked or amended, without the Investors' consent; and (ii) all actions or conditions required to be taken or satisfied thereunder in order to effect the closings thereof simultaneously with the Closing shall have been duly taken or satisfied and such closings shall occur simultaneously (except if, pursuant to the terms of the Founders SPAs, Closing hereunder may be effected without effecting the closing(s) thereunder).

6.3 **Additional Conditions to Obligations of the Company**. The obligations of the Company to effect the Closing shall be subject to the satisfaction at or prior to the Closing Date of the condition, which may be waived (in whole or in part), in writing, exclusively by the Company, thateach of the deliverables, agreements, instruments and other documents to be delivered by all the Investors and undertakings to be complied with pursuant to Section 2.4 hereof shall have been released from escrow and delivered to the Company.

ARTICLE VII

TERMINATION

7.1 **Termination.** Subject to Section 7.2 hereof, this Agreement may be terminated at any time prior tothe Closing:

(a) by written agreement of the Company and the Investors;

(b) by written notice of either the Investors or the Company referring to the relevant clause of this subsection if:

(i) the Closing Date shall not have occurred by December 31, 2009; provided, however, that (A) the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the consummation of the Closing to occur on or before such date and such action or failure to act constitutes a breach of this Agreement; and (B) in the event that the exception under Section 6.2(b)(ii) is applicable, then such date shall be extended to the date that is 30 days from the date of the event giving rise to termination under Sections 8.1.3.2 or 8.1.3.3 of the Founders SPAs (as the case may be), provided that no such extension shall be made id such event by its nature cannot be cured;

(ii) the approval of the Shareholders' Resolution by the Required Company Shareholder Vote shall not have been obtained at the Company General Meeting (including any permitted adjournment or postponement thereof), provided, however, that the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to the Company where the failure to obtain the Required Company Shareholder Vote shall have been caused by or related to the Company's breach of this Agreement;

(iii) there shall be a final non-appealable order of any Governmental Entity in effect preventing consummation of the transactions contemplated hereby; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(iii) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in such order preventing the consummation of the transactions contemplated hereby and such action or failure to act constitutes a breach of this Agreement; or

(iv) there shall be any statute, rule, regulation, executive order, decree, judgment, injunction or other order enacted, issued, promulgated, enforced, entered or deemed applicable by any Governmental Entity that would make this Agreement, the Related Agreements or the transactions contemplated hereby and thereby illegal.

(c) by written notice of the Investors referring to the relevant clause of this subsection if:

(i) there shall be a statute, rule, regulation or order enacted, promulgated or issued or applicable to the transactions contemplated hereby by any Governmental Entity, which has or could have the effect of limiting or restricting the Investors' ownership or voting of the Purchased Securities; or

(ii) there has been a breach of any representation, warranty, covenant or agreement of the Company contained in this Agreement such that if Closing were to occur on the date of such termination such breach would result in the failure of any of the conditions set forth in Sections 5.7(a)(ii) and/or 5.7(a)(iv) hereof to be satisfied and such breach has not been cured within ten (10) days after written notice thereof to the Company; provided, however, that no cure period shall be required for a breach which by its nature cannot be cured.

(d) by written notice of the Company referring to the relevant clause of this subsection if:

(i) there shall be statute, rule, regulation or order enacted, promulgated or issued or applicable to the transactions contemplated hereby by any Governmental Entity, which has or could have the effect of limiting or restricting the issuance of the Purchased Shares by the Company to the Investors; or

(ii) there has been a breach of any representation, warranty, covenant or agreement of the Investors contained in this Agreement such that if Closing were to occur on the date of such termination such breach would result in the failure of any of the conditions set forth in Section 5.7(a)(iii) hereof to be satisfied and such breach has not been cured within ten (10) days after written notice thereof to the Investors; provided, however, that no cure period shall be required for a breach which by its nature cannot be cured.

7.2 **Effect of Termination**. In the event of termination of this Agreement as provided in Section 7.1 hereof, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of the Investors or the Company, or their respective employees, agents or shareholders, if applicable, except (i) that the provisions of ARTICLE IX, this Section 7.2 and Sections 5.9 and 7.3 shall remain in full force and effect and survive any termination of this Agreement pursuant to the terms of this ARTICLE VII and (ii) to the extent that such termination results from a material breach by the other party of any representation, warranty or covenant set forth in this Agreement. In addition, upon termination of this Agreement, each deliverable deposited with the Escrow Agent shall forthwith be returned to the original party making the deposit.

7.3 **Fees and Expenses**. Except as set forth in Section 8.3, whether or not the Closing occurs, all fees and expenses incurred in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses.

ARTICLE VIII

POST CLOSING COVENANTS AND AGREEMENTS

8.1 **Information Rights**. At any time that the Company does not timely file SEC Documents with the SEC, the Company shall provide the Investors such data and information relating to the business, affairs or financial condition of the Company as is available to the Company, promptly after it is reasonably requested by the Investors, provided that the Investors beneficially own in the aggregate at least 10% of the then issued and outstanding share capital of the Company. Information provided to the Investors pursuant to this Section shall be subject to the provisions of Section 5.9, to the extent applicable.

8.2 **Use of Proceeds**. The Company will use the proceeds from the Purchased Securities for general corporate and for general corporate purposes, including product integration and research and development, expansion of sales and marketing and customer service operations, purchase of equipment and working capital purposes, and not for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices and scheduled payments of the Company's other debt) or the redemption of any Company securities.

8.3 **Reimbursement of Investors' Expenses**. Within 10 Business Days following the Closing, the Company shall reimburse the Investors for all costs and expenses incurred by the Investors in connection with the negotiation, execution, delivery and performance of this Agreement, the Related Agreements and the transactions contemplated hereby, including in connection with the due diligence processes, the negotiations and preparation of definitive agreements, including, without limitation, fees and expenses of the Investors'counsels and accountants, not to exceed an aggregate amount of $150,000, plus VAT, if applicable, provided that the Investors has submitted to the Company invoices or other customary evidence relating to such costs and expenses and all required valid exemption from withholding certificates.

8.4 **Form D and Blue Sky**. If it is determined by Company counsel that the safe harbor under Regulation S is not available with respect to the sale of the Purchased Securities hereunder, the Company shall file a Form D with respect to the Purchased Securities as required under Regulation D and shall provide a copy thereof to the Investors promptly after such filing. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Purchased Securities for sale to the Investors at the Closing pursuant to this Agreement and the Related Agreements under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification), if it is determined by Company counsel that any such laws are applicable to the transactions hereunder, and, if applicable, shall provide evidence of any such action so taken to the Investors on or prior to the Closing Date. Furthermore, if it is determined by Company counsel to be required, the Company shall make all filings and reports relating to the offer and sale of the Securities that may be required under applicable securities or "Blue Sky" laws of the states of the United States following the Closing Date.

ARTICLE IX

INVESTORS' REPRESENTATIVES

9.1 All of the parties to the Agreement agree that the Investors named in the recitals of this Agreement are hereby appointed, effective from the date hereof, to act as the Investors' Representatives under this Agreement in accordance with the terms of this ARTICLE IX. In the event of the death, resignation, incapacity, bankruptcy or removal of the Investors'Representatives, the Investors who were entitled to purchase a majority of the number of the Purchased Shares shall be entitled to appoint successor Investors'Representatives. The Investors' Representatives may disclose any and all information obtained under or in connection with this Agreement to any and all of the Investors.

9.2 The Investors hereby authorize the Investors' Representatives (i) to take all action necessary in connection with any exercise of rights or bringing any claims the Investors have hereunder, as well as the enforcement, defense, negotiation and/or settlement of such rights and/or claims, (ii) to give and receive all notices required to be given and take all action required or permitted to be taken under this Agreement and the other agreements contemplated hereby to which the Investors collectively are parties, (iii) to execute and deliver all agreements, certificates and documents required or deemed appropriate by the Investors'Representatives in connection with, and for the implementation of, any of the transactions contemplated by this Agreement; (iv) to engage special counsel, accountants and other advisors and incur such other expenses in connection with any of the transactions contemplated by this Agreement; and (vi) to take such other action as the Investors'Representatives may deem appropriate, including: (a) agreeing to any modification or amendment of this Agreement and executing and delivering an agreement of such modification or amendment; (b) taking any actions required or permitted under this Agreement; and (c) all such other matters as the Investors' Representatives may deem necessary or appropriate to carry out the intents and purposes of this Agreement.

9.3 By their acceptance and signing of a counterpart of this Agreement, the Investors agree that:

(a) notwithstanding any other provision herein to the contrary, the Company shall be entitled to rely conclusively on (i) the instructions and decisions of the Investors' Representatives or any other actions taken by the Investors' Representatives hereunder, in their capacity(ies) as such, and (ii) the confirmation of the Investors' Representatives, with respect to any action taken by it/them hereunder, that it/they is/are authorized to take such action; and the Company shall have no liability towards any Investors with respect to its reliance on any of the foregoing;

(b) all actions, decisions and instructions of the Investors' Representatives taken in accordance with the provisions of Section 9.1, shall be conclusive and binding upon all of the Investors and no Investor shall have any right to object, dissent, protest or otherwise contest the same or have any cause of action against the Investors' Representatives for any action taken, decision made or instruction given by the Investors' Representatives under this Agreement, except for fraud, willful breach of this Agreement or gross negligence by the Investors' Representatives; the Investors' Representatives shall give the Investors notices, from time to time and as reasonably required, of any action, decision and instruction made or given by them;

(c) the provisions of this ARTICLE IX are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Investor may have in connection with the transactions contemplated by this Agreement;

(d) the provisions of this ARTICLE IX shall be binding upon the executors, heirs, legal representatives, successors and assigns of each Investor, and any references in this Agreement to an Investor or the Investors shall mean and include the successors to the Investors' rights hereunder, whether pursuant to assignment, testamentary disposition, the laws of descent, and distribution or otherwise.

9.4 In acting as the representative of the Investors, the Investors' Representatives, to the extent applicable, may rely upon, and shall not be liable to any Investor for acting or refraining from acting upon, an opinion of counsel. The Investors' Representatives shall incur no liability to any Investor with respect to any action taken or suffered by it in its capacity as Investors' Representatives, in reliance upon any such opinion of counsel. The Investors' Representatives shall be indemnified and held harmless by the Investors, severally and not jointly, from all losses, costs and reasonable expenses which the Investors' Representatives, in its/their capacity as such, may incur as a result of involvement in any legal proceedings arising from the performance of its/their duties hereunder, except for its/their own fraud, willful misconduct or gross negligence.

ARTICLE X – GENERAL PROVISIONS

10.1 **Survival**; **Limitations**. All the representations and warranties set forth in ARTICLE III and ARTICLE IV of this Agreement shall survive until the earlier of (i) the termination of this Agreement but subject to Section 7.2 and (ii) 15 months from the Closing. Notwithstanding anything to the contrary herein, in no event shall any party be liable to other party for indirect or consequential damages. Notwithstanding any provision in this Agreement to the contrary, the Company shall have no liability under this Agreement and the Investors shall not be entitled to any payment for damages hereunder unless such damages are in excess of $500,000 (in which case the Investors shall be indemnified for any amount in excess of $250,000), and in no event shall the aggregate damages payable by the Company hereunder exceed the Actual Investment Purchase Price received by the Company.

10.2 **Entire Agreement**. This Agreement, the exhibits and schedules hereto, the Related Agreements, the Disclosure Schedule and the documents and instruments and other agreements among the parties hereto referenced herein constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral, among the parties with respect to the subject matter hereof, including, without limitation, the Confidentiality Agreement between the parties hereto dated as of June 1, 2009, which is terminated with no further force and effect (unless if this Agreement is terminated, in which case it shall be in full force and effect).

10.3 **Assignment**. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any party hereto without the prior written consent of the other party hereto, and any such assignment without such prior written consent shall be null and void, except that this Agreement or any of the rights, interests or obligations under this Agreement may be assigned by the Investors, upon notice to the Company, to a Permitted Transferee thereof, in which event all references herein to the Investors shall be deemed references to such transferee, except that all representations and warranties made herein with respect to the Investors as of the date of this Agreement shall be deemed representations and warranties made with respect to such transferee as of the date of such assignment if such assignment is made prior to the end of the period set forth in Section 10.1; provided that any such assignment shall not materially impede or delay the consummation of the transactions contemplated by this Agreement. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns.

10.4 **Amendment**. Except as otherwise stated, this Agreement may not be amended other than by a written instrument signed by the Investors and the Company. Any amendment effected in accordance with this Section shall be binding upon the Investors and the Company, and by acceptance of any benefits under this Agreement, the Investors agrees to be bound by the provisions hereunder.

10.5 **Extension; Waiver**. At any time prior to the Closing, the Investors or the Company, as the case may be, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the covenants, agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

10.6 **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any competent court located in Tel-Aviv-Jaffa, Israel in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Israel for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction and such process.

10.7 **Notices**. All notices and other communications hereunder shall be in writing and shall be shall be emailed, faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Investors or to the Investors' Representatives, to:

Mr. Avinoam Naor
Hashikma 1, Savyon 56518, Israel
Telephone No.: (972)-(3)-7371111
Facsimile No.: (972)-(3)-7371110
Email: avin@naorf.com

Mr. Eli Gelman
13 Yoav Street, Tel Aviv 69938, Israel
Telephone No.: (972)-(3)-6352724
Email: gelmaneli@gmail.com

with a mandatory copy to (which shall not constitute notice):

Meitar Liquornik Geva & Leshem Brandwein
16 Abba Hillel Road Ramat Gan 52506, Israel
Attention: Dan Geva, Advocate
Shira Azran, Advocate
Telephone No.: (972)-(3)-610-3100
Facsimile No.: (972)-(3)-6103-111
Email: dan@meitar.com
sazran@meitar.com

(b) if to the Company, to:

Retalix Ltd.
10 Zarhin Street, P.O. Box 2282, Ra'anana 43000, Israel
Attention: Chief Financial Officer
Telephone No.: (972)-(9)-776-6677
Facsimile No.: (972)-(9)-744-4756
Email: hugo.goldman@retalix.com

with a mandatory copy to (which shall not constitute notice):

Goldfarb, Levy, Eran, Meiri, Tzafrir & Co., Law Offices
2 Weizmann Street Tel Aviv 64239, Israel
Attention: Adam M. Klein, Advocate
Telephone No.: (972)-(3)-608-9839
Facsimile No.: (972)-(3)-608-9855
Email: adam.klein@goldfarb.com

Any notice sent in accordance with this Section 10.7 shall be effective (i) if mailed, seven (7) Business Days after mailing, (ii) if by airmail two (2) Business Days after delivery to the courier service, (iii) if sent by messenger, upon delivery, and (iii) if sent via email or facsimile, upon transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email) or (if transmitted and received on a non-Business Day) on the first Business Day following transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email (provided, however, that any notice of change of address shall only be valid upon receipt).

