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 **December 2012 (Report No. 2)**

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): ☐

THE INFORMATION SET FORTH IN THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRANT'S REGISTRATION STATEMENTS ON FORM S-8 (SEC FILE NOS. 333-09840, 333-12146, 333-14238, 333-109874, 333-157094 AND 333-168722), AND SHALL BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FILED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

CONTENTS

Annexed hereto and incorporated herein by reference are copies of the following items:

1. Retalix Ltd. (the "**Registrant**") Notice of 2012 Special General Meeting of Shareholders and Proxy Statement, dated December 10, 2012, being mailed to the shareholders of the Registrant in connection with a special general meeting of the Registrant's shareholders, which is scheduled to be held on January 7, 2013 (the "**Meeting**"), annexed as Exhibit 99.1 hereto, together with the following appendices thereto:

   (a) Appendix A – Agreement and Plan of Merger, dated as of November 28, 2012, by and among NCR Corporation, Moon S.P.V. (Subsidiary) Ltd. and Retalix Ltd., attached as Exhibit 99.1(a) hereto;

   (b) Appendix B – Form of Voting Agreement, dated as of November 28, 2012, by and among NCR Corporation, Moon S.P.V. (Subsidiary) Ltd., the Alpha Group (consisting of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor, Mario Segal and M.R.S.G. (1999) Ltd.) and Ronex Holdings, Limited Partnership, attached as Exhibit 99.1(b) hereto; and

   (c) Appendix C – Opinion of Jefferies & Company, Inc., attached as Exhibit 99.1(c) hereto.

2. Proxy Card being mailed to shareholders of the Registrant for use in connection with the Meeting, annexed as Exhibit 99.2 hereto.

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: December 10, 2012

By: /s/ Shuky Sheffer
Shuky Sheffer
Chief Executive Officer

EXHIBIT INDEX

The following exhibits are furnished as part of this Form 6-K:

Exhibit No.	Description
99.1	Notice of Special General Meeting and Proxy Statement, dated December 10, 2012, in connection with a Special General Meeting of Shareholders of the Registrant scheduled to be held on January 7, 2013.
99.1(a)	Appendix A to Proxy Statement – Agreement and Plan of Merger, dated as of November 28, 2012, by and among NCR Corporation, Moon S.P.V. (Subsidiary) Ltd. and Retalix Ltd.
99.1(b)	Appendix B to Proxy Statement – Form of Voting Agreement, dated as of November 28, 2012, by and among NCR Corporation, Moon S.P.V. (Subsidiary) Ltd., the Alpha Group (consisting of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor, Mario Segal and M.R.S.G. (1999) Ltd.) and Ronex Holdings, Limited Partnership
99.1(c)	Appendix C to Proxy Statement – Opinion of Jefferies & Company, Inc.
99.2	Proxy Card mailed to shareholders of the Registrant for use in connection with the Registrant's Special General Meeting of Shareholders to be held on January 7, 2013.

Exhibit 99.1

RETALIX LTD.

December 10, 2012

To the Shareholders of Retalix Ltd.:

You are cordially invited to attend the Special General Meeting of Shareholders of our company, which we also refer to as the Meeting, to be held at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel on Monday, January 7, 2013, at 10:00 a.m. (Israel time) and thereafter as it may be postponed or adjourned from time to time.

At the Meeting, you will be asked to consider and vote on the approval, pursuant to Section 320 of the Companies Law, 5759-1999 of the State of Israel (which, together with the regulations promulgated thereunder, we refer to as the Companies Law), of the merger of Retalix with Moon S.P.V. (Subsidiary) Ltd. (which we refer to as Merger Sub), a company formed under the laws of the State of Israel and an indirect, wholly-owned subsidiary of NCR Corporation, a Maryland corporation (which we refer to as NCR), including approval of: (i) the merger transaction pursuant to Sections 314 through 327 of the Companies Law, whereby Merger Sub will merge with and into Retalix, with Retalix surviving and becoming an indirect, wholly-owned subsidiary of NCR (which we refer to as the Merger); (ii) the Agreement and Plan of Merger, dated as of November 28, 2012, by and among NCR, Merger Sub and Retalix (which we refer to as the Merger Agreement); (iii) the consideration to be received by Retalix's shareholders in the Merger, consisting of US$30.00 in cash, without any interest thereon, subject to the withholding of any applicable taxes (which we refer to as the Merger Consideration), for each ordinary share, nominal value NIS 1.00 per share of Retalix (which we refer to as Ordinary Shares) held as of immediately prior to the effective time of the Merger (which we refer to as the Effective Time); (iv) the conversion of each outstanding option, and each warrant, to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (the receipt of such cash being subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement, which is attached as *Appendix A* to the accompanying proxy statement (we refer to this proposal collectively as the Merger Proposal).

This Proxy Statement and the attachments hereto contain important information and you are urged to read them carefully and in their entirety.

Our Board of Directors has unanimously: (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to, and in the best interests of, our company and its shareholders and that, considering the financial position of the merging companies, no reasonable concern exists that the surviving corporation will be unable to fulfill the obligations of our company to its creditors existing as of immediately prior to the Effective Time; (ii) approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement; and (iii) determined to recommend that the shareholders of our company approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER PROPOSAL.

The Merger Proposal requires the affirmative vote of the holders of a majority of our Ordinary Shares present, in person or by proxy, at the Meeting where a quorum is present and voting on the proposal, not including abstentions and broker non-votes and excluding any Ordinary Shares that are held by Merger Sub, NCR or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates. Record holders of our outstanding Ordinary Shares as of the close of business on December 10, 2012, the record date, are entitled to notice of, and to vote at, the Meeting, and are entitled to one vote at the Meeting per Ordinary Share held. Our outstanding Ordinary Shares constitute the only outstanding class of our share capital.

The Alpha Group (consisting of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor, Mario Segal and M.R.S.G. (1999) LTD) and Ronex Holdings, Limited Partnership, (which we refer to together as the Significant Shareholders), entered into a voting and support agreement, (which we refer to as the Voting Agreement), which is attached as *Appendix B* to the accompanying Proxy Statement, with NCR and Merger Sub concurrently with the execution of the Merger Agreement. The Voting Agreement covers 9,275,491 outstanding Ordinary Shares of our company, or approximately 37.5% of our issued and outstanding Ordinary Shares, as of December 9, 2012, held by the Significant Shareholders, as well as additional Ordinary Shares that the Significant Shareholders may acquire after execution of the Voting Agreement, including 1,250,000 additional Ordinary Shares issuable upon exercise of outstanding warrants held by the Alpha Group (which, if exercised, would raise the Significant Shareholders' total percentage ownership of our outstanding Ordinary Shares to 40.5% based on the number of Ordinary Shares outstanding as of December 9, 2012) (all shares covered by the Voting Agreement are referred to as the Significant Shareholders' Shares). Under the Voting Agreement, the Significant Shareholders have agreed, subject to the terms and conditions of the Voting Agreement, to vote all of the Significant Shareholders' Shares in favor of the approval and adoption of the Merger Agreement, and the approval of the Merger and the other transactions contemplated thereby.

Enclosed with this letter you will find a Notice of the Meeting and the related Proxy Statement. The accompanying Proxy Statement provides you with detailed information about the Meeting, the Merger Agreement and the Merger.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF ORDINARY SHARES THAT YOU OWN. ACCORDINGLY, YOU ARE REQUESTED TO PROMPTLY COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. THIS WILL NOT PREVENT YOU FROM VOTING YOUR ORDINARY SHARES IN PERSON IF YOU SUBSEQUENTLY CHOOSE TO ATTEND THE MEETING.

Thank you for your cooperation.

Very truly yours,
Avinoam Naor
Chairman of the Board of Directors

RETALIX LTD.
10 Zarhin Street
Ra'anana, 43000, Israel

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MONDAY, JANUARY 7, 2013

Ra'anana, Israel
December 10, 2012

To the Shareholders of Retalix Ltd.:

NOTICE IS HEREBY GIVEN that a special general meeting, which we also refer to as the Meeting, of shareholders of Retalix Ltd. (which we refer to as Retalix or the Company) will be held at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, on Monday, January 7, 2013, at 10:00 a.m. (Israel time) and thereafter as it may be postponed or adjourned from time to time.

At the Meeting, shareholders will be asked to consider and vote on the following:

1. The approval, pursuant to Section 320 of the Companies Law, 5759-1999 of the State of Israel (which, together with the regulations promulgated thereunder, we refer to as the Companies Law), of the merger of Retalix with Moon S.P.V. (Subsidiary) Ltd. (which we refer to as Merger Sub), a company formed under the laws of the State of Israel and an indirect, wholly-owned subsidiary of NCR Corporation, a Maryland corporation (which we refer to as NCR), including approval of: (i) the merger transaction pursuant to Sections 314 through 327 of the Companies Law, whereby Merger Sub will merge with and into Retalix, with Retalix surviving and becoming an indirect, wholly-owned subsidiary of NCR (which we refer to as the Merger); (ii) the Agreement and Plan of Merger, dated as of November 28, 2012, by and among NCR, Merger Sub and Retalix (which we refer to as the Merger Agreement); (iii) the consideration to be received by Retalix's shareholders in the Merger (which we refer to as the Merger Consideration), consisting of US$30.00 in cash, without any interest thereon, subject to the withholding of any applicable taxes, for each ordinary share, nominal value NIS 1.00 per share of Retalix (which we refer to as Ordinary Shares) held as of immediately prior to the effective time of the Merger; (iv) the conversion of each outstanding option, and each warrant, to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (the receipt of such cash being subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement, which is attached as *Appendix A* to the accompanying Proxy Statement (we refer to this proposal collectively as the Merger Proposal).

2. Any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting, including voting on the adjournment or postponement of such meetings.

We currently know of no other business to be transacted at the Meeting, other than as set forth above; but, if any other matter is properly presented at the Meeting, the persons named in the enclosed proxy card will vote upon such matters in accordance with their best judgment.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE MERGER PROPOSAL.

The presence in person or by proxy of two or more shareholders possessing at least 25% of Retalix's voting power will constitute a quorum at the Meeting. In the absence of a quorum within 30 minutes of the scheduled time for the Meeting, the Meeting will be adjourned for a week and will be held on January 14, 2013 at the same time and place. At such adjourned meeting, the presence of at least two shareholders in person or by proxy (regardless of the voting power possessed by their shares) will constitute a quorum. Approval of the Merger Proposal requires the affirmative vote of a majority of the Ordinary Shares present (in person or by proxy) and voting (not including abstentions and broker non-votes) at the Meeting (or at any adjournment or postponement thereof), excluding any Ordinary Shares that are held by Merger Sub, NCR, or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates.

Shareholders of record at the close of business on December 10, 2012 are entitled to notice of and to vote at the Meeting and any adjournment or postponement of the Meeting. The accompanying Proxy Statement, notice, letter to shareholders and proxy card are first being mailed to our shareholders on or about December 10, 2012.

IT IS IMPORTANT THAT YOUR ORDINARY SHARES BE REPRESENTED AT THE MEETING. Whether or not you plan to attend in person, please complete, date, sign and return the enclosed proxy card in the enclosed envelope in a timely manner in order that it is received by us not later than twenty-four (24) hours before the Meeting. No postage is required if mailed in the United States. You may revoke your proxy in the manner described in the accompanying Proxy Statement at any time before your proxy has been voted at the Meeting. Your proxy, if properly executed, will be voted in the manner directed by you. If no direction is made, your proxy will be voted "FOR" each of the matters described above.

If your shares are held in "street name", through a bank, broker or other nominee, you may either direct such bank, broker or other nominee on how to vote your shares or obtain a legal proxy from such bank, broker or other nominee to vote your shares at the Meeting.

If you own Ordinary Shares that are traded through the Tel Aviv Stock Exchange, or TASE, you may only vote your shares in one of the following two ways: (a) *By mail*: sign and date a proxy card in the form filed by us on MAGNA, the distribution site of the Israeli Securities Authority, at www.magna.isa.gov.il, which we refer to as MAGNA, on December 10, 2012 and attach to it a proof of ownership certificate from the TASE Clearing House member through which the shares are held indicating that you were the beneficial owner of the shares on the record date, and return the proxy card, along with the proof of ownership certificate, to us, as described in the instructions available on MAGNA; or (b) *In person*: attend the Meeting, where ballots will be provided. If you choose to vote in person at the Meeting, you must bring the proof of ownership certificate from the TASE's Clearing House member through which the shares are held, indicating that you were the beneficial owner of the shares on the record date.