10.8 **No Third Party Beneficiaries**. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in and subject to Section 5.16 and 5.17 and except that each of Barry Shaked and Brian Cooper are an intended third party beneficiary of Section 6.2(b)(ii) hereof to the extent relating to their respective Founders SPAs.

10.9 **Interpretation**. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation". The words "herein," "hereof," "hereto" and "hereunder"and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The phrases "provided to," "furnished to," "made available" and phrases of similar import when used herein, unless the context otherwise requires, shall mean that a true, correct and complete paper or electronic copy of the information or material referred to was provided to the Investors or its legal counsels.

10.10 **Severability**. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

10.11 **Other Remedies**. Any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

10.12 **Rules of Construction**. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

10.13 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission or by electronic delivery in .pdf format or the like shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

– Signature page follows –

IN WITNESS WHEREOF, the parties have caused this Share Purchase Agreement to be executed by their duly authorized officers, as of the date first written above.

RETALIX LTD.

By: /s/ Itschak Shrem

Itschak Shrem
Director

IN WITNESS WHEREOF, the parties have caused this Share Purchase Agreement to be executed by their duly authorized officers, as of the date first written above.

INVESTORS:

/s/ Avinoam Naor

Name: **AVINOAM NAOR**
By: **AVINOAM NAOR**

/s/ Boaz Dotan

Name: **BOAZ DOTAN**
By: **BOAZ DOTAN**

/s/ Nehemia Lemelbaum

Name: **NEHEMIA LEMELBAUM**
By: **NEHEMIA LEMELBAUM**

/s/ Eli Gelman

Name: **ELI GELMAN**
By: **ELI GELMAN**

/s/ Mario Segal

Name: **MARIO SEGAL AND M.R.S.G. (1999) LTD.**
By: **MARIO SEGAL**

IN WITNESS WHEREOF, the parties have caused this Share Purchase Agreement to be executed by their duly authorized officers, as of the date first written above.

INVESTORS' REPRESENTATIVES:

/s/ Avinoam Naor

AVINOAM NAOR

/s/ Eli Gelman

ELI GELMAN

Exhibit 99.1(c)

APPENDIX C

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this "**Agreement**") is made and entered into this [•] day of [September], 2009, by and between Retalix Ltd., an Israeli company (the "**Company**") and the persons listed on the signature page hereto (the "**Service Providers**").

W I T N E S S E T H:

WHEREAS, concurrently with the execution of this Agreement, the Service Providers and the Company are entering into that certain Share Purchase Agreement, providing for the purchase by the Service Providers of Ordinary Shares constituting 20% of the Company's issued and outstanding share capital, as well as the grant of certain warrants to purchase Ordinary Shares from the Company (the "**PIPE Agreement**"); and

WHEREAS, the Company wishes to enter into this Agreement for the provision of management services by the Service Providers and the Service Providers agree to provide such services, all subject to the terms and conditions set forth herein, effective as of and from the closing of the PIPE Agreement (the "**Closing**").

NOW THEREFORE, in consideration of the mutual agreements, covenants and other promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree as follows:

1. **Services**.

1.1. Management Services. Subject to the terms and conditions set forth herein, the Service Providers shall provide or cause to be provided to the Company, such management services as set forth on **Schedule I** attached hereto (the "**Management Services**"). The Service Providers shall devote an aggregate amount of 700 (seven hundred) hours per each 12-month period during the term of this Agreement for the performance of the Management Services. The allocation of such hours among the Service Providers shall be determined by the Service Providers in their discretion. In the event the Service Provider is a corporate entity or trust, such Service provider undertakes that the Management Services shall be performed personally by the applicable Alpha Promoter (as defined below).

1.2. Company Facilities and Staff. The Company shall provide and/or make available to the Service Providers, at reasonable times and upon reasonable notice, such office facilities, equipment, books and records, and shall allow Service Providers to consult and discuss with Company's management and other staff, all as shall be required by the Service Providers for rendering the Management Services hereunder.

2. **Relationship of Parties**.

2.1. The Management Services hereunder shall be performed by Service Providers as independent contractors and no employer-employee relationship will exist between the Service Providers and the Company.

2.2. Each Service Provider hereby undertakes not to file any claim against the Company concerning employee-employer relationships between such Service Provider and the Company, and if such Service Provider will do so, or in a case that the Company shall incur any other expenses and/or liabilities and/or losses deriving from an adjudication that there is an employee-employer relationship between the Company and such Service Provider during the term of this Agreement – such Service Provider shall indemnify the Company for any such expenses and/or liabilities and/or losses in connection with such a claim, including reasonable attorneys fees (taking into account the provisions of Section 2.3, it being understood that the Company shall not be entitled to indemnity for expenses and/or liabilities and/or losses refunded pursuant to Section 2.3). In no event shall any Service Provider be liable for indemnification in excess of amounts actually received by such Service Provider as Management Fees pursuant to this Agreement.

2.3. If, for any reason whatsoever a competent authority, including a judicial body, determines that notwithstanding the parties' agreement as set forth in this Agreement, any Service Provider is the Company's employee and thus entitled to the benefits of an employee, the following provisions shall apply:

2.3.1. In lieu of the consideration that was paid to such Service Provider from the commencement of this Agreement, such Service Provider shall be deemed only to be entitled to gross consideration equal to 70% of the consideration actually paid to such Service Provider under this Agreement (the "**Adjusted Consideration**") from the date of the commencement of this Agreement. To the Adjusted Consideration shall be added the "Tosefet Yoker" which has been paid in Israel from the date of the commencement of this Agreement.

2.3.2. Such Service Provider undertake to immediately refund to the Company any amount paid under this Agreement from the commencement date of this Agreement in excess of the Adjusted Consideration (as increased by the Tosefet Yoker), and except for such amounts received by Service Provider as reimbursement of expenses under Section 3.2 hereof.

2.4. Nothing contained in this Agreement should be construed to require the Service Providers or their respective affiliates to offer to the Company or any of its affiliates any business or investment opportunities, or to preclude any of them from pursuing other business or investment opportunities (without derogating from any obligation under applicable law applying to any Service Provider as a director of the Company).

3. **Payment**.

3.1. Management Fee. The Service Providers shall be entitled to receive an annual management fee in the aggregate amount of US $240,000 (the "**Management Fee**") (plus VAT, if applicable). The Management Fee shall be payable by the Company in arrears for each fiscal quarter commencing from January 1, 2010, within 10 days of the end of each fiscal quarters, except that with respect to the year 2009, the Management Fee, if any, shall be pro rated based on the actual number of days that have elapsed from the Closing Date (as defined in the PIPE Agreement) until December 31, 2009. The Management Fee shall be paid by the Company to such bank account(s) as designated in writing by the Service Providers, in US dollars, or, at the Service Providers' election, in NIS, based on the representative US Dollar/NIS exchange rate known at the applicable date of payment, and, if applicable, upon receipt by the Company of an invoice from the Service Providers. The allocation of the Management Fee among the Service Providers shall be as instructed by them in writing to the Company, and in the absence of instructions, as set forth in Schedule II.

3.2. The Company shall reimburse the Service Providers for reasonable out-of-pocket expenses incurred by Service Providers in connection with the provision of the Management Services hereunder (which may include flight and lodging expenses in accordance with the Company's policy for executive officers as in effect from time to time), within ten (10) days of its receipt of the relevant documentation reflecting such expenses. For the purpose of billing the Service Providers' expenses, the Service Providers shall be required to maintain records of such expenses and invoice the Company on a periodic basis.

3.3. The Company shall be entitled to withhold from payments hereunder any taxes due under the applicable law.

3.4. For the avoidance of doubt, the above shall not be deemed to include or constitute remuneration or reimbursement of expenses, if any, in a Service Provider's capacity as a director of the Company.

4. **Confidentiality, Intellectual PropertyRights and Non-Competition**.

4.1. Confidentiality. Each Service Provider acknowledges that he may receive from the Company or its agents or representatives, directly or indirectly, non-public, confidential or proprietary information (including such information received by the Company from third parties on a confidentiality basis) ("**Confidential Information**"), and agrees that such information is confidential, and further agrees that, for so long as such information is not public, it will neither use such information for any purpose other than in connection with this Agreement and the performance of the Management Services, nor will it disseminate such information to any person, other than (i) to any affiliates, partners, shareholders, representatives and advisors of such Service Provider who have a need to know such information for purposes of performing the Management Services hereunder, or (ii) subject to applicable law, in connection with Service Provider's periodic reports to any affiliates, partners, shareholders, representatives and advisors thereof in order to enable them to monitor and evaluate their direct and indirect investment in the Company, provided that such persons to whom the Service Provider has given access to the Company's confidential information pursuant to (i) and (ii) above are bound by similar confidentiality obligations to those set forth herein, or (iii) as otherwise may be required by a court of competent jurisdiction or other governmental authority or under any applicable law. Confidential Information shall not include any information that (i) is or subsequently becomes publicly available without the Service Provider's breach of its confidentiality obligations toward the Company, (ii) was known to the Service Provider prior to disclosure of such information by the Company, (iii) became known to the Service Provider from a source other than Company, other than by the breach of an obligation of confidentiality owed to the Company, or (iv) is independently developed by the Service Provider.

4.2. Ownership of Company Work Product. The term "**Company Work Product**" means any information, trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques, information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, that is solely or jointly conceived, made, reduced to practice, or learned by such Service Provider directly as a result of the Management Services provided to the Company. Each Service Provider assigns to the Company all right, title and interest worldwide in and to the Company Work Product and all applicable intellectual property rights related to the Company Work Product.

4.3. Non-Compete Undertaking. During the term of this Agreement and for a period of twelve (12) months thereafter, each Service Provider hereby agrees not to, and not to cause affiliates controlled by him to, directly or indirectly, engage, promote, establish, market, become or be financially interested in, consult with or for, or associate in a business relationship with, or in any manner become involved, in any other person, business (or any component thereof), occupation, work, operation or any other activity, anywhere in the world, which engages or intends to engage in the developing, producing, offering, distributing, licensing, selling or supporting of products or services that directly competes with the business (or any component thereof), products and services of the Company and any of its affiliates, as currently conducted and as conducted by the Company from time to time until the termination of this Agreement (the "**Company's Field**") and provided that the Company's Field represents a principal activity of such business, occupation, work, operation or any other activity. Each Service Provider acknowledges that the consideration under this Agreement is paid in consideration, in part, for the obligations and undertakings under this Section 4.3 and that in light of the nature of the transactions contemplated hereunder, the covenants under this Section 4.3 are reasonable and fair under the circumstances.

The undertaking under this Section 4.3 shall exclude:

4.3.1. holding any securities or having any other interest in any person, where the activity of such person is to make, select, hold or manage investments, using funds provided by multiple investors (such as investment funds, investment managers, and other similar vehicles), in businesses, even if the businesses in which such person invests are in the Company's Field (provided that the Service Provider or its affiliates are not involved in the management or decision making of such person or in the businesses in which such person invests);

4.3.2. acquiring or holding up to 25% of the voting rights of any business, company or group which is engaged or interested in the Company's Field, if the Company's Field does not represent a principal activity of such business, company or group (for purposes of this Section 4, a "principal" activity shall be an activity that is responsible for over 15% percent of the aggregate annual turnover of such business, company or group); and

4.3.3. holding of securities which constitute less than 5% of the share capital of any business in the Company's Field which securities are registered for trading on a stock exchange or an automated quotation system.

5. **Term**.

5.1. Initial Term. This Agreement shall become effective as of and subject to the Closing and shall continue for an initial term of five (5) years thereafter (the "**Initial Term**"), unless earlier terminated in accordance with its terms.

5.2. Termination.

5.2.1. The Service Providers may terminate this Agreement, for any reason, at any time after the second anniversary of the Closing**,** upon 30-days' prior written notice tothe Company.

5.2.2. The Company shall be entitled to terminate this Agreement with respect to any Service Provider (i) upon the occurrence of a Change in Control (as defined below) of the Company occurring after the second anniversary of the Closing upon a 30-days prior written notice tothe Service Providers, (ii) upon (a) conviction of a criminal felony which the Audit Committee of the Board of Directors reasonably believes had or will have a material detrimental effect on the Company's reputation or business, (b) a breach of trust or (c) causing grave injury to the Company; by such Service Provider, in each case, as determined by the Company's Audit Committee of the Board of Directors after giving such Service Provider an opportunity to appear before such committee and present his case, and/or (iii) upon 30-days' prior written notice tothe Service Provider, in the event of continued material breach of such Service Provider's undertakings as set forth in this Agreement after there has been delivered to such Service Provide a written demand for performance from the Company describing the alleged breach and a reasonable cure period has passed, and/or (v) if all of the Service Providers are for any reason unable to provide the Management Services pursuant to this Agreement. For purposes of this Section 5.1, "**Change in Control**" shall mean (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), other than the Service Providers, Ronex Holdings, Limited Partnership or their respective affiliates and Permitted Transferees, who becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

5.2.3. Renewal. This Agreement shall automatically be renewed at the end of the Initial Term for additional successive terms of one (1) year each at a time thereafter, unless terminated, for any reason, by any party, by thirty (30) days advance written notice to the other party prior to the expiration of the Initial Term or any renewal term thereof (and subject to the termination provisions under Section 5.2.2 above).

5.3. Effect of Termination. Upon termination of this Agreement, the Service Providers shall be entitled to such Management Fee and other payments incurred by it up to the date of such termination. In the event of termination of this Agreement, there shall be no liability or obligation on the part of any Service Provider or the Company, or their respective affiliates, officers, directors, employees, agents, representatives and permitted successors and assigns, except that the provisions of Section 6 and this Section 5.3 shall remain in full force and effect and survive any termination of this Agreement and except to the extent that such termination results from a breach of this Agreement.

6. **Miscellaneous**.

6.1. Entire Agreement. This Agreement and the exhibits and schedules attached hereto, constitute the full and entire understanding and agreement between the parties with respect to the subject matters hereof and thereof, and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

6.2. Amendment; Waiver. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and a majority of the Service Providers. Any amendment or waiver effected in accordance with this Section shall be binding upon all parties of this Agreement and their respective successors and assignees.

6.3. Personal Service Agreement; Several Agreement. Notwithstanding anything in this Agreement to the contrary, the Service Providers hereby acknowledge that this Agreement is a personal services agreement and the Management Services provided hereunder cannot be performed but for by Boaz Dotan, Eli Gelman, Nechemia Lemelbaum, Avinoam Naor and/or Mario Segal (the "**Alpha Promoters**"). Subject to the above, and other than the undertaking pursuant to Section 1.1 (which shall be joint and not several), any and all obligations, liabilities, indemnities and undertakings by the Services Providers hereunder shall be several and not joint, to be borne by each of them according to the portion of the Management Fee actually received by each such Service Provider.

6.4. Assignment. Neither this Agreement, nor any rights, interests or obligations under this Agreement may be assigned or transferred, in whole or in part, by operation of law or otherwise by any party hereto, without the prior consent in writing of each the other parties hereto, and any such assignment without such prior written consent shall be null and void, except that, subject to Section6.3, any Service Provider shall be entitled to assign the rights, interests and obligations hereunder (or any part thereof) to any of PermittedTransferee (as defined below). Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, and be enforceable by, the parties hereto and their respective successors, assigns, heirs, executors, and administrators. "**Permitted Transferee**" shall mean: (a) the controlling holder of any Service Provider (in case of a corporate entity) or the beneficiary (in case of trust) (b) any affiliate of any Service Provider or the persons indicated in (a) above; (c) as to a trust, the beneficiary or beneficiaries of such trust; provided that, in each case, the Permitted Transferee has agreed in writing to assume and be bound by the Service Provider's obligations hereunder as if it were an original party hereto. For the purpose of this Section "affiliate(s)" of any person shall mean another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person; and "control" (and words of similar import) shall mean ownership (direct or indirect) of more than 50% of the shares of the subject person entitled to vote in the election of directors (or, in the case of a person that is not a corporation, for the election of the corresponding managing authority).

6.5. Notices. All notices and other communications hereunder shall be in writing and shall be shall be emailed, faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

6.5.1. if to the Service Providers, to:

Mr. Avinoam Naor
Hashikma 1, Savyon 56518, Israel
Telephone No.: (972)-(3)-7371111
Facsimile No.: (972)-(3)-7371110
Email: avin@naorf.com

Mr. Eli Gelman
13 Yoav Street, Tel Aviv 69938, Israel
Telephone No.: (972)-(3)-6352724
Email: gelmaneli@gmail.com

with a mandatory copy to (which shall not constitute notice):

Meitar Liquornik Geva & Leshem Brandwein
16 Abba Hillel Road Ramat Gan 52506, Israel
Attention: Dan Geva, Advocate
Shira Azran, Advocate
Telephone No.: (972)-(3)-610-3100
Facsimile No.: (972)-(3)-6103-111
Email: dan@meitar.com
sazran@meitar.com

6.5.2. if to Company, to:

Retalix Ltd.
10 Zarhin Street, P.O. Box 2282, Ra'anana 43000, Israel
Attention: Chief Financial Officer
Telephone No.: (972)-(9)-7766677
Facsimile No.: (972)-(9)-744-4756
Email: hugo.goldman@retalix.com

Any notice sent in accordance with this Section 6.5 shall be effective (i) if mailed, seven (7) business days after mailing, (ii) if by airmail two (2) business days after delivery to the courier service, (iii) if sent by messenger, upon delivery, and (iii) if sent via email or facsimile, upon transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email) or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email (provided, however, that any notice of change of address shall only be valid upon receipt). Mr. Gelman and Mr. Avinoam Naor are hereby designated as the representatives of all the Service Providers for the receipt of notices under this Agreement, until such time as a majority of the Service Providers shall otherwise notify the Company.

6.6. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any competent court located in Tel-Aviv-Jaffa, Israel in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Israel for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction and such processes.

6.7. Interpretation. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation". The words "herein," "hereof," "hereto" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "affiliate(s)" (and words of similar import) shall mean as set forth in Rule 405 promulgated under the Securities Act of 1933, as amended, and with respect to any natural person, also, (i) grandparents, parents, siblings, lineal descendant of such person or their spouse (including step and adopted children), and any spouse of such person or any of the foregoing, (ii) any trust established for the benefit of such natural person or any affiliate of such natural person, or (iii) any executor or administrator of the estate of such natural person. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

6.8. Severability. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

6.9. OtherRemedies. Any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

6.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission or by electronic delivery in .pdf format or the like shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

– Signature Page Follows –

IN WITNESS WHEREOF, the parties hereto have caused this Management Services Agreement to be duly executed as of the date first written above.

COMPANY:

RETALIX LTD.

By: _____

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Management Services Agreement to be duly executed as of the date first written above.

SERVICE PROVIDERS:

_____

Name: **AVINOAM NAOR**
By: **AVINOAM NAOR**

_____

Name: **BOAZ DOTAN**
By: **BOAZ DOTAN**

_____

Name: **NEHEMIA LEMELBAUM**
By: **NEHEMIA LEMELBAUM**

_____

Name: **ELI GELMAN**
By: **ELI GELMAN**

_____

Name: **MARIO SEGAL AND M.R.S.G. (1999) LTD.**
By: **MARIO SEGAL**

SCHEDULE I

MANAGEMENT SERVICES

The Management Services to be provided by the Service Providers hereunder shall be comprised of the following services, as may be required from time to time:

1. general executive management services, including in the capacity of director(s) and/or chairman of the Board of Directors position, but excluding any officer, senior management or similar employee like roles;

2. advice and assistance concerning long range strategic planning and tactical planning of the Company;

3. advice and assistance concerning the preparation of budgets, forecasts, capital expenditures plans, disposal plans, and refinancing and recapitalization plans;

4. advice and assistance concerning strategy, tactics and approach in the negotiation of material supply and procurement contracts, material financings, material merger and acquisition agreements, and material disposal agreements; and

5. advice and assistance in executive compensation planning and stock option and executive incentive planning, if any.

Exhibit 99.1(d)

APPENDIX D

Registration Rights Agreement

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**") is entered into as of the _ day of _____, 2009, by and among **RETALIX LTD.**, a company incorporated under the laws of the State of Israel of 10 Zarhin Street, P.O.B 2282, Ra'anana 43000, Israel (the "**Company**"), and the investors listed on **Schedule 1** attached hereto (the "**Holders**").

WHEREAS, the Holders are holders of the Ordinary Shares, par value NIS 1.00 each, of the Company **("Ordinary Shares**") and/or of options and/or warrants convertible or exercisable to Ordinary Shares; and

WHEREAS, the parties wish to set provisions governing the registration of the Company's Ordinary Shares held by the Holders or issued upon conversion or exercise of options or warrants to purchase Ordinary Shares, in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and other promises set forth herein, the mutual benefits to be gained by the performance thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree as follows:

1. **DEFINITIONS**. As used in this Agreement, the following capitalized terms shall have the following respective meanings:

1.1. "**Board**" means the Board of Directors of the Company.

1.2. "**Exchange Act**" means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder; all as amended.

1.3. "**Form F-1**" means such form (or Form S-1, as the case may be) under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC.

1.4. "**Form F-2**" means such form (or Form S-2, as the case may be) under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC.

1.5. "**Form F-3**" means such form (or Form S-3, as the case may be) under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC, which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.6. "**Holder(s)**" means as set forth in the preamble to this Agreement and any of their respective successors, transferees and assigns pursuant to Section 11, so long as they hold Registrable Securities.

1.7. "**Prospectus**" means the prospectus included in a Shelf Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto and all material incorporated by reference in such prospectus.

1.8. "**Register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

1.9. "**Registrable Securities**" means any (i) Ordinary Shares held by the Holders on the date hereof (including Ordinary Shares issued or issuable upon exercise of warrants held by the Holders on the date hereof), which are set forth on **Schedule 1** attached hereto, and (ii) any and all Ordinary Shares issued or issuable with respect to the securities described in clause (i) above upon any stock split, stock dividend or the like, or into which such Ordinary Shares have been or may be converted to or exchanged into in connection with any merger, consolidation, reclassification, recapitalization or similar event; excluding in all cases, however, any Registrable Securities sold or transferred by a person in a transaction in respect of which his rights under this Agreement are not assigned pursuant to Section 11.

1.10. "**SEC**" means the United States Securities and Exchange Commission.

1.11. "**SecuritiesAct**" shall mean the Securities Act of 1933 and the rules and regulations promulgated thereunder; all as amended.

2. **DEMAND REGISTRATION**.

2.1. Request for Registration. Subject to the conditions of this Section 2, at any time after the first anniversary of the date hereof (the "**End of the No Sale Period**"), if the Company shall receive a written request from Holders owning a majority of the then outstanding Registrable Securities (the "**Initiating Holders**") that the Company file a registration statement on Form F-1 or such other long form or short form registration statement, including Forms F-2 and F-3, then the Company shall, within thirty (30) days of the delivery of such written request by the Initiating Holders, give written notice of such request to all Holders, and subject to the limitations of this Section 2, use its commercially reasonable best efforts to effect, as promptly as reasonably possible, the registration under the Securities Act of the Registrable Securities that the Holders as are specified in the Initiating Holders' request, together with the Registrable Securities of any Holder(s) joining in such request as are specified in a written request received by the Company within the above 30-day period. Any request by the Initiating Holders for a Shelf Registration Statement shall be governed under Section 4.

2.2. Underwritten Offering.

2.2.1. If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2 and the Company shall include such information in the written notice referred to in Section 2.1, as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with underwriter(s) designated for such underwriting as the lead or managing underwriter(s) by the Initiating Holders (which underwriter(s) shall be reasonably acceptable to the Company).

2.2.2. Notwithstanding any other provision of this Section 2, if the underwriter advises the Company that marketing factors require a limitation of the number of Registrable Securities to be underwritten then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities so requesting to be registered on a pro rata basis, based on the number of Registrable Securities then held by all such Holders; provided, however, that the number of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities of the Company are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

2.3. Exclusions. The Company shall not be required to effect a registration pursuant to this Section 2 (without limiting any other provisions of this Section 2 to that effect):

2.3.1. After the Company has effected two (2) registrations pursuant to this Section 2, and such registrations have been declared or ordered effective;

2.3.2. If such demand requests the registration of shares with an anticipated aggregate offering price of (i) with respect to a registration on Form F-1 (or the like), less than eight million United States Dollars ($8,000,000) or (ii) with respect to a registration on Form F-3 (or the like), less than four million United States dollars ($4,000,000);

2.3.3. During the period starting with the date of filing of, and ending on the date one hundred eighty (180) days following the effective date of, a registration statement under the Securities Act pertaining to the Company's securities (but other than registration relating solely to employee benefit plans on Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a SEC Rule 145 transaction on Form F-4 or similar forms that may be promulgated in the future); provided that the Company makes commercially reasonable good faith efforts to cause such registration statement to become effective;

2.3.4. If within ten (10) days of receipt of a written request from Initiating Holders pursuant to Section 2.1, the Company gives notice to the Holders of the Company's good faith intention to file a registration statement under the Securities Act for a public offering for a sale of the Company's shares for its own account within forty five (45) days, provided that the Company actually files such registration statement within such forty five (45) days and makes commercially reasonable good faith efforts to cause such registration statement to become effective; or

2.3.5. If the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2, an officer's a certificate signed by order of the Company's Audit Committee stating that in the good faith judgment of the Company's Audit Committee, it would be seriously detrimental to the Company and its shareholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than 90 days after receipt of the request of the Initiating Holders; provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

3. **PIGGYBACK REGISTRATIONS**.

3.1. Notice of Registration. At any time and from time to time after the End of the No Sale Period, the Company shall notify all Holders of Registrable Securities in writing at least 30 days prior to the filing of any registration statement for purposes of an offering of securities of the Company (but other than registration relating solely to employee benefit plans on Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a SEC Rule 145 transaction on Form F-4 or similar forms that may be promulgated in the future) and will afford each such Holder requesting to be included in such registration, in accordance with this Section 3.1, an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within fourteen (14) days after delivery of the above-described notice by the Company, so notify the Company in writing specifying the number of Registrable Shares requested to be included. If a Holder decides not to include all of its Registrable Securities in any registration statement to be filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement(s) as may be filed by the Company with respect to offerings of its securities. The number of occurrences of the registration pursuant to this Section 3 shall be unlimited.

3.2. Underwritten Offering.

3.2.1. If the registration statement under which the Company gives notice under this Section 3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities as part of its notice made pursuant to Section 3.1. In such event, the right of any such Holder to be included in a registration pursuant to this Section 3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company.