Please do not send your certificates representing Ordinary Shares at this time. If the Merger Proposal is adopted and approved and the Merger is subsequently completed, instructions for surrendering your certificates in exchange for the Merger Consideration will be sent to you.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:

The Notice of Meeting, Proxy Statement and Proxy Card are available at:
http://newsroom.retalix.com/pages/sec-filings.html

By order of the Board of Directors,
SARIT SAGIV
Executive Vice President and
Chief Financial Officer

IT IS IMPORTANT THAT THE ENCLOSED PROXY CARD BE
COMPLETED, SIGNED, DATED AND RETURNED PROMPTLY

PROXY STATEMENT

SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON MONDAY, JANUARY 7, 2013

INTRODUCTION

We are furnishing this Proxy Statement to our shareholders in connection with the solicitation by our Board of Directors of proxies to be used at a special general meeting of shareholders, as it may be postponed or adjourned from time to time (which we refer to as the Meeting), to be held at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel on Monday, January 7, 2013, at 10:00 a.m. (Israel time) and thereafter as it may be postponed or adjourned from time to time. We are first mailing this Proxy Statement, the accompanying notice, letter to shareholders and proxy card on or about December 10, 2012 to the holders of our ordinary shares entitled to notice of, and to vote at, the Meeting. All references to "Retalix," "the Company," "we," "us," "our" and "our company," or words of like import, are references to Retalix Ltd. and its subsidiaries, references to "you" and "your" refer to our shareholders and all references to "$" or to "US$" are to United States dollars and all references to "NIS" are to New Israeli Shekels.

At the Meeting, shareholders will be asked to consider and vote on the following:

1. The approval, pursuant to Section 320 of the Companies Law, 5759-1999 of the State of Israel (which, together with the regulations promulgated thereunder, we refer to as the Companies Law), of the merger of Retalix with Moon S.P.V. (Subsidiary) Ltd. (which we refer to as Merger Sub), a company formed under the laws of the State of Israel and an indirect, wholly-owned subsidiary of NCR Corporation, a Maryland corporation (which we refer to as NCR), including approval of (we refer to this proposal collectively, including all aspects described below, as the Merger Proposal):

- the merger transaction pursuant to Sections 314 through 327 of the Companies Law, whereby Merger Sub will merge with and into Retalix, with Retalix surviving and becoming an indirect, wholly-owned subsidiary of NCR (which we refer to as the Merger);
- the Agreement and Plan of Merger, dated as of November 28, 2012, by and among NCR, Merger Sub and Retalix (which we refer to as the Merger Agreement);
- the consideration to be received by Retalix's shareholders in the Merger, consisting of US$30.00 in cash (which we refer to as the Merger Consideration), without any interest thereon, subject to the withholding of any applicable taxes, for each ordinary share, nominal value NIS 1.00 per share of Retalix (which we refer to as Ordinary Shares) held as of immediately prior to the effective time of the Merger (which we refer to as the Effective Time);
- the conversion of each outstanding option and each outstanding warrant to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (which excess cash amount we refer to as the Option Consideration or Warrant Consideration, as applicable) (the receipt of the Option Consideration being subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and
- all other transactions and arrangements contemplated by the Merger Agreement, which is attached as *Appendix A* to this Proxy Statement; and

2. Any other business that properly comes before the Meeting or any adjournment or postponement of the Meeting, including voting on the adjournment or postponement of such meetings.

We currently know of no other business to be transacted at the Meeting, other than as set forth above; but, if any other matter is properly presented at the Meeting, the persons named in the enclosed proxy card will vote upon such matters in accordance with their best judgment.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE MERGER PROPOSAL.

Voting

Only holders of record of Ordinary Shares at the close of business on December 10, 2012, the record date, are entitled to notice of, and to vote at, the Meeting. As of December 9, 2012, there were 24,759,430 Ordinary Shares outstanding and entitled to vote. Each Ordinary Share outstanding on the record date will entitle its holder to one vote upon each of the matters to be presented at the Meeting.

The presence at the special general meeting of two or more Retalix shareholders (in person or by proxy), who collectively hold shares possessing at least 25% of Retalix's voting power, will constitute a quorum. Should no quorum be present 30 minutes after the time scheduled for the Meeting, the Meeting will be adjourned for a week and will be held on January 14, 2013 at the same time and place. At such adjourned meeting, the presence of at least two shareholders in person or by proxy (regardless of the voting power possessed by their shares) will constitute a quorum.

Provided that a quorum is present, approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the Ordinary Shares present (in person or by proxy) at the Meeting and voting on such proposal (not including abstentions and broker non-votes), excluding any Ordinary Shares that are held by Merger Sub, NCR, or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates.

The Alpha Group (consisting of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor, Mario Segal and M.R.S.G. (1999) LTD) and Ronex Holdings, Limited Partnership, (which we refer to collectively as the Significant Shareholders) entered into a voting agreement, (which we refer to as the Voting Agreement,) with NCR and Merger Sub concurrently with the execution of the Merger Agreement. The Voting Agreement covers 9,275,491 outstanding Ordinary Shares of our company, or approximately 37.5% of our issued and outstanding Ordinary Shares, held by the Significant Shareholders, as well as additional Ordinary Shares that the Significant Shareholders may acquire after execution of the Voting Agreement, including 1,250,000 additional Ordinary Shares issuable upon exercise of outstanding warrants held by the Alpha Group (which, if exercised, would increase the Significant Shareholders' percentage ownership of the outstanding Ordinary Shares to 40.5% based on the number of Ordinary Shares outstanding as of December 9, 2012) (all shares covered by the Voting Agreement are referred to as the Significant Shareholders' Shares). Under the Voting Agreement, the Significant Shareholders have agreed, subject to the terms and conditions of the Voting Agreement, to vote all of the Significant Shareholders' Shares in favor of the approval and adoption of the Merger Agreement, the approval of the Merger and the other transactions contemplated thereby.

Proxies

Shareholders may elect to vote their shares once, either by attending the Meeting in person, or by executing and delivering to Retalix a proxy as detailed below. If your Ordinary Shares are held in "street name" through a bank, broker or other nominee, you may either direct such bank, broker or other nominee on how to vote your shares or obtain a legal proxy from such bank, broker or other nominee to vote your shares at the Meeting.

Proxies are being solicited by our Board of Directors and are being mailed together with this Proxy Statement. Certain of our officers, directors, employees and agents may solicit proxies by telephone, facsimile, electronic mail or other personal contact. However, such parties will not receive additional compensation therefor. We will bear the cost of the solicitation of proxies, including the cost of preparing, assembling and mailing the proxy materials, and will reimburse the reasonable expenses of brokerage firms and others for forwarding such proxy materials to the beneficial owners of our shares.

If you own Ordinary Shares that are traded through the Tel Aviv Stock Exchange, or TASE, you may only vote your shares in one of the following two ways: (a) *By mail*: sign and date a proxy card in the form filed by us on MAGNA on December 10, 2012 and attach to it a proof of ownership certificate from the TASE Clearing House member through which the shares are held indicating that you were the beneficial owner of the shares on the record date, and return the proxy card, along with the proof of ownership certificate, to us, as described in the instructions available on MAGNA; or (b) *In person*: attend the Meeting, where ballots will be provided. If you choose to vote in person at the Meeting, you must bring the proof of ownership certificate from the TASE's Clearing House member through which the shares are held, indicating that you were the beneficial owner of the shares on the record date.

All Ordinary Shares represented by properly executed proxies received by us no later than twenty-four (24) hours prior to the Meeting will, unless such proxies have been previously revoked or superseded, be voted at the Meeting in accordance with the directions on the proxies. If no direction is indicated on the properly executed proxy, the shares will be voted "FOR" each of the matters described above.

We know of no other matters to be submitted at the Meeting other than as specified herein. If any other business is properly brought before the Meeting, the persons named as proxies may vote in respect thereof in accordance with their best judgment.

A shareholder returning a proxy may revoke it at any time prior to commencement of the Meeting by communicating such revocation in writing to us or by executing and delivering a later-dated proxy. In addition, any person who has executed a proxy and is present at the Meeting may vote in person instead of by proxy, thereby canceling any proxy previously given, whether or not written revocation of such proxy has been given. Any written notice revoking a proxy should be sent to us at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, Attention: Sarit Sagiv, Investor Contact.

Required Vote

Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the Ordinary Shares present in person or by proxy at the Meeting and voting on the Merger Proposal, excluding abstentions and broker non-votes and excluding Ordinary Shares held by NCR, Merger Sub or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates.

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

"**RESOLVED**, to approve, pursuant to Section 320 of the Companies Law, the merger of the Company with Merger Sub, a company formed under the laws of the State of Israel and an indirect, wholly-owned subsidiary of NCR, including approval of: (i) the Merger; (ii) the Merger Agreement; (iii) the Merger Consideration for each Ordinary Share held as of immediately prior to the effective time of the Merger; (iv) the conversion of each outstanding option and outstanding warrant to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (the receipt of such cash being subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement."

Our Board of Directors recommends a vote "FOR" approval of the proposed resolution.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

The following questions and answers are intended to briefly address certain commonly asked questions regarding the Merger, the Merger Agreement and the Meeting. These questions and answers may not address all of the questions that may be important to you as a shareholder of Retalix. Please refer to the more detailed information contained elsewhere in this Proxy Statement, the appendices attached to this Proxy Statement and the documents referred to or incorporated by reference in this Proxy Statement, which you are urged to read carefully and in their entirety. See the section of this Proxy Statement entitled "Where You Can Find More Information" beginning on page 60.

Q: Why am I receiving this proxy statement?

A: Our company is soliciting proxies for the Meeting. You are receiving this Proxy Statement because you owned Ordinary Shares on December 10, 2012, the record date, and that entitles you to vote at the Meeting. By use of a proxy, you can vote whether or not you attend the Meeting. This Proxy Statement describes the matters on which we would like you to vote and provides information on those matters so that you can make an informed decision.

Q: What am I being asked to vote on?

A: You are being asked to vote on the approval of a proposal (which we refer to as the Merger Proposal) consisting of the approval of: (i) the Merger; (ii) the Merger Agreement; (iii) the Merger Consideration for each Ordinary Share held as of immediately prior to the Effective Time; (iv) the conversion of each outstanding option and warrant to purchase one Ordinary Share into the right to receive an amount of cash equal to the Option Consideration or Warrant Consideration, as appropriate (receipt of the Option Consideration being subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement, which is attached as *Appendix A* to this Proxy Statement.

We do not currently expect there to be any other matters on the agenda at the Meeting; however, if any other matter is properly presented at the Meeting, the persons named in the enclosed proxy card will vote upon such matters in accordance with their best judgment.

Q: What will I receive in the Merger?

A: Upon completion of the Merger, you will have the right to receive US$30.00 in cash per Ordinary Share, without any interest thereon, subject to applicable withholding taxes, if any.

The Merger Consideration will be adjusted to reflect fully the appropriate effect of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, stock sale, reorganization, combination, exchange of shares or other similar transaction with respect to the Ordinary Shares having a record date on or after the date of the Merger Agreement and prior to the Effective Time.

You will not receive any shares in the surviving company in connection with the Merger nor will you have any ownership interest in the surviving company following the completion of the Merger.

Q: When will the Merger be completed?

A: We are working to complete the Merger as soon as practicable and expect to complete the Merger in the first quarter of 2013, but because the Merger is subject to governmental and regulatory approvals and certain other conditions, some of which are beyond our and NCR's control, the exact timing cannot be predicted nor can it be guaranteed that the Merger will ever be completed. At least 30 days must elapse from the date of the approval of the Merger by the shareholders of each of our company and Merger Sub before the Merger can become effective. The Merger Agreement may be terminated if the Merger is not completed by March 31, 2013 (unless such date has been extended by mutual agreement of NCR and us), provided that the right to terminate the Merger Agreement is not available to any party whose failure to fulfill any obligation under the Merger Agreement had been the cause of or resulted in the failure of the Merger to close by March 31, 2013. The March 31, 2013 outside date will be further extended to June 30, 2013 if the only conditions to the closing that have not yet been met as of March 31, 2013 are antitrust-related conditions or conditions that by their nature will be satisfied at the closing. See the section of this Proxy Statement entitled "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to the Merger*" beginning on page 43 for a summary description of these conditions.

Q: **Are there risks I should consider in deciding how to vote on the Merger?**

A: Yes. You should carefully read this Proxy Statement in its entirety, including the factors discussed in the section "*Risk Factors*" beginning on page 10.

Q: **When and where is the Meeting?**

A: The Meeting will be held on January 7, 2013, at 10:00 a.m. (Israel time) at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel.

Q: **What vote is required for Retalix shareholders to approve the Merger Proposal?**

A: The approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the Ordinary Shares present in person or by proxy at the Meeting where a quorum is present and voting on the Merger Proposal, not including abstentions and broker non-votes and excluding any Ordinary Shares that are held by Merger Sub, NCR or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates.