3.2.2. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares (including Registrable Securities) to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders pro-rata, based on the total number of Registrable Securities then held by the Holders requesting to be included in such registration; and third, to any shareholder of the Company (other than a Holder) pro-rata, based on the total number of shares then held by such shareholder requesting to be included in such registration; provided, however, that the number of Registrable Securities to be included in such underwriting and registration shall not be below twenty five percent (25%) of the total amount of shares included in such registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

3.3. Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 3 prior to the effectiveness of such registration, whether or not any Holder has elected to include securities in such registration.

4. **SHELF REGISTRATION STATEMENT.**

4.1. Request for Registration. Subject to the conditions of this Section 4, at any time after the End of the No Sale Period, if the Company shall receive a written request from any Holder(s), holding, in the aggregate, not less than 15% of the Registrable Securities then outstanding (the "**Shelf Initiating Holders**"), that the Company file a registration statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time by the Holders of Registrable Securities (the "**Shelf Registration Statement**"), then the Company shall, within thirty (30) days of the delivery thereof, deliver written notice of such request to all Holders, which may elect to join in such request as specified in a written notice delivered to the Company within fifteen (15) days after delivery by the Company of its foregoing written notice. The Shelf Registration Statement shall be on Form F-3 or another appropriate registration statement permitting registration of such Registrable Securities for resale by the Holders in accordance with the methods of distribution elected by them and set forth in such Shelf Registration Statement. The Company shall use its commercially reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act within 3 months after the Holders' initial request in accordance with this Section.

4.2. Exclusions. The Company shall not be required to effect a registration pursuant to this Section 4 (without limiting any other provisions of this Section 4 to that effect):

4.2.1. If Form F-3 or another appropriate registration statement allowing forward incorporation by reference is not available for such offering by the Holders;

4.2.2. If the Company is required to effect more than two (2) registrations pursuant to this Section 4 in any 12 months, provided such registration has been declared or ordered effective, or if one such registration statement has been declared effective during the preceding six months;

4.2.3. If such demand requests the registration of shares with an anticipated aggregate offering price of less than four million United States dollars ($4,000,000);

4.2.4. If within ten (10) days of receipt of a written request from the Shelf Initiating Holders, the Company gives notice to the Holders of the Company's good faith intention to file a registration statement for a public offering within forty five (45) days, provided that the Company actually files such registration statement within such forty five (45) days and makes commercially reasonable good faith efforts to cause such registration statement to become effective;

4.2.5. If the Company shall furnish to the Holders requesting a registration statement pursuant to this Section 4, an officer's certificate signed by order of the Company's Audit Committee stating that in the good faith judgment of the Company's Audit Committee, it would be seriously detrimental to the Company and its shareholders for such Shelf Registration Statement to be effected at such time, in which event the Company shall have the right to defer the filing of the Shelf Registration Statement for a period of not more than 90 days after receipt of the initial request of the Holder or Holders under this Section 4; provided, that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period; or

4.3. Suspension.

4.3.1. In addition to any suspension rights under subsection 4.3.2 below, upon the happening of any pending corporate development, public filing with the SEC (or any other applicable federal, state governmental) or similar event, that, in the good faith judgment of the Company's Audit Committee, renders it advisable to suspend the use of the Prospectus or upon the request by an underwriter in connection with an underwritten public offering of the Company's securities, the Company may suspend use of the Prospectus on written notice to each Holder (which notice will not disclose the content of any material non-public information and will indicate the date of the beginning and end of the intended period of suspension, if known), in which case each Holder shall discontinue disposition of Registrable Securities covered by the registration statement or Prospectus until copies of a supplemented or amended Prospectus are distributed to the Holders or until the Holders are advised in writing by the Company that sales of Registrable Securities under the applicable Prospectus may be resumed and have received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such Prospectus. Each such notice may result in a suspension for up to thirty (30) days. The suspension and notice thereof described in this Section 4.3 shall be held by each Holder in strictest confidence and shall not be disclosed by such Holder, unless required by law.

4.3.2. In the event of: (i) any request by the SEC or any other applicable federal, state or foreign governmental authority for amendments or supplements to a registration statement or related prospectus or for additional information, (ii) the issuance by the SEC or any other applicable federal, state or foreign governmental authority of any stop order suspending the effectiveness of a registration statement or the initiation of any proceedings for that purpose, (iii) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, or (iv) any event or circumstance which necessitates the making of any changes in the registration statement or Prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that in the case of the Prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, then the Company shall deliver a certificate in writing to the Holders (the "**Suspension Notice**") to the effect of the foregoing (which notice will not disclose the content of any material non-public information and will indicate the date of the beginning and end of the intended period of suspension, if known). Upon receipt of such Suspension Notice, the Holders will discontinue disposition of Registrable Securities covered by the registration statement or Prospectus (a "**Suspension**") until the Holders' receipt of copies of a supplemented or amended Prospectus prepared and filed by the Company, or until the Holders are advised in writing by the Company that the current Prospectus may be used, and have received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such prospectus. In the event of any Suspension, the Company will use its commercially reasonable efforts to cause the use of the Prospectus so suspended to be resumed as soon as possible after delivery of a Suspension Notice to the Holders. The Suspension and Suspension Notice described in this Section 4.3.2 shall be held by each Holder in strictest confidence and shall not be disclosed by such Holder, unless required by law.

4.4. Not Demand Registration. Registrations effected pursuant to this Section 4 shall not be counted as demands for registration or registrations effected pursuant to Section 2.

4.5. Rule 415 Limitation. Notwithstanding anything in this Agreement to the contrary, if the SEC limits the number of Registrable Securities that may be included in any shelf registration statement due to limitations on the use of Rule 415 of the Securities Act, then the Company shall so advise all Holders of Registrable Securities which were proposed to be registered in such registration statement, and the number of shares that may be included in such registration statement shall be allocated to the Holders of such Registrable Securities so requesting to be registered on a pro rata basis, based on the number of Registrable Securities then held by all such Holders.

5. **OBLIGATIONS OF THE COMPANY.** Whenever required to effect the registration of any Registrable Securities, the Company shall, without limitation of any other provision herein, as expeditiously as reasonably possible:

5.1. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable best efforts to cause such registration statement to become effective, and keep such registration statement effective until the earlier of (i) with respect to a registration effected pursuant to Section 4 – eighteen (18) months from its effective date, or in case of any other registration – one (1) year from the effective date, plus (in each case) such number of days equal to the duration of any suspensions pursuant to Section 4.3, if applicable, or (ii) the disposition of all Registrable Securities included in such registration statement. In case of a registration statement pursuant to Section 4, such registration statement shall include a plan of distribution in customary form;

5.2. Prepare and file with the SEC (or any other applicable federal, state or foreign governmental authority) such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

5.3. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such registration statement;

5.4. Use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

5.5. Use commercially reasonable efforts to list the Registrable Securities covered by such registration statement with any securities exchange on which the Ordinary Shares of the Company are then listed or if the Company does not have a class of equity securities listed on a securities exchange, apply for qualification and use commercially reasonable efforts to qualify the Registrable Securities being registered for inclusion on such exchange as is determined by the Company. Unless delivered earlier, the Company shall deliver to the Holders a copy of the approvals of such securities exchange to the listing of the Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

5.6. Provide a transfer agent, CUSIP number and registrar for all such Registrable Securities not later than the effective date of such registration statement;

5.7. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering;

5.8. Promptly notify each seller of Registrable Securities covered by such registration statement and each underwriter under such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company shall prepare and furnish to each such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

5.9. Use its reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company addressed to the underwriters for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, (including that (A) such registration statement has become effective under the Securities Act and, to the best knowledge of such counsel, no stop order suspending the effectiveness thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act, and (B) the registration statement, the related prospectus and each amendment or supplement thereof comply as to form in all material respects with the requirements of the Securities Act (except that such counsel need not express any opinion as to financial statements contained therein)), and (ii) a letter, dated as of such date, from the independent certified public accountants of the Company, addressed to the underwriters and to such seller, in form and substance as is customarily given by independent certified public accountants in an underwritten public offering (including, that they are independent public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements of the Company included in the registration statement or the prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act, and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five business days prior to the date of such letter) with respect to such registration as such underwriters or sellers reasonably may request);

5.10. Use commercially reasonable efforts to cooperate with the sellers in the disposition of the Registrable Securities covered by such registration statement, including without limitation in the case of an underwritten offering using commercially reasonable efforts to cause key executives of the Company and its subsidiaries to participate under the direction of the managing underwriter in a "road show" scheduled by such managing underwriter in such locations and of such duration as in the judgment of such managing underwriter are appropriate for such underwritten offering;

5.11. In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act, and before filing any such registration statement or any other document in connection therewith, give the participating Holders of Registrable Securities and their underwriters, if any, and their respective counsel and accountants, the opportunity to (i) review any such registration statement, each prospectus included therein or filed with the SEC, each amendment thereof or supplement thereto and any related underwriting agreement, or other document to be filed, and (ii) provide comments to such documents if necessary to cause the description of such Holders of Registrable Securities to be accurate; and

5.12. Otherwise use commercially reasonable efforts to comply with the Securities Act, the Exchange Act and any other applicable rules and regulations of the SEC, and make available to the Holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months after the effective date of such registration statement, which earnings statement shall satisfy Section 11(a) of the Securities Act and any applicable regulations thereunder, including Rule 158.

6. **REGISTRATION EXPENSES.** All registration expenses incurred in connection with any registration, qualification or compliance pursuant to Sections 2 through 5 herein shall be borne by the Company. Registration expenses shall include all expenses incurred by the Company or incident to the Company's performance of or compliance with this Agreement with respect to any registration in complying with Sections 2, 3 and 4 hereof, including, without limitation, expenses incurred in connection with the preparation of a prospectus, printing, registration and filing fees, printing fees and expenses, fees and disbursements of counsel, accountants and other advisors for the Company, reasonable fees and disbursements of a single special counsel for the Holders (selected by Holders of the majority of the Registrable Securities requesting such registration), taxes, fees and expenses (including reasonable counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority or any securities exchange on which the Ordinary Shares of the Company are then listed, fees of transfer agents or registrars and the expense of any special audits incident to or required by any such registration. Notwithstanding the foregoing, however, all underwriters' discounts and commissions in respect of the sale of Registrable Securities shall be paid by the Holders, pro rata in accordance with the number of Registrable Securities sold in the offering. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 or Section 4.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2.1 or Section 4.1, respectively; provided however, that in the event that such withdrawal is based upon material adverse information relating to the Company that is different from the information that was known or to the Holders requesting registration at the time of their request for registration, in which event such registration shall not be treated as a counted registration for purposes of Section 2 or 4, as the case may be, and the Holders shall not bear the registration expenses for such registration.

7. **AGREEMENT TO FURNISH INFORMATION**. As a condition precedent to any registration obligations of the Company hereunder, each Holder of Registrable Securities shall furnish to the Company such relevant information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Agreement.

8. **PRECONDITIONS TO PARTICIPATION IN UNDERWRITTEN REGISTRATIONS.** No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (i) agrees to enter into a written underwriting agreement with the managing underwriter selected in the manner herein provided in such form and containing such provisions as are customary in the securities business for such an arrangement between such underwriter and companies of the Company's size and investment stature, and (ii) provides any relevant information and completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents required under the terms of such underwriting arrangements, provided, however, that (a) the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of the underwriters shall also be made to and for the benefit of such Holders of Registrable Securities and (b) no such Holder shall be required to make to the Company any representations and warranties in a registration effected pursuant to Sections 2, 3 or 4 other than customary representations and warranties relating to such Holder's title to Registrable Securities and authority to enter into the underwriting agreement.

9. **INDEMNIFICATION.** In the event any Registrable Securities are included in a registration statement under Sections 2, 3 or 4:

9.1. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its affiliates, the partners, officers, directors and shareholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Securities Act) in an underwritten offering for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will pay promptly upon demand to each such Holder, its affiliates, partners, officers, or directors, any underwriter (as defined in the Securities Act) in an underwritten offering for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided however, that the indemnity agreement contained in this Section 9.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, underwriter or controlling person of such Holder; provided further that the indemnification contained in this Section 9.1 shall not be deemed to relieve any underwriter of any of its due diligence obligations; and provided further, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder or underwriter or other aforementioned person, or any person controlling such Holder or underwriter, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the most current prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Holder or underwriter or other aforementioned person to such person, if required by law to have been so delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

9.2. To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers, directors and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's its affiliates, partners, directors officers or any person who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder specifically for use in connection with such registration; and each such Holder will pay promptly upon demand any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; provided, however, that the indemnity agreement contained in this Section 9.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided further, that in no event shall any indemnity under this Section 8.2 exceed the net proceeds from the offering received by such Holder.

9.3. Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the reasonable fees and expenses of one counsel for all indemnified parties (the selection of such counsel to be subject to the consent of the indemnifying party, not be unreasonably withheld or delayed) to be paid by the indemnifying party, if representation of such indemnified parties by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other parties represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, shall, to the extent materially prejudicial to its ability to defend such action, relieve such indemnifying party of its liability to the indemnified party under this Section 9, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 9.

9.4. If the indemnification provided for in this Section 9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder; and provided further that no party will be liable for contribution with respect to the settlement of any claim or action effected without its written consent.

9.5. The obligations of the Company and Holders under this Section 9 shall survive completion of any offering of Registrable Securities in a registration statement and the termination of this Agreement. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

9.6. The indemnification provisions of this Section 9 shall not be in limitation of any other indemnification provisions included in any other agreement. Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in any underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall prevail.

10. **LOCK-UP AGREEMENT**.