The Alpha Group (consisting of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor and Mario Segal through M.R.S.G. (1999) LTD) and Ronex Holdings, Limited Partnership; (which we refer to collectively as the Significant Shareholders;) entered into the Voting Agreement concurrently with the execution of the Merger Agreement. The Voting Agreement is with respect to 9,275,491 outstanding Ordinary Shares, or approximately 37.5% of our issued and outstanding Ordinary Shares, held by the Significant Shareholders, as well as additional Ordinary Shares that the Significant Shareholders may acquire after execution of the Voting Agreement, including 1,250,000 additional Ordinary Shares issuable upon exercise of outstanding warrants held by the Alpha Group (which, if exercised, would increase the Significant Shareholders' percentage ownership of the outstanding Ordinary Shares to 40.5% based on the number of Ordinary Shares outstanding as of December 9, 2012). Under the Voting Agreement, the Significant Shareholders have agreed, subject to the terms and conditions thereof, to vote all of the Significant Shareholders' Shares in favor of the approval and adoption of the Merger Agreement, and the approval of the Merger and the other transactions contemplated thereby.

Q: **How does Retalix's Board of Directors recommend that I vote?**

A: Our Board of Directors has unanimously adopted and approved the Merger Agreement and approved the Merger and the other transactions contemplated by the Merger Agreement, and recommends that you vote "FOR" the approval of the Merger Proposal.

Q: **Why is Retalix's Board of Directors recommending that I vote "FOR" the approval of the Merger Proposal?**

A: Our Board of Directors has unanimously determined that the terms and provisions of the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, are fair to and in the best interests of our company and our shareholders. For additional information see the sections of this Proxy Statement entitled "*The Merger – Background of the Merger*" beginning on page 17 and "*The Merger–Our Reasons for Approving the Merger*" beginning on page 21.

Q: **Has Retalix's Board of Directors sought any opinion to determine the fairness of the Merger Consideration to Retalix's shareholders?**

A: We retained Jefferies & Company, Inc. (which we refer to as Jefferies) to provide to our Board of Directors certain services in relation to a possible merger, sale or other strategic business combination, including to provide an opinion to our Board of Directors as to the fairness to the holders of Ordinary Shares of the consideration to be received by such holders in any such transaction. At the meeting of our Board of Directors on November 27, 2012, Jefferies rendered its oral opinion to the Board of Directors, subsequently confirmed in a written opinion dated November 28, 2012, to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth therein, the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of Ordinary Shares pursuant to the Merger Agreement was fair, from a financial point of view, to such holders.

Jefferies' opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. Jefferies' opinion was directed to our Board of Directors and addresses only the fairness, from a financial point of view, of the Merger Consideration to be received by holders of Ordinary Shares pursuant to the Merger Agreement as of the date of the opinion. It does not address any other aspects of the Merger and does not constitute a recommendation as to how any holder of Ordinary Shares should vote on the Merger or any matter related thereto.

The full text of the written opinion of Jefferies is attached hereto as Appendix C. We encourage you to read the opinion carefully and in its entirety. For a summary of the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion, please see the section of this Proxy Statement entitled "*The Merger– Opinion of Financial Advisor*" beginning on page 25.

Q: **Should I send my share certificates now?**

A: No. Once all conditions to closing of the Merger are satisfied, including, but not limited to, receipt of all governmental and regulatory approvals, we will be able to effect the closing of the Merger. In the event that all closing conditions are fulfilled, the closing of the Merger will occur and payment will be made to a paying agent appointed by NCR prior to the Effective Time and reasonably acceptable to the Company (which we refer to as the Paying Agent).

If you are a holder of record as of the Effective Time, promptly after the Merger is completed, the Paying Agent will send you a letter of transmittal with detailed instructions regarding the surrender of your certificates representing Ordinary Shares or the transfer of your Ordinary Shares held in book entry form, as applicable, and any other required documentation, including a United States Internal Revenue Service, which we refer to as the IRS, Form W-9 or appropriate Form W-8 (as applicable) and a tax declaration form and a representation as to whether or not you are an Israeli resident, which we refer to as the Tax Declaration Form, to facilitate payment in exchange for the Merger Consideration for each Ordinary Share that you hold. You should not send your certificates representing Ordinary Shares to us or anyone else until you receive such instructions. The Paying Agent will send the Merger Consideration to you as promptly as practicable following its receipt of your share certificates (unless your Ordinary Shares are held in book entry form) and other required documents, including the Tax Declaration Form. If your shares are held in "street name" by your bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee as to how to effect the surrender or transfer of your "street name" shares in exchange for the Merger Consideration. You will be required to deliver an IRS Form W-9 or appropriate Form W-8 (as applicable) and a Tax Declaration Form prior to receiving the Merger Consideration.

If you do not deliver an IRS Form W-9 or Form W-8 (as applicable), you may be subject to United States backup withholding as described in the section of this Proxy Statement entitled "*The Merger–Material Tax Consequences of the Merger–United States Federal Income Tax Consequences*" beginning on page 34. We are filing with the Israeli Tax Authority an application for a ruling that will provide that Israeli withholding tax will not be applicable to a shareholder who makes certain certifications, as described in the section of this Proxy Statement entitled "*The Merger–Material Tax Consequences of the Merger–Israeli Income Tax Consequences*" and "*The Merger–Regulatory Matters–Israeli Tax Authority*" beginning on pages 34 and 40, respectively.

If your shares are traded through the Tel Aviv Stock Exchange, or TASE, you will receive the Merger Consideration through the bank or financial institution through which you hold your shares, which will also be responsible for administering Israeli tax withholding.

Q: **What effects will the proposed Merger have on our company?**

A: As a result of the proposed Merger, we will cease to be a publicly-traded company and will become an indirect wholly-owned subsidiary of NCR. Following the completion of the proposed Merger, the registration of the Ordinary Shares and our reporting obligations under the U.S. Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act), will be terminated upon notification to the U.S. Securities and Exchange Commission (which we refer to as the SEC). In addition, upon completion of the proposed Merger, the Ordinary Shares will no longer be listed on any stock exchange, including the NASDAQ Global Select Market and the Tel Aviv Stock Exchange.

Q: **What happens if the Merger is not completed?**

A: If the Merger is not completed for any reason, our shareholders will not receive any Merger Consideration for their Ordinary Shares. Instead, we will remain a public company and the Ordinary Shares will continue to be listed on the NASDAQ Global Select Market and the Tel Aviv Stock Exchange. Under certain circumstances related to a termination, as specified in the Merger Agreement, we may be required to pay NCR a termination fee as described in the section of this Proxy Statement entitled "*The Merger Agreement; Other Agreements –The Merger Agreement–Remedies*" beginning on page 43.

Q: **What interests do the directors and executive officers of our company have in the Merger?**

A: In considering the recommendation of our Board of Directors with respect to the Merger Agreement and the Merger, you should be aware that our Compensation Committee, Audit Committee and Board of Directors approved, in connection with the execution of the Merger Agreement, certain additional compensation and arrangements for certain of our officers that provide them interests in the Merger that may be different from, or in addition to, the interests of other Retalix shareholders, including:

- Certain of our executive officers will be entitled to cash bonuses totaling $850,000, in the aggregate, subject to, and upon, the consummation of the Merger.

- The vesting of options to purchase 231,250 Ordinary Shares, in the aggregate, held by our executive officers, which are exercisable at a weighted average exercise price of $18.10 per share, will be accelerated, and will therefore be entitled to receipt of the Option Consideration immediately, upon the consummation of the Merger (as opposed to on a delayed basis, in accordance with the existing vesting schedule and subject to existing vesting conditions, as is the case for all other outstanding unvested options).

- The vesting of options held by additional officers of our company may be accelerated, subject to NCR's approval, based on a decision by our Board of Directors (which, in the case of officers who are "office holders" under the Companies Law, shall be preceded by the approval of our Audit Committee).

- Certain indemnification and insurance provisions set forth in the Merger Agreement, including NCR's agreement that the surviving company from the Merger will maintain, for seven years after the Effective Time, a director's and officer's liability insurance policy covering all individuals covered under Retalix's current such policy in respect of acts or omissions occurring prior to the Effective Time, with coverage terms and for amounts no less favorable than those under Retalix's current policy, provided that the surviving company shall not be obligated to pay an aggregate premium in excess of 250% of the amount per annum we paid in our last fiscal year.

For additional details, see "*The Merger–Interests of our Executive Officers and Directors in the Merger*" beginning on page 41.

Our Audit Committee and Board of Directors were aware of these different or additional interests in determining to approve and adopt the Merger Agreement and the Merger, and to recommend to Retalix shareholders that they vote in favor of the Merger Proposal.

Q. **What do I need to do now?**

A. This Proxy Statement contains important information regarding the Merger as well as information about us. It also contains important information regarding the factors considered by our Board of Directors in evaluating the Merger. You are urged to read this Proxy Statement carefully and in its entirety. You should also complete, sign and date the enclosed proxy card and return it in the enclosed envelope. You should also review the documents referenced under the section of this Proxy Statement entitled "*Where You Can Find More Information*" beginning on page 60.

Q. **How do I vote?**

A. You should indicate on the enclosed proxy card how you want to vote, and date, sign and mail it in the enclosed envelope as soon as possible, so that your shares can be voted at the Meeting. The Meeting will take place on Monday, January 7, 2013 at 10:00 a.m. (Israel time), at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel. Whether or not you submit a proxy, you may attend the Meeting and vote your shares in person.

Q: **What do I do if I want to change my vote?**

A: You may send a written notice of revocation, or send a later-dated, completed and signed proxy card relating to the same shares, to us at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, Attention: Sarit Sagiv, Investor Contact, so it is received prior to the Meeting. Ordinary Shares represented by properly executed proxies received by us not later than twenty-four (24) hours prior to the Meeting will be voted at the Meeting in accordance with the directions on the proxies, unless such proxies have been previously revoked or superseded. Alternatively, you may attend the Meeting and vote in person.

Q: **If my shares are held in "street name" by my bank, broker or other nominee, will my bank, broker or other nominee vote my shares for me?**

A: Your bank, broker or other nominee will vote your shares only if you provide instructions to your bank, broker or other nominee on how to vote. You should follow the procedures provided by your bank, broker or other nominee regarding the voting of your shares and be sure to provide your bank, broker or other nominee with instructions on how to vote your shares. If your shares are held in "street name" you must contact your bank, broker or other nominee to change or revoke your voting instructions.

If you own Ordinary Shares that are traded through the Tel Aviv Stock Exchange, you may only vote your shares in one of the following two ways: (a) *By mail*: sign and date a proxy card in the form filed by us on MAGNA on December 10, 2012 and attach to it a proof of ownership certificate from the TASE Clearing House member through which the shares are held indicating that you were the beneficial owner of the shares on the record date, and return the proxy card, along with the proof of ownership certificate, to us, as described in the instructions available on MAGNA; or (b) *In person*: attend the Meeting, where ballots will be provided. If you choose to vote in person at the Meeting, you must bring the proof of ownership certificate from the TASE's Clearing House member through which the shares are held, indicating that you were the beneficial owner of the shares on the record date.

Q: **Who can vote at the Meeting?**

A: Only those holders of record of outstanding Ordinary Shares at the close of business on December 10, 2012, the record date for the Meeting, are entitled to notice of, and to vote at, the Meeting. As of December 9, 2012, there were 24,759,430 Ordinary Shares outstanding and entitled to vote.

Q: **What happens if I sell my shares before the Meeting?**

A: The record date for the Meeting is earlier than the Meeting and the date that the Merger is expected to be completed. If you transfer your Ordinary Shares after the record date but before the Meeting, you will retain your right to vote at the Meeting, but will have transferred the right to receive the Merger Consideration with respect to such Ordinary Shares. In order to receive the Merger Consideration, you must hold your Ordinary Shares through the completion of the Merger.

Q: **Am I entitled to appraisal rights in connection with the Merger?**

A: No. Under Israeli law, holders of Ordinary Shares are not entitled to appraisal rights in connection with the Merger. However, under the Companies Law, objections to the Merger may be filed by our creditors with the Israeli district court. See "*The Merger–No Appraisal Rights; Objections by Creditors*" on page 25.

Q: **Who can help answer my questions?**

A: If you have additional questions about the Merger Agreement or the Merger, or would like additional copies of this Proxy Statement or the enclosed proxy card, you should contact:

Retalix Ltd.
Attention: Sarit Sagiv, Investor Contact
10 Zarhin Street
Ra'anana, 43000, Israel
Email: investors@retalix.com

RISK FACTORS

In addition to the other information included in this Proxy Statement, including the matters addressed under the caption titled "Cautionary Statement Regarding Forward-Looking Statements" on page 12, you should carefully consider the following risk factors in determining how to vote at the Meeting. The following is not intended to be an exhaustive list of the risks related to the Merger and you should read and consider the risk factors described under Part 1, Item 3.D, "Key Information — Risk Factors" of the Company's Annual Report on Form 20-F for the year ended December 31, 2011, which is on file with the SEC, and is incorporated by reference into this Proxy Statement.

If the Merger is not consummated, our competitive position could be harmed.

The primary counter-party to the prospective Merger with our company—NCR—competes to some degree with Retalix. NCR has been exposed to our proprietary information by virtue of the due diligence that it has conducted in its evaluation and negotiation of the Merger, which due diligence has been conducted pursuant to the terms of a confidentiality agreement between NCR and Retalix. If the Merger is not consummated, NCR's exposure to this information could potentially put our company at a disadvantage relative to NCR, which risk, if it materializes, could have a material adverse effect on our operating results and overall financial condition.

Failure to complete the Merger could negatively impact our stock price, business, financial condition, results of operations or prospects.

The Merger is subject to the satisfaction or waiver of certain closing conditions described in the section entitled "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to the Merger*" beginning on page 43, including that:

- the HSR waiting period shall have expired or terminated and the approval of the Israeli Antitrust Authority shall have been obtained;
- no Material Adverse Effect with respect to Retalix shall have occurred since signing; and
- we shall have obtained our shareholder approval of the Merger pursuant to the Companies Law.

No assurance can be given that each of the conditions will be satisfied. In addition, the Merger Agreement may be terminated under the circumstances described in the section entitled *"The Merger Agreement; Other Agreements–The Merger Agreement–Termination Provisions"* beginning on page 43. If the conditions are not satisfied or waived in a timely manner and the Merger is delayed, payment of the Merger Consideration will also be delayed. If the Merger is not completed (including in the case the Merger Agreement is terminated), our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Merger, we will be subject to a number of risks, including the following:

- we may be required to pay NCR a termination fee if the Merger is terminated under various circumstances described in the section entitled *"The Merger Agreement; Other Agreements–The Merger Agreement– Remedies"* beginning on page 43;
- we will be required to pay certain costs relating to the Merger, including substantial legal and accounting fees, whether or not the Merger is completed;
- the price of our Ordinary Shares may decline to the extent that the current market price reflects a market assumption that the Merger will be completed;
- under the Merger Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Merger that may affect our ability to execute certain of our business strategies; and
- during the period before completion of the Merger our management's attention may be diverted from the day−to−day business of the Company, when it could otherwise have been devoted to other opportunities that may have been beneficial to us as an independent company, and there may be business disruption that may detract from our ability to grow revenues and minimize costs.

We also could be subject to litigation related to any failure to complete the Merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement. If the Merger is not completed, these risks may materialize and may adversely affect the price of our Ordinary Shares, business, financial condition, results of operations or prospects.

Some of our directors and officers have interests that may differ from the interests of our shareholders, and these persons may have conflicts of interest in recommending to our shareholders to approve the Merger Proposal.

Some of the members of management and our Board of Directors may have interests that differ from, or are in addition to, their interests as shareholders, which are described in the section entitled "*The Merger–Interests of our Executive Officers and Directors in the Merger*". These interests could cause management or members of our Board of Directors to have a conflict of interest in recommending approval of the Merger Proposal.

The fact that there is a Merger pending could harm our business, revenue and results of operations.

While the Merger is pending, it creates uncertainty about our future. As a result of this uncertainty, customers may decide to delay, defer or cancel purchases of our products or services pending completion of the Merger or termination of the Merger Agreement. If these decisions represent a significant portion of our anticipated revenue, our results of operations and quarterly revenues could be substantially below the expectations of investors. If as a result there is a Material Adverse Effect (as defined herein) to the Company, NCR may have a right to terminate the Merger Agreement without paying any termination fee.

In addition, while the Merger is pending, we are subject to a number of risks that may harm our business, revenue and results of operations, including:

- the risk of diversion of management and employee attention and potential business disruption that may detract from our ability to grow revenues and minimize costs;
- we have and will continue to incur significant expenses related to the Merger prior to its closing; and
- we may be unable to respond effectively to competitive pressures, industry developments and future opportunities.

Our current and prospective employees may be uncertain about their future roles and relationships with the Company following completion of the Merger. This uncertainty may adversely affect our ability to attract and retain key personnel.

Our obligation to pay a termination fee under certain circumstances and the restrictions on our ability to solicit or engage in negotiations with respect to other acquisition proposals may discourage other transactions that may be favorable to our shareholders.

Until the Merger is completed or the Merger Agreement is terminated, with limited exceptions relating to accepting a superior acquisition proposal, the Merger Agreement prohibits us from entering into, soliciting or engaging in negotiations with respect to acquisition proposals or other business combinations. Under specified circumstances, including in connection with a change in recommendation to our shareholders regarding the Merger and the Merger Agreement, we will be obligated to pay NCR a termination fee of $22.5 million. These provisions could discourage other companies from proposing alternative transactions that may be more favorable to our shareholders than the Merger.

If the Merger is not consummated by March 31, 2013, either we or NCR may, under certain circumstances which may be beyond our control, choose not to proceed with the Merger.

The Merger is subject to the satisfaction or waiver of certain closing conditions described in the section entitled "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to the Merger*" beginning on page 43 and set forth in the Merger Agreement attached to and included in this Proxy Statement as *Appendix A*. The satisfaction of certain of these conditions is beyond our control, such as the receipt of our shareholders' approval of the Merger, and the expiration or termination of the waiting period under the HSR Act or under Israeli antitrust laws. If the Merger has not been completed by March 31, 2013, either the Company or NCR may freely terminate the Merger Agreement, unless the failure of the Merger to be completed has resulted from or was principally caused by the failure of the party seeking to terminate the Merger Agreement to perform its obligations. If the only conditions to the closing that have not yet been met as of March 31, 2013 are antitrust-related or conditions that by their nature will be satisfied at the closing, that end date shall be extended to June 30, 2013.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Proxy Statement, including information set forth or incorporated by reference in this document, contains statements that constitute forward-looking information relating to the Merger. These forward-looking statements include, without limitation, statements contained in the sections of this Proxy Statement entitled "Questions and Answers about the Merger," "The Merger" and "Regulatory Matters" and in statements containing words such as "believes," "estimates," "anticipates," "intends," "continues," "contemplates," "expects," "may," "will," "could," "should," or "would" or other similar words or phrases. These statements, which are based on information currently available to us, are not guarantees and involve risks and uncertainties that could cause actual results to materially differ from those expressed in, or implied by, these statements. These forward-looking statements speak only as of the date on which the statements were made and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statement included in this Proxy Statement or elsewhere. In addition to other factors and matters contained or incorporated in this document, these statements are subject to risks, uncertainties, and other factors.

In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements. We cannot guarantee any future results, including with respect to the Merger. The statements made in this Proxy Statement represent our views as of the date of this Proxy Statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

THE PARTIES TO THE MERGER

Our Company

Retalix, an Israeli corporation, is a global provider of innovative, integrated software solutions and services for high volume, high complexity Fast Moving Consumer Goods retailers and distributors – including supermarkets, groceries, convenience, fuel, health and drug, and department stores. The Company's offerings and services help manage and optimize retail operations, and are aimed to strengthen brand differentiation, enhance shopper experience and build consumer loyalty, while providing the flexibility and scalability to support ongoing business transformation and growth. Retalix serves a customer base of approximately 70,000 stores and more than 400,000 checkout lanes across more than 50 nations worldwide.

Retalix's principal offices are located at 10 Zarhin Street, Ra'anana, 43000, Israel and its North American headquarters are located in Plano, Texas. Retalix's telephone number is +972-9-776-6631. Retalix's stock trades on both NASDAQ Global Select Market and the Tel Aviv Stock Exchange, in each case under the symbol RTLX. As of September 30, 2012, we had total assets of $364.0 million, total liabilities of $94.5 million and total shareholder equity of $264.4 million, and for the quarter then ended, we had total revenues of $70.5 million.

This Proxy Statement incorporates important business and financial information about Retalix from other documents that are not included in or delivered with this information statement. For a list of the documents incorporated by reference in this proxy statement, see "*Where You Can Find More Information*".

NCR

NCR Corporation, a Maryland corporation, is a global technology company that provides innovative products and services that enable businesses to connect, interact and transact with their customers and enhance their customer relationships by addressing consumer demand for convenience, value and individual service. NCR's portfolio of self-service and assisted-service solutions address the needs of retail, financial, travel, hospitality, gaming, public sector and telecom carrier and equipment organizations in more than 100 countries, and include automated teller machines (ATMs), self-service kiosks and point of sale devices as well as software applications that can be used by consumers to enable them to interact with businesses from their computer or mobile device. NCR complements these product solutions by offering a complete portfolio of services to help customers design, deploy and support its technology tools. NCR also resells third-party networking products and provides related service offerings in the telecommunications and technology sectors.

The principal executive offices of NCR are located at 3097 Satellite Boulevard, Duluth, Georgia 30096, U.S.A., and its telephone number is (937) 445-5000. NCR's stock is listed on the New York Stock Exchange and trades under the symbol "NCR." As of September 30, 2012, NCR had total assets of approximately $6.0 billion, total liabilities of approximately $5.0 billion and total stockholders' equity of approximately $1.0 billion, and for the quarter then ended, had total revenues of approximately $1.4 billion.

Merger Sub

Moon S.P.V. (Subsidiary) Ltd., which we also refer to in this Proxy Statement as Merger Sub, is an Israeli company and an indirect wholly-owned subsidiary of NCR formed for the purpose of effecting the Merger and the transactions contemplated by the Merger Agreement. Merger Sub has not engaged in any business except activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. The principal executive offices of Merger Sub are located at c/o NCR, 3097 Satellite Boulevard, Duluth, Georgia 30096, U.S.A., and its telephone number is (937) 445-5000.

THE SPECIAL GENERAL MEETING

Time and Place of the Meeting

This Proxy Statement is being furnished to holders of Ordinary Shares in connection with the solicitation of proxies by and on behalf of our Board of Directors for use at the Meeting to be held on Monday, January 7, 2013, at 10:00 a.m. (Israel time), at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, and at any adjournment or postponement thereof. We are first mailing this Proxy Statement, the accompanying notice, letter to shareholders and proxy card on or about December 10, 2012 to all holders of Ordinary Shares entitled to notice of, and to vote at, the Meeting.

Purposes of the Meeting; Proposed Resolutions

Merger Proposal. At the Meeting, our shareholders will consider and vote on the Merger Proposal, which is a proposal to approve the Merger, the Merger Agreement, and the other transactions contemplated by the Merger Agreement. To approve the Merger Proposal, it is proposed that at the Meeting, the following resolution be adopted:

"RESOLVED, to approve, pursuant to Section 320 of the Companies Law, of the merger of the Company with Merger Sub, a company formed under the laws of the State of Israel and an indirect, wholly-owned subsidiary of NCR, including approval of: (i) the Merger; (ii) the Merger Agreement; (iii) the Merger Consideration for each Ordinary Share held as of the Effective Time; (iv) the conversion of each outstanding option and warrant to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (receipt of the Option Consideration being subject, in the case of (a) an unvested option, to the subsequent vesting, and fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement."

Our shareholders must approve the Merger Proposal in order for the Merger to occur. If the shareholders fail to approve and adopt the Merger Proposal, the Merger will not occur. For more information about the Merger and the Merger Agreement, see the sections of this Proxy Statement entitled "*The Merger*" and "*The Merger Agreement*" beginning on pages 17 and 43, respectively.

Other Matters. You will also consider any other business that may properly come before the Meeting or any adjournment or postponement of the Meeting. We do not expect there to be any other matters on the agenda at the Meeting.

Recommendation of the Board of Directors of Retalix

OUR BOARD OF DIRECTORS BELIEVES THAT THE MERGER PROPOSAL IS FAIR TO AND IN THE BEST INTERESTS OF RETALIX AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU AND THE OTHER RETALIX SHAREHOLDERS VOTE "FOR" THE MERGER PROPOSAL. See "*The Merger–Our Reasons for Approving the Merger*" beginning on page 21.

Record Date, Method of Voting and Quorum Requirements

In accordance with the Companies Law and our Articles of Association, our Board of Directors has fixed December 10, 2012 as the record date for determining the shareholders entitled to notice of, and to vote at, the Meeting. Accordingly, you are entitled to notice of, and to vote at, the Meeting only if you were a record holder of Ordinary Shares at the close of business on that date, irrespective of the amount of Ordinary Shares in your possession on such date. As of December 9, 2012, there were 24,758,163 Ordinary Shares outstanding and entitled to vote. Your shares may be voted at the Meeting only if you are present or your shares are represented by a valid proxy.

You are being asked to vote the shares held directly in your name as a shareholder of record and any shares you hold in "street name" as beneficial owner. Shares held in "street name" are shares held on your behalf by a bank, a broker in a stock brokerage account or a nominee.

The method of voting differs for shares held as a record holder and shares held in "street name." Record holders will receive proxy cards. Holders of shares in "street name" will receive voting instruction cards in order to instruct their banks, brokers or other nominees on how to vote.