10.1. Each Holder and the Company hereby agrees that, if so requested by the representative of the lead or managing underwriters (the "**Managing Underwriter**"), such Holder and Company shall not, without the prior consent of the Managing Underwriter (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Registrable Securities or any securities of the Company (whether such shares or any such securities are then owned by the Holder, or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Registrable Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Registrable Securities or such other securities, in cash or otherwise, during the period specified by the Managing Underwriter (the **"Market Standoff Period**"), with such period not to exceed 10 days prior to the anticipated effective date of such registration statement and 90 days following the effective date of such registration statement. Any discretionary waiver or termination of the restrictions contained in any such agreement by the Company or the underwriter shall apply to all the Holders pro rata, based on the number of shares subject to such agreements and in preference over all other holders (i.e., who are not Holders) of the Company's securities. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's offering on the same terms of this Section 10.1.

10.2. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

10.3. The provisions of this Section 10 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holder if all officers, directors and shareholders of the Company holding a percentage of the Company's share capital as determined by the Managing Underwriter, enter into similar agreements.

10.4. The underwriters in connection with a registration statement so filed are intended to be third party beneficiaries of this Section 10 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

11. **ASSIGNMENT OF REGISTRATION RIGHTS; TRANSFER OF REGISTRABLE SECURITIES.** The rights to cause the Company to register Registrable Securities pursuant to this Agreement may be assigned by a Holder to (a) any transferee or assignee of Registrable Securities that after such assignment holds at least 250,000 Registrable Securities (as adjusted for stock splits, combinations and other recapitalization events); or (b) a Permitted Transferee thereof (as defined below); provided, however, that no such rights shall be deemed to be assigned until (i) the transferor shall furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned, and (ii) such transferee shall agree to be subject to all provisions and restrictions of a Holder set forth in this Agreement. Any group of two or more affiliated or related Holders shall appoint one representative to give and receive notices under this Agreement on behalf of all such Holders. "**Permitted Transferee**" means (a) each of the other Holders, the controlling holder thereof (in case of a corporate entity) or the beneficiary thereof (in case of trust); (b) as to any individual Holder – any grandparents, parents, siblings, children, lineal descendant (including step and adopted children), and any spouse (including, former spouse, widow or widower), of such individual or any of the foregoing, or trust of which at least one of the foregoing is the beneficiary; (c) any affiliate of a Holder or of a person indicated in (a) or (b) above; (d) as to any partnership: (1) any of its general and limited partners; (2) any of its affiliates; (3) any person, directly or indirectly, managing such entity; or (4) any entity (and its partners) managed by the same management company or managing general partner, or managed by an affiliate of such management company or managing general partner; or (e) as to a trust, the beneficiary or beneficiaries of such trust. The term "affiliate" of any party hereof shall mean another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person; and "control" (and words of similar import) shall mean beneficial ownership (direct or indirect) of more than 50% of the shares of the subject person entitled to vote in the election of directors (or, in the case of a person that is not a corporation, for the election of the corresponding managing authority).

12. **RULE 144 REPORTING.** With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to:

12.1. Make and keep available adequate current public information with respect to the Company, within the meaning Rule 144(c) under the Securities Act or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public.

12.2. Furnish to such Holder forthwith upon request: (i) a written statement by the Company as to its compliance with the informational requirements of Rule 144(c) under the Securities Act (or similar rule then in effect), and of the Exchange Act (at any time after it has become subject to such reporting requirements); (ii) a copy of the most recent annual or quarterly report of the Company; and (iii) such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration; and

12.3. Comply with all other necessary filings and other requirements so as to enable the holders of Registrable Securities to sell Registrable Securities under Rule 144 under the Securities Act (or similar rule then in effect).

13. **FOREIGN OFFERINGS**. The provisions of this Agreement will apply to the listing and registration of Registrable Securities in foreign jurisdiction or on foreign exchange, subject to the local laws and regulations of such foreign jurisdiction and foreign exchange.

14. **TERMINATION OF REGISTRATION RIGHTS**. No Holder shall be entitled to exercise any right provided for in this Agreement after five (5) years following the End of the No Sale Period, or, as to any Holder, such earlier time at which all Registrable Securities held by such Holder are eligible to be sold without registration in compliance with Rule 144 of the Securities Act and can be sold under such Rule within 3 months.

15. **SUBSEQUENT REGISTRATION RIGHTS**. Without the consent of the Holders of at least sixty percent (60%) of the Registrable Securities then held by Holders, the Company may not grant, or enter into any other agreement with any holder or prospective holder of any securities of the Company that would grant such holder, registration rights, except for rights that do not allow such holder of securities of the Company: (i) to include such securities in any registration filed under Section 3 hereof, unless under the terms of such agreement, such holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included; or (ii) to demand registration of their securities.

16. **MISCELLANEOUS**.

16.1. Entire Agreement**.** This Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and supersedes all prior negotiations, agreements and understandings of the parties of any nature, whether oral or written, relating thereto.

16.2. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and Holders who own at least sixty percent (60%) of the Registrable Securities then held by Holders. Any amendment or waiver effected in accordance with this Section 16.2 shall be binding upon each Holder and the Company. By acceptance of any benefits under this Agreement, Holders of Registrable Securities hereby agree to be bound by the provisions hereunder.

16.3. Governing Law; Venue. This Agreement shall be governed by and construed under the laws of the State of Israel, without regard to the conflicts of law principles of such State, except with respect to matters that are subject to foreign securities laws and regulations, which shall be governed by such applicable laws and regulations. The parties hereto irrevocably submit to the exclusive jurisdiction of the competent courts located in Tel Aviv-Jaffa, Israel in respect of any dispute or matter arising out of or connected with this Agreement.

16.4. Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time.

16.5. Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

16.6. Delays or Omissions; Remedies. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Holder, upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any Holder's part of any breach, default or noncompliance under the Agreement or any waiver on such Holder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to Holders, shall be cumulative and not alternative.

16.7. Aggregation of Shares. All shares of the Company held or acquired by any Holder and its Permitted Transferee, shall be aggregated together for the purpose of determining the availability of any rights under this Agreement, the applicability of any limitation under this Agreement, or calculating such Holder's pro rata share.

16.8. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) two (2) days after deposit with an internationally recognized courier, specifying two day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth below or at such other address as such party may designate by two (2) days advance written notice to the other parties hereto.

16.8.1. If to the Company:

10 Zarhin Street
Ra'anana 43000, Israel
Attention: Chief Financial Officer
Telephone No.: (972)-(9)-776-6677
Facsimile No.: (972)-(9)-744-4756
Email: Hugo.Goldman@retalix.com

With a mandatory copy to (which shall not constitute notice):

Goldfarb, Levy, Eran, Meiri, Tzafrir & Co., Law Offices
2 Weizmann Street Tel Aviv 64239, Israel
Attention: Adam Klein, Advocate
Telephone No.: (972)-(3)-608-9947
Facsimile No.: (972)-(3)-521-2212
Email: adam.klein@goldfarb.com

16.8.2. If to a Holder: to the address set forth in Schedule 1 attached hereto.

With a mandatory copy to (which shall not constitute notice):

Meitar Liquornik Geva & Leshem Brandwein
16 Abba Hillel Road Ramat Gan 52506 Israel
Attention: Dan Geva, Advocate
Shira Azran, Advocate
Telephone No.: (972)-(3)-610-3100
Facsimile No.: (972)-(3)-6103-111
Email: dan@meitar.com
sazran@meitar.com

16.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission or by electronic delivery in .pdf format or the like shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

– Signature page follows –

IN WITNESS WHEREOF, the parties have duly signed this Registration Rights Agreement as of the Effective Date.

THE COMPANY:

_____

RETALIX LTD.

Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have duly signed this Registration Rights Agreement as of the Effective Date.

THE HOLDERS:

ALPHA:

_____

Name:
By: **AVINOAM NAOR**

_____

Name:
By: **BOAZ DOTAN**

_____

Name:
By: **NEHEMIA LEMELBAUM**

_____

Name:
By: **ELI GELMAN**

_____

Name:
By: **MARIO SEGAL**

Schedule 1
Schedule of Holders and Registrable Securities

Name	Ordinary Shares purchased in the open market prior to the date hereof	Ordinary Shares purchased in a tender offer on [_____,] 2009	Ordinary Shares purchased from the Company in a private placement on September 3, 2009	Ordinary Shares issuable upon the exercise of warrants purchased from the Company in such private placement	Total Number of Registrable Securities
BOAZ DOTAN Address: Telephone No: Facsimile No.:					
ELI GELMAN Address: Telephone No: Facsimile No.:					
NEHEMIA LEMELBAUM Address: Telephone No: Facsimile No.:					
AVI NAOR Address: Telephone No: Facsimile No.:					
M.R.S.G (1999) LTD. Address: Telephone No: Facsimile No.:					
MARIO SEGAL Address: Telephone No: Facsimile No.:					

Exhibit 99.1(e)

APPENDIX E

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this "**Agreement"**) is entered into on this 3rd day of September, 2009, by and between Retalix Ltd. (the "**Company**") and B.G.A.G.S. Shaked Ltd. (together with Mr. Barry Shaked, the individual serving on behalf thereof, the "**CEO**").

WITNESSETH:

WHEREAS, CEO has served as the Chief Executive Officer of the Company since April 1, 1982, and effective as of July 1, 2002 has provided such services under the terms of that certain Management Services Agreement dated September 4, 2002 (as amended on October 7, 2008, the "**Services Agreement**"); and

WHEREAS, concurrently with the execution of this Agreement, (i) the Company and investors set forth therein (collectively, "**Alpha**") are entering into that certain Share Purchase Agreement, providing for the purchase by Alpha of Ordinary Shares of the Company as well as the grant of certain warrants to purchase Ordinary Shares from the Company (the "**PIPE Agreement**"), (ii) each of Mr. Brian Cooper and Mr. Barry Shaked ("**Shaked**") is entering into a Share Purchase and Sale Agreement providing for the sale of all outstanding Ordinary Shares of the Company held by each of them (respectively, the "**Cooper SPA**" and the "**Shaked SPA**"); and (iii) Alpha and Ronex Holdings L.P. are entering into that certain Shareholders Agreement (this Agreement, and all agreements indicated above, the "**Series Agreements**"); and

WHEREAS, in connection with the Series Agreements, the Company and CEO wish to agree on the terms and conditions upon which the parties shall separate, all as set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Termination**.

1.1. The term of the provision of the Services (as defined in the Services Agreement) under the Services Agreement shall terminate on the later to occur of: (i) December 31, 2009, or (ii) the Closing of the PIPE Agreement (as defined therein) (the "**Termination Date**"), which date will be deemed the end of the three-month notice period under the Services Agreement. Without derogating from Section 1.2 below, the Company may request, at its sole discretion, that CEO shall continue to provide the Services to the Company following the Closing of the PIPE Agreement under the terms of the Services Agreement, and to the extent CEO agrees to such request, the Termination Date shall be postponed accordingly.

1.2. In accordance with the Services Agreement, and at the Company's request, following the Termination Date and during the respective periods set forth in the Services Agreement, CEO shall cooperate with the Company in connection with integrating into the Company the new chief executive officer and shall be available to render reasonable advice to the Company in connection with the transfer of matters connected with the services provided to the Company. To enable the CEO to fulfill such duties, the Company shall inform the CEO in writing of his replacement or the identity of the individual(s) assuming the responsibilities of the Company's chief executive officer.

1.3. Effective as of the Termination Date, the CEO and Shaked hereby resign as a director, officer or agent of the Company and any subsidiary of the Company.

2. **Entitlements upon Termination**.

Subject to the terms and conditions of this Agreement, CEO shall be entitled to receive the following payments and benefits:

2.1. Services Fees. Until the Termination Date, CEO shall be entitled to receive from the Company the Consideration and all other benefits as set forth in the Services Agreement.

2.2. Other Benefits. In accordance with the Services Agreement, CEO shall be entitled to receive (i) a special bonus in the gross amount of US$132,930, to be paid by the Company on the Termination Date, (ii) the Consideration and all other benefits during a six-month transition period, subject to the terms of Section 3.2 of the Services Agreement, (iii) an annual bonus for the year 2009, which bonus shall be calculated in accordance with the formula set forth in the Services Agreement and paid by the Company, to the extent not previously paid, promptly following the approval by the Company's Board of Directors of the Company's consolidated financial statements for the year 2009, and (iv) an annual bonus for the pro rata portion for the year 2010 in accordance with the terms of the Services Agreement, which bonus shall be calculated in accordance with the formula set forth in the Services Agreement and paid by the Company promptly following the approval by the Company's Board of Directors of the Company's consolidated financial statements for the fiscal quarter in which the Termination Date occurs. Notwithstanding the foregoing, for the purpose of calculating the annual bonus pursuant to the Services Agreement, "net income" of the Company shall exclude any special one-time charges. In the event of any dispute relating to the interpretation of such exclusion that cannot be resolved between the parties, Mr. Ischak Shrem shall serve as the sole arbitrator, whose determination shall be final and binding on the parties.

2.3. Termination Bonus; Release of Funds.

2.3.1. In recognition of the long term of his service, CEO shall be entitled to receive on the Termination Date a special departure bonus in the gross amount $200,000.

2.3.2. On the Termination Date, the Company shall release the moneys accumulated in the severance fund maintained by the Company on Shaked's behalf. As of August 31, 2009, the amount in such funds was NIS 476,557.

2.3.3. On the Termination Date, the Company shall provide Shaked with an irrevocable notice of release to funds for all the amounts accrued in Shaked's Education Fund and Manager's Insurance Policy (including amounts accumulated in the severance fund).

2.4. Options.

2.4.1. Subject to Section 2.4.2, the currently outstanding options to purchase 794,137 Ordinary Shares of the Company granted to CEO, and any additional options that may be granted to the CEO prior to the Termination Date (the "**Options**"), shall fully vest and become exercisable upon and subject to the Closing of the PIPE Agreement. Notwithstanding the termination of the Services Agreement and anything to the contrary in the applicable option plan of the Company or any option agreement(s) executed by the Company and CEO, such Options shall continue to be exercisable by CEO for the original term thereof until their respective expiration dates, in accordance with the following schedule:

Original Grant Date	Total Number of Options		Exercise Price	Expiration Date
1/1/06	194,090	$	24.46	31/12/2009
1/1/07	196,135	$	16.29	31/12/2010
1/1/08	200,014	$	15.58	31/12/2011
1/1/09	203,898	$	6.00	31/12/2012
TOTAL	**794,137**			

2.4.2. CEO hereby irrevocably appoints the Chairman of the Company's Board of Directors, or any other designee of the Company, as its/his sole and exclusive attorney and proxy, with full power of substitution and resubstitution, to vote and exercise all voting rights with respect to the number of outstanding Ordinary Shares held by CEO, together with any affiliate controlled by CEO and any group of persons to which CEO or any such affiliate is a party, exceeding 2.0% of the outstanding Ordinary Shares of the Company from time to time (the "**Excess Shares**"), in the proxy's sole and absolute discretion, on every annual, general, special, class or adjourned meeting of the shareholders of the Company (and any adjournment or postponement thereof) and in every written consent in lieu of such meeting. The proxy hereunder with respect to the Excess Shares shall automatically expire on the fourth (4th) anniversary of the Closing. For the purpose of enforcing this provision, following the delivery by the Company of notice of any general meeting of the shareholders in which CEO, any affiliate controlled by CEO or any group of persons to which CEO or any such affiliate is a party wishes to participate and vote, CEO shall promptly notify the Company in writing the number of Ordinary Shares then held by CEO, together with any affiliate controlled by CEO and any group of persons to which CEO or any such affiliate is a party, and the proxy granted in this Section shall apply only to any Excess Shares (if any). CEO shall not vote, and shall cause any affiliate controlled by him and any group of persons to which CEO or any such affiliate is a party not to vote, any Ordinary Shares held by them unless CEO has complied with the preceding sentence. During such four-year period, all Ordinary Shares of the Company issued pursuant to exercise of the Options shall be maintained in certificated form until such time as they are sold to one or more unaffiliated third parties. For the avoidance of doubt, the provisions of this Section 2.4 shall not cover additional shares than are covered by the provisions of 7.4.3 of the Shaked SPA.

2.5. Full Payment. CEO acknowledges, accepts and confirms that all payments set forth in this Agreement constitute the full, complete and unconditional payment, settlement, accord and satisfaction of any and all obligations of the Company arising out of CEO's engagement with the Company and the termination thereof, including with respect of any obligations arising out of Mr. Barry Shaked's employment with the Company and the termination thereof, or that otherwise might be owed to CEO by the Company, including, any and all claims for wages, salary, accrued but unused vacation pay, commissions, incentives, bonus pay, severance pay, notice period and notice period substitution, termination payments, deferred compensation payments, expenses, attorney's fees, compensatory damages, exemplary damages, contractual obligations and all other payments, compensation, benefits, and reimbursement of any kind, whether by contract or under any law of any jurisdiction. The foregoing shall not include rights under or related to directors and officers insurance policy of the Company or indemnification obligations under the CEO's Indemnification Agreement with the Company or the Company's Articles of Association.

2.6. Taxes. Except for the severance payment payable to Shaked pursuant to Sections 2.3.2 and, to the extent applicable, any payments pursuant to Section 2.3.3 and the payment pursuant to Section 4.3, VAT shall be added to all payments and benefits owing to the CEO as set forth herein and such payments shall be provided subject to receipt by the Company of an invoice from the CEO. All payments and benefits referred to in this Agreement are gross amounts and the Company will be entitled to deduct from such payments and benefits all applicable taxes, social security and health insurance which are mandatory under any applicable law, except to the extent that CEO or Shaked provides the Company with a valid certificate from the Israeli Tax Authorities providing full exemption from withholding tax (or a lower rate of withholding) or a tax determination from the Israeli Tax Authorities indicating otherwise. Notwithstanding the foregoing, the Company may withhold tax from any payments made directly to Shaked at the maximal marginal tax rate (currently, 46%), except to the extent that Shaked provides the Company with a valid certificate from the Israeli Tax Authorities providing full exemption from withholding tax (or a lower rate of withholding) or a tax determination from the Israeli Tax Authorities indicating otherwise. In the event that such a tax determination has been requested by or on behalf of Shaked or the CEO, but not yet received, prior to the Termination Date, the Company shall hold the withholding tax in trust until the latest date permitted under applicable law.

3. **General Waiver and Release**.

3.1. In consideration for the promises set forth herein and upon, the CEO, on behalf of himself, his affiliates, heirs, executors, administrators and assigns ("**CEO Group**"), hereby irrevocably and unconditionally releases and forever discharges the Company, its affiliates, and their respective officers, directors, shareholders, employees, agents, successors and assigns (collectively, the **"Company Group**"), from any and all suits, claims, rights, obligations, damages, liabilities, attorneys' fees, expenses, actions, causes of action, and any and all claims of law or in equity, of any nature whatsoever (collectively and subject to Section 3.3, "**Claims**"), which CEO Group may ever had, now have or may claim to have against the Company Group or any part thereof (whether directly or indirectly) related to or arising out of CEO's engagement with the Company or the termination thereof, other than for executory provisions of this Agreement, provided, however, that if the Company shall be in breach of this Agreement in any material respect, the CEO shall be entitled to rescind the foregoing release.

3.2. In consideration for the promises set forth herein, the Company, on behalf of itself and each member of the Company Group, hereby irrevocably and unconditionally releases and forever discharges the CEO Group from any and all Claims, which Company Group may ever had, now have or may claim to have against the CEO Group or any part thereof (whether directly or indirectly) related to or arising out of CEO's engagement with the Company or the termination thereof, other than for executory provisions of this Agreement, provided, however, that if the CEO or Shaked shall be in breach of this Agreement in any material respect, the Company shall be entitled to rescind the foregoing release.

3.3. "Claims" shall not include suits, claims, rights, obligations, damages, liabilities, attorneys' fees, expenses, actions, causes of action, and any and all claims of law or in equity, of any nature whatsoever under this Agreement or any other Series Agreement to which CEO or Shaked is party related to directors and officers insurance policy of the Company or rights under the CEO's Indemnification Agreement or the Company's Articles of Association.

4. **Restrictive Provisions**.

4.1. Confidentiality; Assignment of Intellectual Property. CEO hereby acknowledges that the confidentiality, assignment of intellectual property undertakings contained in his Services Agreement shall survive the termination of the Services Agreement for the period specified therein and that he will fulfill at all times his obligations thereunder. For the avoidance of doubt, nothing herein shall derogate from any obligations of the CEO under this Agreement or any of the Series Agreements.

4.2. Non-Defamation. Each party hereto hereby undertakes not to cause any harm to the other party's reputation in the market and not to make, whether directly or indirectly (including through any of its affiliates, officers, employees or directors), any negative or disparaging remarks about such party or any of its affiliates, officers, employees, directors (in each case, in their capacities as such), products, services or business practices.

4.3. Non-Competition; Non-Solicitation. In order to induce the Company to enter into this Agreement, until the earlier of: (i) termination of this Agreement or (ii) expiration of four (4) years from the Closing (the "**Non Compete Period**"), Shaked shall not, and shall cause affiliates controlled by him not to, directly or indirectly:

4.3.1 engage, promote, establish, market, become or be financially interested in, consult with or for, or associate in a business relationship with, or in any manner become involved, in any other person, business (or any component thereof), occupation, work, operation or any other activity, anywhere in the world, which engages or intends to engage in the developing, producing, offering, distributing, licensing, selling or supporting of products or services similar to, or that competes with the business (or any component thereof), products and services of the Company and any of its affiliates, as currently conducted and as currently proposed by the Company to be conducted by the Company (a "**Competing Business**");

4.3.2 solicit the services, hire or retain any person employed or engaged by the Company and/or any of its affiliates as employees or contractors during the Non-Compete Period, or otherwise encourage or induce any such employee or contractor to terminate their engagement with the Company and/or any of its affiliates by their resignation, retirement or otherwise or to become an employee, contractor, consultant or service provider of any person other than the Company and/or its affiliates. The foregoing shall not apply to approaches initiated by persons employed or engaged by the Company and/or any of its affiliates, including as a response to general solicitation of employment, at any time after the lapse of 18 months from the Closing or if CEO was not aware that such persons were employed or engaged by the Company and had no active involvement in their hiring;

4.3.3 solicit or otherwise encourage or call on any actual or potential customer, supplier, distributor, vendor, service provider or agent of the Company and/or any of its affiliates prior to the Closing for any Competing Business or influence, induce or attempt to influence or induce any customer, supplier, distributor, vendor, service provider or agent to terminate, reduce or adversely modify any written or oral agreement, relationship, or course of dealing with the Company and/or any of its affiliates; and

4.3.4 without limiting the generality of the foregoing, register or challenge any intellectual property rights owned, used or otherwise licensed by the Company and/or any of its subsidiaries.

Inconsideration for the obligations and undertakings under this Section 4.3, the Company shall pay Shaked on the Termination Date $400,000. Shaked acknowledges that in light of the length of time that the CEO and Mr. Shaked served as the chief executive officer of the Company, the foregoing payment and the critical significance of the covenants under this Section 4.3 to the Company's business, the covenants under this Section 4.3 are reasonable and fair under the circumstances.

5. **Company Property**. On or after the Termination Date, to extent requested by the Company from time to time, CEO shall return to the Company all property equipment, records, correspondence, documents, files, keys, computer disks, computer programs, data, and any other information, including trade secrets and confidential proprietary information (whether originals, copies or extracts), belonging to the Company, whether maintained by CEO in the facilities of the Company, at CEO's home, or at any other location, and CEO will not retain any copies or reproductions of any property of the Company that the Company has requested to return. CEO acknowledges that to the extent that the Company allows CEO to retain any confidential or proprietary information belonging to the Company in CEO's possession, it is solely for the purpose of enabling CEO to assist the Company in its business and that CEO shall protect the confidentiality of such information and not use any such information for any other purpose or publish or transfer any such information to any unauthorized person. For the avoidance of doubt, CEO shall be entitled to keep Company property pursuant to the Company's policy applicable to senior employees who resign after five or more years of employment with the Company and to keep and, if applicable, remove from the premises of the Company personal property of CEO or Shaked, including without limitation such Company equipment listed in **Appendix A** attached hereto.

6. **Term**. This Agreement shall become effective as of the date hereof, subject to its approval by the Company's shareholders and the Closing under the PIPE Agreement and the Shaked SPA (except if, pursuant to the terms of the Shaked SPA, Closing under the PIPE Agreement may be effected without effecting the Closing under the Shaked SPA). If thePIPE Agreement or the Shaked SPA shall be terminated prior to the Closing thereof, this Agreement shall be immediately terminated as well (except if, pursuant to the terms of the Shaked SPA, the Shaked SPA may be terminated without terminating the PIPE Agreement).

7. **Public Disclosure**. No party shall issue any statement or communication to any third party (other than their respective agents, partners, affiliates and representatives that are bound by confidentiality restrictions) regarding this Agreement, its existence and content, or the transactions contemplated hereby, including, if applicable, the termination of this Agreement and the reasons therefor, without the consent of the other parties hereto, except as required to comply with applicable legal requirements and the rules of any stock exchange and except as required in connection with the Series Agreements and the transactions contemplated thereby and the enforcement of the provisions of this Agreement or any of the Series Agreements. The Company will cooperate and coordinate with the CEO the manner and method of disclosure of this Agreement and CEO's separation from the Company.

8. **Information**. The Company has provided the CEO with copies of the execution versions of each of the Series Agreements and any agreement, document and instrument provided for or contemplated therein and of the notice of shareholders meeting of the Company with respect to the approval of the Series Agreements in the form expected to be sent to the shareholders of the Company. Prior to the Termination Date, the Company shall provide the CEO with a copy of any amendment, waiver, modification or supplements to the Series Agreements promptly following their execution and a draft of the proxy statement to be sent to the shareholders of the Company in respect of this Agreement and the Series Agreements and any proposed revisions to the proxy statement or additional solicitation materials intended to be published or distributed to the shareholders of the Company and shall procure that the CEO and its counsel are given a reasonable opportunity to review and comment on any such draft and proposed revisions, additional solicitation materials and any material related to the shareholders meeting of the Company called to approve this Agreement and the Series Agreement (and any adjustment or postponement thereof), in each case before either such document (or any amendment thereto) is filed with the SEC or published, and reasonable and good faith consideration shall be given to any comments made by the CEO and its counsel.

9. **Indemnification; Directors' and Officers' Insurance**. The Company acknowledges that Mr. Shaked shall be a third-party beneficiary of the provisions of Section 5.16 of the PIPE Agreement.

10. **Miscellaneous**.

10.1. Independent Advice. In executing this Agreement, CEO hereby acknowledges and represents to the Company that he has consulted with and received the advice and counsel of attorneys, and that he has executed this Agreement of his own free will and after being independently made fully aware of all his rights.

10.2. Expenses. Each party hereto shall bear its own fees and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement.

10.3. Entire Agreement. This Agreement and the exhibits and schedules attached hereto, constitute the full and entire understanding and agreement between the parties with respect to the subject matters hereof and thereof, and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof, except for such provisions in theServices Agreement which survive the termination thereof.

10.4. Amendment; Waiver. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the CEO. Any amendment or waiver effected in accordance with this Section shall be binding upon all parties of this Agreement and their respective successors and assignees.

10.5. Assignment. Neither this Agreement, nor any rights, interests or obligations under this Agreement may be assigned or transferred, in whole or in part, by operation of law or otherwise by any party hereto, without the prior consent in writing of each the other parties hereto, and any such assignment without such prior written consent shall be null and void. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, and be enforceable by, the parties hereto and their respective successors, assigns, heirs, executors, and administrators.