Proxy cards and voting instruction cards are being solicited on behalf of our Board of Directors from our shareholders in favor of the proposals as described in this document.

You may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, shareholders who hold shares in more than one brokerage account will receive a separate voting instruction card for each brokerage account in which shares are held.

Shareholders of record whose shares are registered in more than one name will receive more than one proxy card. You should complete, sign, date and return each proxy card and voting instruction card you receive.

A quorum must be present in order for the Meeting to be held. At least two shareholders present in person or by proxy, and holding or representing, in the aggregate, at least twenty-five percent (25%) of the voting power of our company, will constitute a quorum at the Meeting. Ordinary Shares that are voted in person or by proxy "FOR" or "AGAINST" are treated as being present at the Meeting for purposes of establishing a quorum and are also treated as voted at the Meeting with respect to such matters. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but such abstentions and broker non-votes will not be counted for purposes of determining the number of votes cast with respect to the particular proposal. If within half an hour from the time appointed for the holding of the Meeting a quorum is not present, the Meeting will stand adjourned until one week thereafter at the same time and place. At the adjourned meeting, two or more shareholders (regardless of the percentage of our Ordinary Shares held by them) who are present will constitute a quorum for the business for which the original Meeting was called.

Voting Rights and Vote Required

Each Ordinary Share outstanding on the record date will entitle its holder to one vote upon each of the matters to be presented at the Meeting.

Provided that a quorum is present, approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the Ordinary Shares present (in person or by proxy) at the Meeting and voting on such proposal (not including abstentions and broker non-votes, and not including any Ordinary Shares that are held by Merger Sub, NCR or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates).

A proxy card of a record shareholder that is signed and returned that does not indicate a vote "FOR" or "AGAINST" a proposal will be counted as a vote "FOR" such proposal.

A bank, broker or nominee who holds shares for customers who are the beneficial owners of those shares has the authority to vote on "routine" proposals when it has not received instructions from the beneficial owners. However, such bank, broker or nominee is prohibited from giving a proxy to vote those customers' shares with respect to approving non-routine matters, such as the Merger Proposal to be voted on at the Meeting, without instructions from the customer. Shares held by a bank, broker or nominee that are not voted at the Meeting because the customer has not provided instructions to the bank, broker or nominee will not be considered to be votes "FOR" or "AGAINST" the Merger Proposal or any other proposal and will have no effect on the result of the vote.

The Significant Shareholders entered into the Voting Agreement with NCR and Merger Sub concurrently with the execution of the Merger Agreement. The Voting Agreement covers 9,275,491 outstanding Ordinary Shares, or approximately 37.5% of our issued and outstanding Ordinary Shares, held by the Significant Shareholders, in the aggregate, as well as additional Ordinary Shares that the Significant Shareholders may acquire after execution of the Voting Agreement, including 1,250,000 additional Ordinary Shares issuable upon exercise of outstanding warrants held by the Alpha Group (which, if exercised, would increase the Significant Shareholders' percentage ownership of the outstanding Ordinary Shares to 40.5% based on the number of Ordinary Shares outstanding as of December 9, 2012), referred to, all together, as the Significant Shareholders' Shares. Under the Voting Agreement, the Significant Shareholders have agreed, subject to the terms and conditions set forth in the Voting Agreement, to vote all of the Significant Shareholders' Shares in favor of the approval and adoption of the Merger Agreement, and the approval of the Merger and the other transactions contemplated thereby.

Adjournment and Postponement

If within half an hour from the time appointed for the holding of the Meeting a quorum is not present, the Meeting will stand adjourned until one week thereafter at the same time and place. At the adjourned meeting, two or more shareholders (regardless of the percentage of our Ordinary Shares held by them) who are present will constitute a quorum for the business for which the original Meeting was called.

Voting Procedures; Revoking Proxies or Voting Instructions

Shareholders of Record

If you are a shareholder of record, meaning that your Ordinary Shares and your share certificate(s) were registered in your name with us and our transfer agent as of the record date, you may vote (a) in person by attending the Meeting or (b) by marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

You may revoke your proxy at any time before the vote is taken at the Meeting by (a) delivering to us at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, Attention: Sarit Sagiv, Investor Contact, a written notice of revocation, bearing a later date than the proxy, stating that the proxy is revoked, (b) properly submitting a later-dated proxy relating to the same shares or (c) attending the Meeting and voting in person (although attendance at the Meeting will not, by itself, revoke a proxy). Ordinary Shares represented by properly executed proxies received by us no later than twenty-four (24) hours prior to the Meeting will, unless such proxies have been previously revoked or superseded, be voted at the Meeting in accordance with the directions on the proxies. Written notices of revocation and other communications concerning the revocation of a previously executed proxy should be addressed to us at our executive offices located at 10 Zarhin Street, Ra'anana, 43000, Israel, Attention: Sarit Sagiv, Investor Contact.

You may also be represented by another person present at the Meeting by executing a proxy designating such person to act on your behalf.

If you sign, date and return your proxy card without indicating how you want to vote, your Ordinary Shares will be voted "FOR" all of the proposals on the agenda of the Meeting and, at the discretion of the proxy holder, on any other business that may properly come before the Meeting or any adjournment or postponement thereof.

Shares Held in Street Name

If you hold your Ordinary Shares in "street name" through a bank, broker or other nominee you should follow the instructions on the form you receive from your bank, broker or other nominee. If your Ordinary Shares are held in "street name" and you wish to vote such shares by attending the Meeting in person, you will need to obtain a proxy from your bank, broker or other nominee. If your Ordinary Shares are held in "street name," you must contact your bank, broker or other nominee to change or revoke your voting instructions.

Shares Traded on TASE

If you own Ordinary Shares that are traded through the Tel Aviv Stock Exchange, or TASE, you may only vote your shares in one of the following two ways: (a) *By mail*: sign and date a proxy card in the form filed by us on MAGNA on December 10, 2012 and attach to it a proof of ownership certificate from the TASE Clearing House member through which the shares are held indicating that you were the beneficial owner of the shares on the record date, and return the proxy card, along with the proof of ownership certificate, to us, as described in the instructions available on MAGNA; or (b) *In person*: attend the Meeting, where ballots will be provided. If you choose to vote in person at the Meeting, you must bring the proof of ownership certificate from the TASE's Clearing House member through which the shares are held, indicating that you were the beneficial owner of the shares on the record date.

Voting of Proxies

All shares represented at the Meeting by valid proxies that we receive in time for the Meeting as a result of this solicitation (other than proxies that are revoked or superseded before they are voted) will be voted in the manner specified on such proxy. If you submit an executed proxy but do not specify how to vote your proxy, your Ordinary Shares will be voted "FOR" the proposals on the agenda of the Meeting and, at the discretion of the proxy holder, on any other business that may properly come before the Meeting or any adjournment or postponement thereof.

Proxies submitted with instructions to abstain from voting and broker non-votes will not be considered to be votes "FOR" or "AGAINST" the Merger Proposal or any other proposal and will have no effect on the result of the vote.

Solicitation of Proxies

This proxy solicitation is being made and paid for by us on behalf of our Board of Directors. In addition to solicitation by mail, our directors, officers and employees of our company may solicit proxies for the Meeting from our shareholders personally or by telephone, facsimile and other electronic means without compensation other than reimbursement for their actual expenses.

Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of Ordinary Shares held of record by those persons, and we will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing.

SHAREHOLDERS SHOULD NOT SEND ANY CERTIFICATES REPRESENTING ORDINARY SHARES WITH THEIR PROXY CARDS. IF THE MERGER PROPOSAL IS APPROVED AND THE MERGER IS SUBSEQUENTLY COMPLETED, YOU WILL RECEIVE INSTRUCTIONS FOR SURRENDERING YOUR CERTIFICATES IN EXCHANGE FOR THE MERGER CONSIDERATION.

SHAREHOLDERS ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED. IN ORDER TO AVOID UNNECESSARY EXPENSE, WE ASK YOUR COOPERATION IN RETURNING YOUR PROXY CARD PROMPTLY, NO MATTER HOW LARGE OR SMALL YOUR HOLDINGS MAY BE.

Questions and Additional Information

If you have questions about the Merger or how to submit your proxy, or if you need any additional copies of this Proxy Statement or the enclosed proxy card or voting instructions, please contact our Investor Contact, Sarit Sagiv (our Executive Vice President and Chief Financial Officer), at investors@retalix.com.

THE MERGER

The description in this Proxy Statement of the Merger is subject to, and is qualified in its entirety by reference to, the Merger Agreement, which is the legal document governing the Merger. We have attached a copy of the Merger Agreement to this Proxy Statement as Appendix A and we urge that you read it carefully and in its entirety.

Background of the Merger

In late March 2012, Retalix was approached by representatives of J.P. Morgan Securities LLC (which we refer to as J.P. Morgan), acting at the direction of NCR, to arrange a discussion between the two companies concerning a potential strategic business combination transaction.

On April 11, 2012, Mr. John Bruno, Chief Technology Officer and Executive Vice President, Corporate Development of NCR, met with Mr. Shuky Sheffer, Chief Executive Officer of Retalix, as well as Mr. David Kostman and Mr. Robert Minicucci, both members of the Retalix Board of Directors, in New York to discuss the possibility of a potential strategic business combination. Because NCR, also a public company, provides complementary solutions that are designed to help retailers, distributors and other businesses in their effort to address consumer demand for convenience, value and service, the Retalix management believed that NCR could present a synergistic fit with Retalix. NCR's portfolio of self-service and assisted-service solutions, and its complementary portfolio of services, appeared to provide the potential for particular synergies with Retalix's software solutions, particularly for retailers. The parties discussed the potential rationale for a business combination and the potential synergies described above. In addition, Mr. Sheffer communicated that a valuation that properly reflected Retalix's current and future business and financial performance, a definitive timeline and certainty of closing would be of primary importance to Retalix in deciding whether to pursue a potential strategic business combination with NCR. While the parties did not discuss or agree upon any specific price or range, Mr. Sheffer suggested that a valuation in the "high twenties to low thirties" per share for Retalix would be necessary for Retalix to consider engaging in further discussions. The parties concluded that while there was interest in a potential strategic business combination, timing and other factors suggested that pursuing a transaction at that time was not in the parties' respective best interests. The parties agreed to remain in touch, but did not agree to any definitive next steps.

In the following months, Messrs. Bruno and Sheffer communicated informally from time to time, and in mid-September 2012, Mr. Bruno contacted Mr. Sheffer to again discuss the possibility of a potential strategic business combination transaction between NCR and Retalix. In response, Messrs. Bruno and Sheffer arranged a meeting in London on September 20, 2012 to discuss further the possibility of a strategic business combination. In attendance at the meeting were Mr. William Nuti, the Chairman, Chief Executive Officer and President of NCR and Messrs. Bruno and Sheffer. At that meeting, Mr. Bruno reiterated NCR's interest in Retalix's business, and the potential strategic and other benefits that a business combination could offer. Mr. Bruno also indicated that, strategically and from a financial perspective, NCR was positioned to pursue a potential strategic business combination, and wished to engage further with Retalix to determine whether there was mutual interest.

Following the meeting in London, on September 27, 2012, Mr. Nuti contacted Mr. Sheffer to inform him that NCR would be sending a written, non-binding expression of interest to Retalix later that day. Following the call, Mr. Nuti sent a non-binding expression of interest letter for a proposed acquisition of Retalix by NCR that, among other things, contained a contemplated price range of $28 to $30 per Ordinary Share to be paid by NCR to Retalix's shareholders in the proposed Merger. In the letter, Mr. Nuti indicated that NCR's proposal was subject to certain conditions, including approval of the proposed Merger by NCR's Board of Directors, NCR conducting a due diligence review of Retalix and negotiating definitive documentation for the proposed Merger. In addition, NCR requested that Retalix negotiate exclusively with NCR for a period of 45 days.

In response to this non-binding expression of interest letter from NCR, the Retalix Board of Directors met on October 2, 2012. At the meeting of the Retalix Board, representatives from Retalix's legal counsel, Meitar Liquornik Geva & Leshem Brandwein (which we refer to as Meitar) outlined legal matters relevant to the Retalix Board's process and decision-making with respect to the evaluation of NCR's expression of interest letter and the various fiduciary duty issues related thereto. At the meeting, the Retalix Board also determined that it was appropriate to form a committee of the Board to take action on behalf of the Board in connection with NCR's proposal, which we refer to as the Transactions Committee, on which Transactions Committee Messrs. David Kostman, Ishay Davidi and Eli Gelman initially served. Mr. Gelman was eventually replaced by Avinoam Naor on the Transactions Committee.

Following its formation, Retalix's Transactions Committee met and deliberated as to, among other matters, the adequacy of the revised price range. After such deliberations, the Transactions Committee determined to move forward at a $29-$31 range and to enter into a mutual non-disclosure and confidentiality agreement and an exclusivity agreement with NCR, and to commence the due diligence process with NCR towards a potential transaction in that price range.