10.6. Notices. All notices and other communications hereunder shall be in writing and shall be shall be emailed, faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

10.6.1. if to CEO, to:

Mr. Barry Shaked
Haprachim 44,
Rishpon
Israel
Facsimile No.: (972)-(9)-9585682

with a mandatory copy to (which shall not constitute notice):

Herzog, Fox & Neeman
Asia House, 4 Weizmann Street, Tel-Aviv 64239 Israel
Attention: Alon Sahar, Advocate
Telephone No.: (972)-(3)-692-2861
Facsimile No.: (972)-(3)-696-6464
Email: sahar@hfn.co.il

10.6.2. if to Company, to:

Retalix Ltd.
10 Zarhin Street, P.O. Box 2282, Ra'anana 43000, Israel
Attention: Chief Financial Officer
Telephone No.: (972)-(9)-7766677
Facsimile No.: (972)-(9)- 744-4756
Email: hugo.goldman@retalix.com

with a mandatory copy to (which shall not constitute notice):

Goldfarb, Levy, Eran, Meiri, Tzafrir & Co., Law Offices
2 Weizmann Street Tel Aviv 64239, Israel
Attention: Adam M. Klein, Advocate
Telephone No.: (972)-(3)- 608-9839
Facsimile No.: (972)-(3)- 608-9855
Email: adam.klein@goldfarb.com

Any notice sent in accordance with this Section 10.6 shall be effective (i) if mailed within Israel, three (3) business days after mailing, (ii) if by airmail two (2) business days after delivery to the courier service, (iii) if sent by messenger, upon delivery, and (iii) if sent via email or facsimile, upon transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email) or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt (or recipient's electronic "read receipt" in case of email (provided, however, that any notice of change of address shall only be valid upon receipt).

10.7. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Israel, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any competent court located in Tel-Aviv-Jaffa, Israel in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Israel for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction and such processes.

10.8. Interpretation. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation". The words "herein," "hereof," "hereto" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "affiliate(s)" (and words of similar import) shall mean as set forth in Rule 405 promulgated under the Securities Act of 1933, as amended, and with respect to any natural person, also, (i) grandparents, parents, siblings, lineal descendant of such person or their spouse (including step and adopted children), and any spouse of such person or any of the foregoing, (ii) any trust established for the benefit of such natural person or any affiliate of such natural person, or (iii) any executor or administrator of the estate of such natural person. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.9. Severability. CEO hereby agrees that the restrictions set forth in this Agreement, including the surviving provisions of the Services Agreement, including the time period of restriction and the geographical areas of restriction are fair and reasonably required for the protection of the interests of the Company. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such provision cannot be so enforced, such provision shall be stricken from this Agreement only with respect to such jurisdiction in which such clause or provision cannot be enforced, and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable provision had (to the extent not enforceable) never been contained in this Agreement. In addition, if any particular provision contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing the scope of such provision so that the provision is enforceable to the fullest extent compatible with applicable law.

10.10. Remedies. Each party acknowledges that any breach of the provisions contained in this Agreement, including the surviving provisions of the Services Agreement, are likely to result in irreparable injury to the other party, which cannot be made whole by monetary damages or a remedy at law alone. Accordingly, each party, in addition to any other remedy to which it may be entitled by law or in equity, shall be entitled to seek both a temporary and permanent injunction (to the extent permitted by law or equity) restraining the other party from threatening to, committing or continuing any such violation of this Agreement or to prevent breaches of this Agreement, and to an order compelling specific performance of this Agreement without the necessity of proving actual damages. Each party agrees to reimburse the other for all costs and expenses, including without limitation, reasonable attorneys' fees or legal costs on a full indemnity basis, incurred by such party in enforcing this Agreement. Any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. For the avoidance of doubt, any remedy available to Shaked under the Shaked SPA shall not preclude or derogate from the remedies available to the CEO for breaches of this Agreement.

10.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission or by electronic delivery in .pdf format or the like shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

– Signature Page Follows –

IN WITNESS WHEREOF, the parties hereto have duly executed this Separation Agreement on the first date written above.

.

RETALIX LTD.

By: /s/ Itschak Shrem
_____

Name: Itschak Shrem
Title: Director

.

B.G.A.G.S. SHAKED LTD.

By: /s/ Barry Shaked
_____

Name: Barry Shaked
Title: CEO

I hereby confirm that I have read this Agreement, understood its terms and agree to be personally bound by all its terms and provisions.

/s/ Barry Shaked
_____

BARRY SHAKED

Exhibit 99.1(f)

APPENDIX F

INDEMNIFICATION AGREEMENT

Date: [_____]

To: [_____]

It is in the best interest of Retalix Ltd. (the "Company") to retain and attract as directors, officers and/or employees the most capable persons available, and such persons are becoming increasingly reluctant to serve high growth companies or publicly-held companies unless they are provided with adequate protection in connection with such service.

You are or have been appointed a director, officer and/or employee of the Company, and in order to enhance your service to the Company in an effective manner, the Company desires to provide hereunder for your indemnification to the fullest extent permitted by law.

Accordingly, in consideration of your continuing to serve the Company, the Company agrees as follows:

1. Subject to the terms of this letter, and the Company's Articles of Association, the Company hereby undertakes to fully indemnify you for the following items in respect of any act or omission taken or omitted by you in your capacity as a director, officer and/or employee of the Company:

   1.1 any financial obligation imposed on or incurred by you in favor of another person by a judgment, including a settlement or an arbitrator's award approved by court;

   1.2 all reasonable litigation expenses, including attorney's fees, expended by you as a result of an investigation or proceeding instituted against you by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against you and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent; and

   1.3 all reasonable litigation expenses, including attorneys' fees, expended by you or charged to you by a court, in a proceeding instituted against you by the Company or on its behalf or by another person, or in any criminal charge in which you are acquitted, or in any criminal proceedings in which you are convicted of a crime which does not require proof of criminal intent.

   The wording in clauses 1.1, 1.2 and 1.3 above is based on the Hebrew-language provisions of the Israeli Companies Law, 1999 (the "Companies Law") and shall not be construed to limit the amount or scope of indemnification payable to you hereunder to the extent permitted by applicable law, provided that your underlying payment obligation arises in respect of any act or omission taken or omitted by you in your capacity as a director, officer and/or employee of the Company.

   The indemnification payable to you under this letter will also apply to any action taken by you in your capacity as a director, officer and/or employee of any other company controlled, directly or indirectly, by the Company (a "Subsidiary") or in your capacity as a director, or observer at board of directors' meetings, of a company not controlled by the Company but where your appointment as a director or observer results from the Company's holdings in such company ("Affiliate").

Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraphs, if, for any reason, you shall elect or be required to pay all or any portion of any judgment or settlement in any proceeding in which the Company is jointly liable with you (or would be if joined in such proceeding), the Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually incurred and paid or payable by you in proportion to the relative benefits received by the Company and all other officers, directors or employees of the Company who are jointly liable with you (or would be if joined in such proceeding), on the one hand, and you, on the other hand, from the transaction from which such proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than you who are jointly liable with you (or would be if joined in such proceeding), on the one hand, and you, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or amounts paid in settlement, as well as any other equitable considerations. The relative fault of the Company and all other officers, directors or employees of the Company who are jointly liable with you (or would be if joined in such proceeding), on the one hand, and you, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary, and the degree to which their conduct is active or passive. For the avoidance of doubt, the obligations of the Company to indemnify you hereunder apply to any claims for contribution which may be brought against you by officers, directors or employees of the Company who may be jointly liable with you.

For the avoidance of doubt, indemnifiable expenses relating to proceedings shall include, without limitation, expenses reasonably incurred in preparing to defend threatened proceedings and expenses reasonably incurred as a witness in connection with any such proceedings.

2. Notwithstanding anything to the contrary herein, the Company will not indemnify you to the extent prohibited under Section 263 of the Companies Law, as determined by final court decision.

3. The Company will make available to you all amounts payable in accordance with paragraph 1.1 above on or prior to the date on which such amounts are required to be paid by you. To the fullest extent permitted by applicable law, the Company will advance the expenses incurred by you in connection with any applicable proceeding within 14 days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of such proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to your ability to repay them (should repayment be required). You shall qualify for advances only upon the execution and delivery to the Company of an undertaking to repay the advance to the extent that it is ultimately determined by a court of competent jurisdiction, in a final and non-appealable order that you are not entitled to be indemnified by the Company under the provisions of this letter, the Company's articles of association, the Companies Law or otherwise.

   As part of the aforementioned undertaking, the Company will make available to you upon request any security or guarantee that you may be required to post in accordance with an interim decision given by a court or an arbitrator, including for the purpose of substituting liens imposed on your assets.

4. The Company will indemnify you even if (i) at the relevant time of such indemnification you are no longer a director, officer or employee of the Company or of a Subsidiary or a director or board observer of an Affiliate, provided that the obligations are in respect of actions or omissions taken or omitted by you while you were a director, officer, employee and/or board observer, as aforesaid, and in such capacity, or (ii) such actions or omissions were taken or omitted by you in such capacity prior to the date hereof.

5. The indemnification covered in paragraph 1.1 shall apply only insofar as it results from your actions or omissions in the following matters or in connection therewith or in relation thereto, which the Company's Board of Directors has resolved are foreseeable in light of the actual activities of the Company:

5.1 The offering of securities by the Company and/or by a shareholder to the public and/or to private investors or the offer by the Company to purchase securities from the public and/or from private investors or other holders pursuant to a prospectus, agreements, notices, reports, tenders and/or other proceedings;

5.2 Occurrences resulting from the Company's status as a public company, and/or from the fact that the Company's securities were issued to the public and/or are traded on a stock exchange, whether in Israel, the United States or any other jurisdiction;

5.3 Occurrences in connection with investments the Company and/or Subsidiaries and/or Affiliates make in other corporations whether before and/or after the investment is made, entering into the transaction, the execution, development and monitoring thereof, including actions taken by you in the name of the Company and/or a Subsidiary and/or an Affiliate as a director, officer, employee and/or board observer of the corporation the subject of the transaction and the like;

5.4 The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company, a Subsidiary and/or an Affiliate;

5.5 Actions in connection with the merger or proposed merger of the Company, a Subsidiary and/or an Affiliate with or into another entity;

5.6 Actions in connection with the sale or proposed sale of the operations and/or business, or part thereof, of the Company, a Subsidiary and/or an Affiliate;

5.7 Without derogating from the generality of the above, actions in connection with the purchase or sale of companies, legal entities or assets, and the division or consolidation thereof;

5.8 Actions taken in connection with labor relations and/or employment matters in the Company Subsidiaries and/or Affiliates and trade relations of the Company, Subsidiaries and/or Affiliates, including with employees, independent contractors, customers, suppliers and various service providers, including stock options granted or promised (or allegedly promised) thereto or exchanges of such options with other securities;

5.9 Actions in connection with the development, testing or sale of products developed by the Company, Subsidiaries and/or Affiliates or in connection with the distribution, sale, license or use of such products;

5.10 Actions taken in connection with the intellectual property of the Company, Subsidiaries and/or Affiliates, and its protection, including the registration or assertion of rights to intellectual property and the defense of claims related to any type of intellectual property;

5.11 Actions taken pursuant to or in accordance with the policies and procedures of the Company, Subsidiaries and/or Affiliates, whether such policies and procedures are published or not, including but not limited to, internal control policies and procedures;

5.12 Actions taken in connection with the accounting policies or financial reporting of the Company or any of its Subsidiaries or Affiliates, and in providing guidance to the public regarding future performance thereof;

5.13 Any action or decision in relation to work safety and/or working conditions;

5.14 Negotiation for, signing and performance of insurance policies, and any actions or omissions resulting in inadequate safety measures and/or malpractice of risk management and/or the failure to maintain appropriate insurance;

5.15 Any claim or demand made by a customer, supplier, contractor or other third party transacting any form of business with the Company, a Subsidiary and/or an Affiliate, in the ordinary course of their business, relating to the negotiations or performance of such transactions, representations or inducements provided in connection thereto or otherwise;

5.16 Any claim or demand made by any third party suffering any personal injury and/or bodily injury and/or property damage to business or personal property through any act or omission attributed to the Company, a Subsidiary and/or an Affiliate, or their respective directors, officers, employees, agents or other persons acting or allegedly acting on their behalf;

5.17 Any claim or demand made directly or indirectly in connection with complete or partial failure by the Company, a Subsidiary and/or an Affiliate, or their respective directors, officers, employees or agents, to pay, report or maintain applicable records regarding, any foreign, federal, state, country, local, municipal or city taxes or other compulsory payments of any nature whatsoever, including without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not;

5.18 Anti-competitive acts and acts of commercial wrongdoing;

5.19 Acts in regard of invasion of privacy including, without limitation, with respect to databases and acts in regard of slander; and

5.20 Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction.

6. The total amount of indemnification under paragraph 1.1 that the Company undertakes towards all persons whom it has resolved to indemnify for the matters and in the circumstances described herein, jointly and in the aggregate, shall not exceed an amount equal to one quarter (25%) of the Company’s total shareholders equity at the time of the actual indemnification. No other categories of indemnification shall be limited by this paragraph 6.

7. The rights of indemnification and to receive advancement of expenses as provided by this letter shall not be deemed exclusive of any other rights to which you may at any time be entitled under applicable law or otherwise. To the extent that a change in Israeli law, whether by statute, regulation or judicial decision, permits greater rights to indemnification or advancement of expenses than would be afforded on the date of this letter, it is the intent of the parties hereto that you shall enjoy by this letter the greater benefits so afforded by such change.

To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees or agents of the Company or of any Subsidiary or Affiliate thereof, you shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available under such policy or policies. If, at the time the Company receives notice from any source of a proceeding as to which you are a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on your behalf, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

In the event of any payment under this letter, the Company shall be subrogated to the extent of such payment to all of your rights of recovery, and you shall execute all papers reasonably required and take all reasonable action necessary to secure such rights.