On October 4, 2012, Retalix responded to NCR's September 27th non-binding expression of interest with the delivery by Mr. Sheffer to Mr. Nuti of a markup to NCR's non-binding expression of interest setting forth a proposed price range of $29 to $31 per Ordinary Share to be paid by NCR to Retalix's shareholders in the proposed Merger. In the same marked expression of interest, Retalix indicated that it was agreeable to negotiate exclusively with NCR for an initial term of 30 days, which term would be automatically extended for an additional 15 days if, during the initial 30-day period, NCR were to send a draft Merger Agreement and the two sides were to reach a mutual understanding with respect to a specific price per Ordinary Share to be paid in the proposed Merger, such understanding on price being subject to completion of due diligence and agreement on definitive documentation.

After receipt of Retalix's marked non-binding expression of interest, Messrs. Nuti and Sheffer then engaged in several discussions and negotiations, and on October 5, 2012, Mr. Nuti sent to Mr. Sheffer a revised non-binding expression of interest for the acquisition of all of the Ordinary Shares of Retalix by NCR with a revised price range of $29 to $31 per Ordinary Share to be paid by NCR to Retalix's shareholders. In the letter, Mr. Nuti again indicated that NCR's proposal was subject to certain conditions, including approval of the proposed Merger by NCR's Board of Directors, NCR conducting a due diligence review of Retalix and negotiating definitive documentation for the proposed Merger as well as an agreement on the exclusivity period.

On October 11, 2012, NCR and Retalix entered into a mutual non-disclosure and confidentiality agreement pursuant to which nonpublic information regarding Retalix and NCR and any of their respective subsidiaries could be shared with one another. On that same day, the parties also executed an agreement whereby Retalix agreed to negotiate exclusively with NCR for an initial term of 30 days, which term would be automatically extended for an additional 15 days if, during the initial 30-day period, NCR were to send a draft Merger Agreement and the two sides were to reach a mutual understanding with respect to a specific price per Ordinary Share to be paid in the proposed Merger, such understanding on price being subject to completion of due diligence and agreement on definitive documentation.

Following execution of the mutual non-disclosure and confidentiality agreement, the parties commenced the due diligence process. On October 12, 2012, representatives of NCR, Retalix and J.P. Morgan met at the New York offices of Morrison & Foerster LLP, NCR's legal counsel (which we refer to as M&F). At the meeting, Mr. Sheffer and other members of Retalix's management team presented an overview of the Retalix business. From October 23 through October 25, 2012, certain members of Retalix's management and Meitar conducted a series of additional management presentations with NCR, M&F, J.P. Morgan and other NCR advisors.

In addition to conducting these in-person management presentations, the due diligence process included responding to various due diligence questions about Retalix's assets and operations, and conducting telephonic due diligence discussions between Retalix and its advisors, and NCR and its advisors. NCR and its advisors also were provided access to Retalix's electronic data room containing financial, operational, regulatory, intellectual property, human resource, legal and other information concerning Retalix. From October 2012 until execution of the Merger Agreement, Retalix continued to respond to various due diligence questions and requests raised by NCR and its advisors.

On November 7, 2012, Mr. Nuti contacted Mr. Sheffer to inform him that NCR would be sending to him later that day both a written non-binding expression of interest and a draft Merger Agreement, with a proposed price of $29.25 per Ordinary Share to be paid by NCR to Retalix's shareholders in the proposed Merger.

Following receipt of the updated non-binding expression of interest with the $29.25 share price, the Retalix Transactions Committee met on November 8, 2012, and again on November 11, 2012, and, after deliberation, determined that the consideration was not adequate value for Retalix's shareholders. Thereafter, Mr. Sheffer and Mr. Nuti had a telephone call where Mr. Sheffer indicated that while Retalix believed in the potential for the proposed business combination, it was not likely to proceed with a transaction at that price, but that he thought that an increase in the price to $30.50 per Ordinary Share might be compelling. Following that call, Mr. Sheffer and Mr. Nuti continued to engage in discussions and communications regarding the share price, and the parties and their advisors continued the due diligence process and began to negotiate the terms of the draft Merger Agreement.

On November 13, 2012, the Retalix Board of Directors held a meeting at which representatives of Meitar were present. During the course of the meeting, the Retalix Board of Directors discussed the status of the discussions and negotiations with NCR regarding the potential Merger which appeared to be coming to a conclusion on final terms. Following discussion, the Board of Directors determined to continue to pursue the potential Merger with NCR.

On November 15, 2012, the Retalix Transactions Committee met, deliberated and decided that a price of $30 per Ordinary Share would constitute adequate value for Retalix's shareholders. The Retalix Transactions Committee further decided that in light of progress in negotiations between Meitar and M&F with respect to the definitive Merger Agreement, and in light of the significant progress on the due diligence conducted by NCR, that it would be appropriate to retain Jefferies & Company, Inc. (which we refer to as Jefferies) to provide its opinion concerning the fairness, from a financial point of view, of the cash consideration being offered in the proposed Merger to Retalix's shareholders.

On November 16, 2012, following their continued discussions and communications subsequent to their November 7th telephone conversation, Mr. Nuti sent Mr. Sheffer a revised non-binding expression of interest in which NCR reaffirmed its proposal to acquire Retalix and offered to pay $30 per Ordinary Share in the proposed Merger, subject to approval of the proposed Merger by NCR's Board of Directors, completion of due diligence and agreement on definitive documentation. During the following week, NCR continued its due diligence of Retalix, and NCR, Retalix and their advisors continued to negotiate and finalize the proposed Merger Agreement.

On November 19-20, 2012, representatives of Retalix and Meitar met with representatives of NCR and M&F in the New York offices of M&F to attempt to settle the open issues in the draft Merger Agreement and related transaction documentation, including the Voting Agreement to be entered into by each of Retalix's most significant shareholders, the Alpha Group and Ronex Holdings, Limited Partnership, in which they would agree to vote in favor of the proposed Merger with NCR at the Retalix special general shareholders meeting that would be held to approve such Merger. In addition, subsequent to the in person meeting, M&F and Meitar exchanged various drafts of the Merger Agreement and Voting Agreement, and Meitar delivered to M&F an initial draft of Retalix's disclosure schedule to the Merger Agreement. The discussions regarding the Merger Agreement primarily centered on deal certainty, including closing conditions, the proposed amounts of the break-up fee, provisions related to the definition of superior proposal, as well as Retalix's Board of Directors' fiduciary outs and the matching rights afforded to NCR with respect to any subsequent acquisition proposals made by third parties. The discussions regarding the Voting Agreement primarily centered on the Significant Shareholders' ability to terminate the Voting Agreement concurrently with Retalix's ability to terminate the Merger Agreement.

Starting on November 23, 2012 and continuing until the execution of the Merger Agreement, representatives of NCR, Retalix, M&F and Meitar negotiated the Merger Agreement, Voting Agreement and Retalix's disclosure schedule to the Merger Agreement. As part of the negotiations on the Merger Agreement, NCR agreed to reduce the proposed break-up fee from $30 million to $22.5 million, eliminate a closing condition associated with the receipt of third-party consents and provide a fiduciary out for the Retalix Board of Directors based on a specified intervening event. As part of the negotiations on the Voting Agreement, NCR agreed to allow the Significant Shareholders to terminate the Voting Agreement in the event that Retalix terminates the Merger Agreement in connection with a fiduciary out or if the Retalix Board of Directors, consistent with its fiduciary duties, changes its recommendation to Retalix's shareholders to vote in favor of the transaction.

On November 26, 2012, Retalix's Audit Committee and its Compensation Committee considered and approved the cash bonuses and acceleration of vesting of options for certain Retalix officers in connection with the proposed Merger with NCR that are described under the heading "*The Merger—Interests of Our Executive Officers and Directors in the Merger*."

On the following day, November 27, 2012, Retalix's Audit Committee, followed by its Board of Directors, held meetings at which representatives of Meitar and Jefferies were present. The purpose of the meetings was to consider the final terms of the proposed Merger Agreement for approval, and to provide required approvals of indemnification, exculpation and insurance for officers and directors of Retalix that would be provided in connection with the prospective merger with NCR. Following a discussion of the proposed Merger and the terms of the proposed Merger Agreement, Jefferies delivered to the Board of Directors its oral opinion (which was subsequently confirmed in a written opinion) to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of Ordinary Shares pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Meitar also counseled the Audit Committee and Board of Directors as to their respective fiduciary duties in consideration of the NCR proposal. Following their respective discussions, the Retalix Audit Committee and Board of Directors, respectively, unanimously determined that the Merger was in the best interests of Retalix and its shareholders and approved the Merger Agreement, as well as approved the officer and director insurance, exculpation and indemnification allowances, and recommended that assuming the execution of the Merger Agreement, that the Retalix Board of Directors should call a special general meeting of Retalix's shareholders to approve the Merger and the Merger Agreement pursuant to the Companies Law, with a recommendation that the shareholders provide such approval.

Also on November 27, 2012, NCR sent an initial draft of the Retention Agreement to Mr. Sheffer, which agreement would affirm the retention of Mr. Sheffer as Chief Executive Officer of Retalix following consummation of the Merger in accordance with his existing employment contract. The Retention Agreement was executed by Mr. Sheffer on November 28, 2012, concurrently with the execution of the Merger Agreement.

In the morning (New York time) of November 28, 2012, NCR's Board of Directors held a telephonic meeting in which representatives of M&F and J.P. Morgan participated. At the meeting, J.P. Morgan delivered a written opinion to NCR's Board of Directors to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of Ordinary Shares of Retalix pursuant to the Merger Agreement was fair, from a financial point of view, to NCR. After receipt of J.P. Morgan's opinion and after deliberation, the NCR Board of Directors approved the Merger, the Merger Agreement and the transactions contemplated thereby, as well as the Voting Agreement and Mr. Sheffer's Retention Agreement and the benefits set forth therein.

In the afternoon (New York time) of November 28, 2012, Retalix and NCR finalized and entered into the Merger Agreement. NCR and the Significant Shareholders finalized and entered into the Voting Agreement.

In the early evening of November 28, 2012 (New York time), Retalix and NCR announced the execution of the Merger Agreement.

Our Reasons for Approving the Merger

Our Audit Committee and Board of Directors determined that the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement are fair to and in the best interests of Retalix and its shareholders, and approved the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement and determined to recommend that the Retalix shareholders approve the Merger, the Merger Agreement and the other transactions contemplated by the Merger Agreement.

In evaluating the Merger, our Audit Committee and Board of Directors consulted with Retalix management and Retalix's legal, financial and other outside professional advisors and considered various information and factors in connection with the Merger, including those material factors described below. Among the information and material factors considered by our Audit Committee and Board of Directors were the following:

Financial Condition; Prospects of Company

- The Company's current and historical financial condition, results of operations, competitive position, strategic options and prospects, as well as the financial plan and prospects if the Company were to remain an independent public company, and the potential impact of those factors on the trading price of Ordinary Shares (which is not feasible to quantify numerically).

- The prospective risks to the Company as a stand-alone public entity, including the risks and uncertainties with respect to (i) achieving its growth in light of the current and foreseeable market conditions, including the risks and uncertainties in the U.S. and global economy generally and the retail food industry specifically; (ii) the current and prospective highly competitive climate and continuous price pressures in the retail and distribution food and fuel information systems industries and among Retalix's customers, and the possibility of further consolidation in such industries; (iii) the likelihood that new market entrants may attempt to develop and acquire retail and distribution food and fuel information systems, and the likelihood that the Company is likely to compete with additional, new companies in the future; and (iv) the "Risk Factors" set forth in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2011.

Strategic Alternatives

Our Board of Directors considered the trends and competitive developments in the industry and the range of strategic alternatives available to Retalix. These alternative strategies included remaining a stand-alone company and, based on prior periodic discussions with other companies about potential business combinations, the possibility of business combination transactions with third parties.

Our Board of Directors further considered that, under the terms of the Merger Agreement, in certain circumstances our Board of Directors would be permitted to provide nonpublic information and negotiate alternative acquisition transactions consistent with its fiduciary duties. Our Board of Directors believed it was well-informed about the opportunities for acquisition and business combination transactions and how potential acquirers and strategic partners would likely value Retalix's business in the context of an acquisition or business combination, and took this knowledge and experience into account in considering strategic alternatives available to Retalix. Our Board of Directors determined that the Merger was more favorable to Retalix and its shareholders than other possible strategic alternatives known to Retalix at that time.