In order to avoid any doubt, it is hereby clarified that the indemnification payable pursuant to this letter shall be payable regardless of any obligations arising under an insurance policy and/or any other indemnification agreement to cover any payment of any type incurred by you, provided, however, that any payment made hereunder by the Company shall be returned to the Company to the extent that the same obligation is ultimately covered and actually paid directly to you, free of any deductions or the like, pursuant to such insurance policy and/or other indemnification agreement and up to that amount that is actually paid to you. Similarly, the Company will not indemnify you for any liability to the extent you have received payment by virtue of an insurance policy or another indemnification agreement.

8. Subject to the provisions of paragraphs 6 and 7 above, the indemnification hereunder will, in each case, cover all sums of money (100%) that you will be obligated to pay, in those circumstances for which indemnification is permitted under applicable law.

9. In all indemnifiable circumstances, indemnification will be subject to the following:

9.1 You shall promptly notify the Company of any applicable proceedings initiated against you without delay following your first becoming aware thereof, and you shall deliver to the Company, or to such person as it shall advise you, without delay, all documents you receive in connection with these proceedings.

9.2 Other than with respect to proceedings that have been initiated against you by the Company or in its name, the retention of your counsel shall be with the consent of the Company, which shall not be unreasonably withheld. The Company will indemnify you for the reasonable fees and expenses of only one counsel in each applicable jurisdiction. If a claim or proceeding is brought against you and other persons entitled to indemnification from the Company, then the Company will indemnify all such persons collectively for the reasonable fees and expenses of one counsel in each applicable jurisdiction, except to the extent that doing so would prejudice any of such persons.

Alternatively, with your consent, you shall execute all documents required to enable the Company and/or its attorney to conduct your defense in your name, and to represent you in all matters connected therewith, in accordance with the aforesaid.

For the avoidance of doubt, in the case of criminal proceedings the Company and/or the attorneys as aforesaid will not have the right to plead guilty in your name or to agree to a plea-bargain in your name without your consent. Furthermore, in a civil proceeding (whether before a court or as a part of a settlement arrangement), the Company and/or its attorneys will not have the right to admit to any occurrences that are not indemnifiable pursuant to this letter and/or pursuant to law, without your consent. However, the aforesaid will not prevent the Company and/or its attorneys as aforesaid, with the approval of the Company, to come to a financial arrangement with a plaintiff in a civil proceeding without your consent so long as such arrangement will not be an admittance of an occurrence not indemnifiable pursuant to this letter and/or pursuant to law.

9.3 You will fully cooperate with the Company and/or any attorney as aforesaid in every reasonable way as may be required of you within the context of their conduct of such legal proceedings, including but not limited to the execution of power(s) of attorney and other documents, provided that the Company shall cover all costs incidental thereto such that you will not be required to pay the same or to finance the same yourself.

9.4 Any compromise or settlement agreement reached by you with respect to any suit, demand or other proceeding subject to indemnification under this letter shall require the Company's prior written consent.

10. If for the validation of any of the undertakings in this letter any act, resolution, approval or other procedure is required, the Company represents that it has caused them to be done or adopted in a manner which will enable the Company to fulfill all its undertakings as aforesaid.

11. For the avoidance of doubt, it is hereby clarified that nothing contained in this letter derogate from the Company's right to indemnify you *post factum* for any amounts which you may be obligated to pay as set forth in paragraph 1 above without the limitations set forth in paragraphs 5 and 6 above.

12. Any re-organization, change of control, merger or acquisition or the like of the Company, including without limitation, a change of the Board of Directors or change of management, will not derogate from the Company's obligations under this letter. This letter shall be binding upon the Company and its successors (including the surviving company in a merger with the Company) and assigns, and shall inure to your benefit and your estate, heirs, legal representatives and assigns.

The Company agrees that if there is a change of control of the Company (other than a change in control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such change in control), then with respect to all matters thereafter arising concerning your rights to payments under this letter of indemnification, the Company shall seek legal advice only from Independent Legal Counsel (as defined below) selected by you and approved by the Company, which approval shall not be unreasonably withheld. Such counsel, among other things, shall render its written opinion to the Company and to you as to whether and to what extent you would be permitted to be indemnified under applicable law, and the Company will abide by such opinion. The Company will pay the reasonable fees for the Independent Legal Counsel referred to above and to fully indemnify such counsel for damages arising in connection with such representation. For purposes of this letter, "Independent Legal Counsel" shall mean an attorney or firm of attorneys, selected in accordance with this provision, who shall not have otherwise performed services for the Company or for you within the last three years (other than with respect to matters concerning your rights under this letter or of other beneficiaries under similar indemnity agreements).

13. In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that you are entitled to indemnification under this letter if you have submitted a proper request for indemnification under this letter, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

14. The ability of the Company to indemnify its "office holders" (as defined in the Companies Law) is limited under the Companies Law. If any undertaking included in this letter is held invalid or unenforceable, such invalidity or unenforceability will not affect any of the other undertakings, which will remain in full force and effect. Furthermore, if such invalid or unenforceable undertaking may be modified or amended so as to be valid and enforceable as a matter of law, such undertakings will be deemed to have been modified or amended, and any competent court or arbitrator are hereby authorized to modify or amend such undertaking, so as to be valid and enforceable to the maximum extent permitted by law.

15. This letter and the agreement herein shall be governed by and construed and enforced in accordance with the laws of the State of Israel. All disputes shall be resolved exclusively by the District Court of Tel Aviv. If the Company denies your request for indemnification (including expense advances) provided for in this letter, in whole or in part, and the court rules in your favor in an action against the Company for such indemnification, the Company shall reimburse you for all your expenses incurred in connection with such action.

16. This letter shall continue until and terminate upon the later of: (i) seven years after the date that you shall have ceased to serve as a director, officer, employee or agent of the Company or of any Subsidiary or Affiliate thereof, and (ii) one year after the final termination of any proceeding (including any rights of appeal thereto) in respect of which you are granted rights of indemnification or advancement of expenses hereunder; provided, however, that with respect to subparagraph (ii) hereof, this letter shall in such event terminate only with respect to the proceeding in question and not with respect to any other proceeding.

Kindly sign and return the enclosed copy of this letter to acknowledge your agreement to the contents hereof.

Very truly yours,

RETALIX LTD.

By: _____

Name:
Title:

Accepted and agreed to as of the date first above written:

_____

Name:

Exhibit 99.1(g)

APPENDIX G

OPPENHEIMER

Oppenheimer & Co. Inc.
300 Madison Avenue
4th Floor
New York, NY 10017

Member of All Principal Exchanges

September 3, 2009

The Board of Directors of
Retalix Ltd.
10 Zarhin Street, P.O. Box 2282
Ra'anana 43000, Israel

Members of the Board:

You have requested the opinion (this "Opinion") of Oppenheimer & Co. Inc. ("Oppenheimer") as to whether the Consideration (as defined below) to be paid in the proposed Transaction (as defined below) is fair, from a financial point of view, to Retalix Ltd., a company established under the laws of the State of Israel (the "Company").

For purposes of this Opinion, (i) the "Transaction" means the proposed issuance, pursuant to a Share Purchase Agreement substantially in the form of the draft that has been provided to us dated August 31, 2009 (the "Draft Purchase Agreement") between the Company and an investor group consisting of Avinoam Naor, Boaz Dotan, Nehemia Lemelbaum, Eli Gelman, and Mario Segal (collectively, the "Investor"), of (x) such number of ordinary shares, par value NIS 1.00 per share, of the Company (the "Company Shares") such that the number of Company Shares held by or on behalf of the Investor will constitute twenty percent (20%) of the Company's issued and outstanding share capital as of the Closing Date, after giving effect to the issuance, and (y) warrants to purchase 1,250,000 Company Shares (the "Warrants"), which constitutes an additional issuance of between 4.9% to 5.4% of the Company's issued and outstanding share capital as of the Closing Date, after giving effect to the issuance and assuming the exercise of all of the Warrants; and (ii) "Consideration" means the $9.10 per share in cash proposed to be paid to the Company for the Company Shares and the Warrants. No additional consideration will be received for the Warrants, other than the payment of the warrant exercise price upon their exercise (which payment, for purposes hereof, does not constitute part of the Consideration). The terms and conditions of the Transaction are more fully set forth in the Draft Purchase Agreement. Capitalized terms used herein shall have the meanings specified in the Draft Purchase Agreement, unless otherwise defined herein.

We have been engaged to render financial advisory services to the Company in connection with the proposed Transaction and will receive a fee for such services, which fee is contingent upon the closing of the Transaction. We will also receive a fee upon the delivery of this Opinion. The Company has agreed to indemnify us against certain liabilities arising out of our engagement. In the ordinary course of business, we and our affiliates may actively trade securities of the Company for our and our affiliates' own accounts and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities. In the two years preceding the date of this Opinion, we and our affiliates have not had any other material relationship with the Company or the Investor. We and our affiliates may in the future provide financial advisory, investment banking or other services to the Company.

In arriving at our Opinion, we have, among other matters:

1. reviewed the Draft Purchase Agreement;

2. held discussions with certain members of the Company's management concerning the businesses and prospects of the Company;

3. reviewed historical market prices of the Company's stock;

4. reviewed and analyzed certain publicly available information for PIPE transactions completed over the last five years that we deemed relevant in evaluating the Transaction;

5. reviewed publicly available information and other data concerning the Company that we believed to be relevant to our analysis, including the Company's Annual Report on 20-F for the fiscal year ended December 31, 2008;

6. reviewed certain other publicly available Securities and Exchange Commission filings made by the Company, including Form 6-Ks;

7. participated in discussions among representatives of the Company and the Investor and their respective legal advisors; and

8. performed such other analyses, examinations and procedures, reviewed such other information and considered such other factors as we have deemed, in our sole judgment, to be necessary, appropriate or relevant to render our Opinion.

In rendering our Opinion, with your consent, we have relied upon and assumed, without independent verification or investigation, the accuracy and completeness of all of the financial and other information provided or otherwise made available to or discussed with us by the Company and its employees, representatives and affiliates or otherwise reviewed by us, or that was publicly available. With your consent, we have not attributed any value to the purchase of any ordinary shares of the Company from anyone other than the Company**,** the Tender Offer provided for in Section 5.7 of the Draft Purchase Agreement, or any agreement between the shareholders of the Company, in arriving at our Opinion, or considered the fairness of such purchases, the Tender Offer, or any such agreement from a financial point of view.

We have assumed that there have been no material changes in the Company's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to us. We have further relied upon the assurances of the management of the Company that they are not aware of any facts that would make such information inaccurate or misleading. In addition, we have not been requested to make, and have not assumed responsibility for making, any independent evaluation, appraisal or physical inspection of any of the assets or liabilities (contingent or otherwise) of the Company, nor have we been furnished with any such evaluations or appraisals.

Our Opinion solely addresses the fairness, from a financial point of view, of the Consideration to be paid to the Company in this Transaction as compared with other PIPE transactions. The scope of our Opinion does not include, nor for the purposes of our Opinion have we made, obtained or reviewed, any valuation analysis of the Company of the kind that might be made had the Company entered into the sale of all or substantially all of its assets or securities, or any other transaction, and we are not expressing any opinion as to what the actual value of the Company will be upon consummation of the Transaction.

Our Opinion is based on market, economic, monetary and other conditions as in effect on, and the information made available to us as of, the date hereof. This letter does not express any opinion as to the likely trading range of the Company's stock following the Transaction, which may vary depending on numerous factors that generally impact the price of securities or on the financial condition of the Company at that time. Accordingly, although subsequent developments may affect this Opinion, we have not assumed any obligation to update, revise or reaffirm this Opinion based upon events or circumstances occurring after the date hereof.

We note that we are not legal, tax or accounting experts and we have assumed that the Company has appropriately relied on advice of counsel, tax advisors and independent accountants as to all legal, tax and accounting matters with respect to the Company, the Transaction and the Draft Purchase Agreement. We have assumed that all governmental, regulatory or other consents and approvals (contractual or otherwise) necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company that is in any way meaningful to our analysis and that the Transaction will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 and all other applicable federal and state statutes, rules and regulations.

We have not been requested to, and did not, (i) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Transaction, the assets, businesses or operations of the Company, or any alternatives to the Transaction, or (ii) negotiate the terms of the Transaction.

This Opinion does not constitute a recommendation to the Board of Directors of the Company of the Transaction over any alternative transactions which may be available to the Company and does not address the underlying business decision of the Board of Directors of the Company to proceed with or effect the Transaction, or constitute a recommendation to the holders of the Company's stock as to how such shareholders should vote or as to any other action such shareholders should take regarding the Transaction. This Opinion should not be deemed to create or imply any fiduciary duty on the part of Oppenheimer to the Company, the Company's Board of Directors or any other party.

In arriving at this Opinion, we did not attribute any particular weight to any analysis or factor considered by us, but rather made qualitative judgments as to the significance and relevance, if any, of each analysis and factor. Accordingly, we believe that our analyses must be considered as a whole and that selecting portions of our analyses, without considering all analyses, would create an incomplete view of the process underlying this Opinion.

This Opinion may not be used or referred to by the Company, or quoted or disclosed to any person in any manner, without our prior written consent, which consent is hereby given to the inclusion of this Opinion in any proxy statement filed by the Company with the Securities and Exchange Commission in connection with the Transaction or otherwise delivered to the Company's shareholders and/or filed with the Tel Aviv Stock Exchange. In furnishing this Opinion, we do not admit that we are experts within the meaning of the term "experts" as used in the Securities Act and the rules and regulations promulgated thereunder, nor do we admit that this Opinion constitutes a report or valuation within the meaning of Section 11 of the Securities Act.

The issuance of this Opinion was approved by an authorized committee of Oppenheimer.

Based upon and subject to the foregoing, and such other factors as we deemed relevant, and in reliance thereon, it is our opinion that, as of the date hereof, the Consideration to be paid to the Company in the Transaction, pursuant to the Draft Purchase Agreement is fair, from a financial point of view, to the Company.

Very truly yours,

/s/ OPPENHEIMER & CO. INC.

OPPENHEIMER & CO. INC.