Financial Terms; Opinion of Financial Advisor; Certainty of Value

- Historical market prices, volatility and trading information with respect to Ordinary Shares, including that the Merger Consideration of US$30.00 per share in cash:
  - represented a premium of 40.8% over the closing price of the Ordinary Shares on the NASDAQ Global Select Market on November 26, 2012;
  - represented a premium of 46.4% and 47.0% over the one- and three-month, respectively, average closing prices of Ordinary Shares on the NASDAQ Global Select Market prior to November 26, 2012; and
  - exceeded by 39.5% the 52-week high price of our Ordinary Shares on the NASDAQ Global Select Market prior to November 26, 2012.
- The oral opinion of Jefferies delivered on November 27, 2012, subsequently confirmed in a written opinion dated November 28, 2012, to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth therein, the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of Ordinary Shares pursuant to the Merger Agreement was fair, from a financial point of view, to such holders, as more fully described below under the caption, "*Opinion of Financial Advisor*."
- The form of consideration to be paid in the transaction is cash, which provides certainty of value and immediate liquidity to the Company's shareholders.

Fiduciary Out

- The Merger Agreement has customary no solicitation and termination provisions which should not preclude third parties from making "superior offers":
  - The Company can furnish nonpublic information or enter into discussions or negotiations with respect to an acquisition proposal if our Board of Directors determines in good faith (i) that such acquisition proposal constitutes or would reasonably be expected to lead to a superior offer, and (ii) after consultation with outside legal counsel, that failing to take such action would result in a breach by our Board of Directors of its fiduciary duties to the Company and its shareholders under applicable law.

- If our Board of Directors determines in good faith, after consultation with outside legal counsel, that an acquisition proposal constitutes a superior offer, it can (after giving NCR a five business day "match right," which will be extended by an additional three business days following each and every material revision or material modification to the acquisition proposal) terminate the Merger Agreement (and pay a $22.5 million termination fee) and enter into an agreement with respect to the superior offer.

- The Voting Agreement automatically terminates (among other reasons) (i) upon a termination of the Merger Agreement for any reason, (ii) upon a change in recommendation by our Board of Directors with respect to the Merger, or (iii) if our Board of Directors becomes entitled to enter into any letter of intent, memorandum of understanding, acquisition agreement or similar agreement that contemplates an acquisition proposal by a third party, in accordance with the terms of the Merger Agreement.; provided that the Voting Agreement would not terminate, but the obligations of the Significant Shareholders thereunder would be temporarily suspended, until the lapse of the period that NCR has the right to exercise its "matching right." Therefore, the Voting Agreement does not frustrate our Board of Directors' ability to accept a superior offer and to obtain shareholder approval of such superior offer.

- If the Company terminates the Merger Agreement in order to accept a superior offer (or if NCR terminates the Merger Agreement as a result of our Board of Directors' change of its recommendation, recommendation of an alternative transaction or breach of the non-solicitation restrictions under the Merger Agreement), the Company is required to pay NCR a termination fee of $22.5 million (equal to approximately 2.8% of the aggregate equity value of the transaction); our Board of Directors believes that such termination fee is customary and would not deter any interested third party from making, or inhibit our Board of Directors from approving, a superior offer if such offer were available.

- The Merger Agreement has customary terms that were the product of arm's-length negotiations.

Likelihood of Consummation

- The Significant Shareholders, who owned approximately 37.5% of the outstanding Ordinary Shares as of December 9, 2012, as well as warrants that would raise their percentage ownership of the outstanding Ordinary Shares to 40.5% based on the number of Ordinary Shares outstanding as of December 9, 2012, have entered into a Voting Agreement and agreed to approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

- The only antitrust conditions are the expiration or termination of the applicable waiting periods under the HSR Act, and the receipt of approval of the Merger from the General Director of the Israel Antitrust Authority.

- There are no third party consents that are conditions to the transaction other than the approval of Israel's Investment Center with regard to the continuousness of the tax benefits to which the Company is eligible with respect to its *Approved Enterprise Status* or *Benefited Enterprise Status*.

- There are no financing conditions, and NCR's substantial cash resources, including its offshore balance sheet cash to be used to fund the Merger Consideration, Option Consideration and Warrant Consideration, as well as NCR's access to new and existing debt for such funding, strongly reduce the possibility that it will be unable to pay the Merger Consideration, Option Consideration or Warrant Consideration.

Other Terms

Our Board of Directors took into account management's recommendation in favor of the Merger.

Risks and Uncertainties

Our Board of Directors also considered a number of uncertainties and risks in its deliberations concerning the Merger and the other transactions contemplated by the Merger Agreement, including the following:

- The Company's current shareholders would not have the opportunity to participate in any possible growth and profits of the Company following the completion of the transaction.
- Certain closing conditions to the Merger, specifically the condition that a certain number of our employees who fall within specific categories continue to remain employed by the Company, which are beyond our control.
- The regulatory approvals required to complete the Merger and the risk that the applicable governmental authorities may seek to impose unfavorable terms or conditions on the required approvals or may challenge or decide not to approve the Merger. Our Board of Directors also considered the potential length of the regulatory approval process. See "*–Regulatory Matters*." Our Board of Directors noted the views of members of Retalix's management team and of Retalix's legal advisors as to the timing of, and the process and factors involved, in seeking such approvals.
- The risk that the proposed transaction might not be completed and the effect of the resulting public announcement of termination of the Merger Agreement on:
  - the market price of Ordinary Shares, which could be affected by many factors, including (i) the reason for which the Merger Agreement was terminated and whether such termination results from factors adversely affecting the Company, (ii) the possibility that the marketplace would consider the Company to be an unattractive acquisition candidate and (iii) the possible sale of Ordinary Shares by short-term investors following the announcement of termination of the Merger Agreement;
  - the Company's operating results, particularly in light of the costs incurred in connection with the transaction, including the potential requirement to make a termination payment;
  - the ability to attract and retain key personnel; and
  - relationships with customers and others that do business with the Company.
- The possible disruption to the Company's business that may result from the announcement of the transaction and the resulting distraction of the attention of the Company's management and employees and the impact of the transaction on the Company's customers and others that do business with the Company.
- The terms of the Merger Agreement, including (i) the operational restrictions imposed on the Company between signing and closing (which may delay or prevent the Company from undertaking business opportunities that may arise pending the completion of the transaction), and (ii) the termination fee that could become payable by the Company under certain circumstances, including if the Company terminates the Merger Agreement to accept a superior offer.
- The restriction on soliciting competing offers and the risk that some provisions of the Merger Agreement and related documents, including the termination fee that may be payable by us, might have the effect of discouraging other persons potentially interested in acquiring our company from pursuing an acquisition of our company.
- The interests of the Company's CEO, CFO and other officers in the Merger, including certain arrangements as described under "*–Interests of our Executive Officers and Directors in the Merger*".

- The fact that certain of our directors and officers may have conflicts of interest in connection with the Merger, as they may receive certain benefits that are different from, and/or in addition to, those of our other shareholders.
- The fact that receipt of the Merger Consideration would be taxable to the Company's shareholders.
- The risks described under the section entitled "*Risk Factors*."

Our Board of Directors believed that, overall, the potential benefits of the Merger to our company and our shareholders outweighed the risks and uncertainties.

The preceding discussion of the information and factors considered by our Board of Directors is not intended to be exhaustive but includes the material factors considered by our Board of Directors. In view of the wide variety of factors considered by our Board of Directors in connection with its evaluation of the Merger, our Board of Directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the different factors that it considered in reaching its decision. In addition, in considering the factors described above, individual members of our Board of Directors may have given different weight to different factors. Our Board of Directors considered this information as a whole and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendation.

Our Board of Directors realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above. This explanation of our Board of Directors' reasoning and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

No Appraisal Rights; Objections by Creditors

Under Israeli law, holders of Ordinary Shares are not entitled to appraisal rights in connection with the Merger. Under the Companies Law, objections to the Merger may be filed by our creditors with the Israeli District Court. The court, in its discretion, may provide a remedy to any creditor who so objects if it establishes that there is a reasonable concern that, as a result of the Merger, the surviving company will not be able to satisfy its obligations to our and Merger Sub's creditors following completion of the Merger.

Opinion of Financial Advisor

We retained Jefferies & Company, Inc. (which we refer to as Jefferies) to provide to our Board of Directors certain services in relation to a possible merger, sale or other strategic business combination, including to provide an opinion to our Board of Directors as to the fairness to the holders of Ordinary Shares of the consideration to be received by such holders in any such transaction. At the meeting of the Board of Directors on November 27, 2012, Jefferies rendered its oral opinion to the Board of Directors, subsequently confirmed in a written opinion dated November 28, 2012, to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth therein, the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of our Ordinary Shares pursuant to the Merger Agreement was fair, from a financial point of view, to such holders.

The full text of the written opinion of Jefferies, dated as of November 28, 2012, is attached hereto as Appendix C. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. We encourage you to read the opinion carefully and in its entirety. Jefferies' opinion was directed to our Board of Directors and addresses only the fairness, from a financial point of view, of the Merger Consideration to be received by holders of Ordinary Shares pursuant to the Merger Agreement as of the date of the opinion. It does not address any other aspects of the Merger and does not constitute a recommendation as to how any holder of Ordinary Shares should vote on the Merger or any matter related thereto. The summary of the opinion of Jefferies set forth below is qualified in its entirety by reference to the full text of the opinion.

In arriving at its written opinion, Jefferies, among other things:

- reviewed a draft dated November 28, 2012 of the Merger Agreement;
- reviewed certain publicly available financial and other information about the Company;
- reviewed certain information furnished to Jefferies by our management, including financial forecasts and analyses, relating to the business, operations and prospects of the Company;
- held discussions with members of our senior management concerning the matters described in the prior two bullet points;
- reviewed the share trading price history and valuation multiples for the Ordinary Shares and compared them with those of certain publicly traded companies that Jefferies deemed relevant;
- compared the proposed financial terms of the Merger with the financial terms of certain other transactions that Jefferies deemed relevant; and
- conducted such other financial studies, analyses and investigations as Jefferies deemed appropriate.

In Jefferies' review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by the Company to Jefferies or that was publicly available (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. In its review, Jefferies relied on assurances of our management that it was not aware of any facts or circumstances that would make such information inaccurate or misleading. In its review, Jefferies did not obtain any independent evaluation or appraisal of any of the assets or liabilities of, nor did Jefferies conduct a physical inspection of any of the properties or facilities of, the Company. Jefferies was not furnished with any such evaluations or appraisals and did not assume any responsibility to obtain any such evaluations or appraisals.

With respect to the financial forecasts provided to and examined by Jefferies, Jefferies' opinion noted that projecting future results of any company is inherently subject to uncertainty. We informed Jefferies, however, and Jefferies assumed, that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of our management as to the future financial performance of the Company. Jefferies expressed no opinion as to our financial forecasts or the assumptions on which they were made.

Jefferies' opinion was based on economic, monetary, regulatory, market and other conditions existing and which could be evaluated as of the date of its opinion. Jefferies expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting Jefferies' opinion of which Jefferies became aware after the date of its opinion.

Jefferies made no independent investigation of any legal or accounting matters affecting the Company, and Jefferies assumed the correctness in all respects material to Jefferies' analysis of all legal and accounting advice given to the Company and the Board of Directors, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the Merger Agreement to the Company and its shareholders. In addition, in preparing its opinion, Jefferies did not take into account any tax consequences of the transaction to any holder of Ordinary Shares. Jefferies assumed that the final form of the Merger Agreement would be substantially similar to the last draft reviewed by it. Jefferies also assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Retalix, NCR or the contemplated benefits of the Merger.

In addition, Jefferies was not requested to and did not provide advice concerning the structure, the specific amount of the Merger Consideration, or any other aspects of the Merger, or to provide services other than the delivery of its opinion. Jefferies was not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction. Jefferies did not participate in negotiations with respect to the terms of the Merger and related transactions. Consequently, Jefferies assumed that such terms were the most beneficial terms from the Company's perspective that could under the circumstances be negotiated among the parties to such transactions, and Jefferies expressed no opinion whether any alternative transaction might result in consideration more favorable to the Company's shareholders than that contemplated by the Merger Agreement.

Jefferies' opinion was solely for the use and benefit of our Board of Directors in its consideration of the Merger, and Jefferies' opinion did not address the relative merits of the transactions contemplated by the Merger Agreement as compared to any alternative transaction or opportunity that might be available to the Company, nor did it address the underlying business decision by the Company to engage in the Merger or the terms of the Merger Agreement or the documents referred to therein. Jefferies' opinion does not constitute a recommendation as to how any holder of Ordinary Shares should vote on the Merger or any matter related thereto. In addition, Jefferies was not asked to address, and its opinion did not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company, other than holders of Ordinary Shares. Jefferies expressed no opinion as to the price at which Ordinary Shares will trade at any time. Jefferies did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable or to be received by any of our officers, directors or employees, or any class of such persons, in connection with the Merger relative to the consideration to be received by holders of Ordinary Shares. Jefferies' opinion was authorized by the Fairness Committee of Jefferies & Company, Inc.

In preparing its opinion, Jefferies performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies' analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in Jefferies' opinion. In addition, Jefferies may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described below should not be taken to be Jefferies' view of the Company's actual value. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on the application of Jefferies' own experience and judgment.

In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond our and Jefferies' control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the per share value of Ordinary Shares do not purport to be appraisals or to reflect the prices at which Ordinary Shares may actually be sold. The analyses performed were prepared solely as part of Jefferies' analysis of the fairness, from a financial point of view, of the Merger Consideration of $30.00 per Ordinary Share in cash to be received by holders of Ordinary Shares pursuant to the Merger Agreement, and were provided to our Board of Directors in connection with the delivery of Jefferies' opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies in connection with Jefferies' delivery of its opinion and that were presented to our Board of Directors on November 27, 2012. The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies' financial analyses.

Transaction Overview

Based upon the approximately 26.35 million Ordinary Shares that were outstanding as of November 26, 2012 on a fully diluted basis (calculated using the treasury stock method), Jefferies noted that the Merger Consideration of $30.00 per Ordinary Share implied an equity value of approximately $790.5 million. After adding an aggregate of approximately $5.2 million of minority interest and subtracting approximately $133.1 million of cash and cash equivalents, in each case as of September 30, 2012, Jefferies noted that the Merger Consideration of $30.00 per Ordinary Share implied an enterprise value of approximately $662.6 million. Jefferies also noted that the Merger Consideration of $30.00 per Ordinary Share represented a premium of 38.8% over the closing price per Ordinary Share on November 26, 2012 on the Tel Aviv Stock Exchange of $21.61 and 51.1% over the closing price per Ordinary Share on October 30, 2012 on the Tel Aviv Stock Exchange of $19.85 (such closing prices per Ordinary Share calculated based on foreign exchange rates as of such dates).

Historical Trading Analysis

In its analysis, Jefferies reviewed the price trading history of Ordinary Shares on the Tel Aviv Stock Exchange for the one-year and five-year periods ending November 26, 2012. In addition, Jefferies reviewed the price trading history of Ordinary Shares on the Tel Aviv Stock Exchange for the one-year period ending November 26, 2012 in relation to the Standard & Poor's 500 Index, the NASDAQ Composite Index and a composite index consisting of the following companies in the retail and hospitality software and systems industry, which are referred to as the "Selected Comparable Companies":

- Cegid S.A.,
- Ingenico S.A.,
- Manhattan Associates, Inc.,
- MICROS Systems, Inc. and
- VeriFone Systems, Inc.

This analysis indicated that during the one-year period ending November 26, 2012, the trading price of Ordinary Shares on the Tel Aviv Stock Exchange rose 45.4%, the Standard & Poor's 500 Index rose 17.9%, the NASDAQ Composite Index rose 17.8%, and the composite index consisting of the Selected Comparable Companies declined 2.1%.

Selected Comparable Company Analysis

Using publicly available information and information provided by our management, Jefferies analyzed the trading multiples of the Company and the corresponding trading multiples of the Selected Comparable Companies. In its analysis, Jefferies derived and compared multiples for the Company and the Selected Comparable Companies, calculated as follows:

- the enterprise value divided by revenue for the last twelve months, or LTM Revenue, which is referred to below as "Enterprise/LTM Revenue";
- the enterprise value divided by estimated revenue for the calendar year 2012, or 2012E Revenue, which is referred to below as "Enterprise Value/2012E Revenue";
- the enterprise value divided by estimated revenue for the calendar year 2013, or 2013E Revenue, which is referred to below as "Enterprise Value/2013E Revenue";
- the enterprise value divided by earnings before interest, taxes, depreciation and amortization (excluding amortization of acquired intangible assets, stock based compensation and other non-recurring items), or Adjusted EBITDA, for the last twelve months, or LTM Adjusted EBITDA, which is referred to below as "Enterprise Value/LTM Adjusted EBITDA";
- the enterprise value divided by estimated Adjusted EBITDA for the calendar year 2012, or 2012E Adjusted EBITDA, which is referred to below as "Enterprise Value/2012E Adjusted EBITDA"; and
- the enterprise value divided by estimated Adjusted EBITDA for the calendar year 2013, or 2013E Adjusted EBITDA, which is referred to below as "Enterprise Value/2013E Adjusted EBITDA."

This analysis indicated the following:

Selected Comparable Company Multiples

Benchmark	High	Low	Median
Enterprise Value/LTM Revenue	2.9x	0.8x	2.2x
Enterprise Value/2012E Revenue	2.9x	0.8x	2.3x
Enterprise Value/2013E Revenue	2.6x	0.8x	2.0x
Enterprise Value/LTM Adjusted EBITDA	11.7x	7.0x	10.7x
Enterprise Value/2012E Adjusted EBITDA	11.4x	6.6x	10.4x
Enterprise Value/2013E Adjusted EBITDA	10.2x	5.8x	9.5x

Based upon the multiples set forth in the table above, Jefferies used the reference ranges for the benchmarks set forth below and applied such ranges to the Company's LTM Revenue as of September 30, 2012, 2012E Revenue, 2013E Revenue, LTM Adjusted EBITDA as of September 30, 2012, 2012E Adjusted EBITDA and 2013E Adjusted EBITDA to determine implied enterprise values for the Company. Jefferies then subtracted minority interest and added cash and cash equivalents to determine an implied equity value. Based upon the number of Ordinary Shares that were outstanding as of November 26, 2012 on a fully diluted basis (calculated using the treasury stock method), this analysis indicated the ranges of implied values per Ordinary Share set forth opposite the relevant benchmarks below, compared in each case to the Merger Consideration of $30.00 per Ordinary Share**:**

Selected Comparable Company Reference Ranges and Implied Price Ranges

Benchmark	Reference Range	Implied Price Range
Enterprise Value/LTM Revenue	2.00x - 3.00x	$25.35 - $34.99
Enterprise Value/2012E Revenue	1.75x - 2.75x	$23.39 - $33.29
Enterprise Value/2013E Revenue	1.50x - 2.50x	$23.65 - $35.37
Enterprise Value/LTM Adjusted EBITDA	10.00x - 12.00x	$16.07 - $18.13
Enterprise Value/2012E Adjusted EBITDA	9.75x - 11.75x	$17.27 - $19.60
Enterprise Value/2013E Adjusted EBITDA	8.50x - 10.50x	$19.74 - $22.96

None of the Selected Comparable Companies is identical to the Company. In evaluating the Selected Comparable Companies, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond our and Jefferies' control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using selected company data.

Selected Comparable Transactions Analysis

Using publicly available and other information, Jefferies examined the following sixteen transactions announced since January 1, 2010 involving companies in the retail and hospitality software and systems industry with transaction values between $125 million and $2 billion. The transactions considered and the date that each transaction was announced were as follows:

Date Announced	Acquiror	Target
November 1, 2012	RedPrairie Corporation	JDA Software Group, Inc.
May 2, 2012	Francisco Partners	Kewill Ltd.
April 26, 2012	MICROS Systems, Inc.	Torex Retail Holdings, Ltd.
April 17, 2012	Toshiba TEC Corporation	IBM Retail Store Solutions
December 7, 2011	International Business Machines Corporation	DemandTec, Inc.
November 12, 2011	VeriFone Systems Inc.	Point International AB
July 11, 2011	NCR Corporation	Radiant Systems, Inc.
April 4, 2011	Apax Partners LLP	Epicor Software Corporation
April 4, 2011	Apax Partners LLP	Activant Solutions Inc.
March 11, 2011	Golden Gate Capital	Lawson Software Inc.
November 17, 2010	VeriFone Systems Inc.	Hypercom Corporation
November 2, 2010	Oracle Corporation	Art Technology Group Inc.
August 13, 2010	International Business Machines Corporation	Unica Corporation
July 26, 2010	Roper Industries, Inc.	iTradeNetwork, Inc.
April 21, 2010	Visa Inc.	CyberSource Corporation
February 22, 2010	New Mountain Capital, L.L.C.	RedPrairie Holding, Inc.

Using publicly available and other estimates for each of these transactions, Jefferies reviewed the transaction value as a multiple of the target company's (i) revenue for the last twelve months as of the announcement date of such transaction, which is referred to below as "Transaction Value/LTM Revenue," and (ii) Adjusted EBITDA for the last twelve months as of the announcement date of such transaction, which is referred to below as "Transaction Value/LTM Adjusted EBITDA."

This analysis indicated the following:

Selected Comparable Transactions Multiples

Benchmark	High	Low	75th Percentile	Median	25th Percentile
Transaction Value/LTM Revenue	6.8x	0.7x	4.4x	2.6x	1.9x
Transaction Value/LTM Adjusted EBITDA	30.0x	7.8x	17.3x	12.9x	10.4x

Based on the multiples set forth in the table above, Jefferies used the reference ranges for the benchmarks set forth below and applied such ranges to the Company's LTM Revenue and LTM Adjusted EBITDA, in each case as of September 30, 2012, to determine implied enterprise values for the Company. Jefferies then subtracted minority interest and added cash and cash equivalents to determine an implied equity value. Based upon the number of Ordinary Shares that were outstanding as of November 26, 2012 on a fully diluted basis (calculated using the treasury stock method), this analysis indicated the ranges of implied values per Ordinary Share, on a fully diluted basis, set forth opposite the relevant benchmarks below, compared in each case to the Merger Consideration of $30.00 per Ordinary Share:

Selected Comparable Transactions Reference Ranges and Implied Price Ranges

Benchmark	Reference Range	Implied Price Range
Transaction Value/LTM Revenue	2.25x - 3.25x	$ 27.76 - $37.41
Transaction Value/LTM Adjusted EBITDA	12.00x - 20.00x	$ 18.13 - $26.19

No transaction utilized as a comparison in the selected comparable transaction analysis is identical to the Merger. In evaluating the Merger, Jefferies made numerous judgments and assumptions with regard to industry performance, general business, economic, market, and financial conditions and other matters, many of which are beyond our and Jefferies' control. Mathematical analysis, such as determining the mean or the median, is not in itself a meaningful method of using selected transaction data.

Discounted Cash Flow Analysis

Jefferies performed a discounted cash flow analysis to estimate the present value of the free cash flows of the Company through the fiscal year ending December 31, 2015 using our management's financial projections, terminal exit multiples ranging from 10.00x to 12.00x LTM Adjusted EBITDA and the following two sets of discount rate ranges: (i) discount rates ranging from 10.75% to 11.75% (derived from an estimated weighted average cost of capital analysis based on the estimated U.S. risk free rate), which is referred to below as the "Case 1 Discount Rate Range", and (ii) discount rates ranging from 13% to 14% (derived from an estimated weighted average cost of capital analysis based on the estimated Israel risk free rate), which is referred to below as the "Case 2 Discount Rate Range."

To determine the implied total equity value for the Company, Jefferies subtracted minority interest and added cash and cash equivalents to the implied enterprise value for the Company. Based upon the number of Ordinary Shares that were outstanding as of November 26, 2012 on a fully diluted basis (calculated using the treasury stock method), this analysis indicated a range of implied values per Ordinary Share of approximately $28.99 to $33.87 using the Case 1 Discount Rate Range and approximately $27.67 to $32.24 using the Case 2 Discount Rate Range, compared in each case to the Merger Consideration of $30.00 per Ordinary Share.

Premiums Paid Analysis

Using publicly available information, Jefferies analyzed the premiums offered in 64 selected merger and acquisition transactions announced since January 1, 2010 involving a North American technology company target with transaction values between $200 million and $1 billion.

For each of these transactions, Jefferies calculated the premium represented by the offer price over the target company's closing share price one day and twenty days prior to the transaction's announcement. This analysis indicated the following premiums for those time periods prior to announcement:

Time Period Prior to Announcement	25th Percentile Premium	Median Premium	75th Percentile Premium
1 day	21.5%	33.4%	50.1%
20 days	24.1%	39.9%	62.2%

Using a reference range of the 25th percentile and 75th percentile premiums for each time period listed above, Jefferies performed a premiums paid analysis using the closing price per Ordinary Share on November 26, 2012 and October 30, 2012, which is one day and twenty days prior to the date of Jefferies' presentation to the Board of Directors on November 27, 2012, respectively. This analysis indicated a range of implied value per Ordinary Share of approximately $26.26 to $32.44 based on the closing price per Ordinary Share on November 26, 2012 and $24.63 to $32.20 based on the closing price per Ordinary Share on October 30, 2012, compared in each case to the Merger Consideration of $30.00 per Ordinary Share.

General

Jefferies' opinion was one of many factors taken into consideration by our Board of Directors in making its determination to approve the Merger and should not be considered determinative of the views of our Board of Directors or management with respect to the Merger or the Merger Consideration.

Jefferies was selected by our Board of Directors based on Jefferies' qualifications, expertise and reputation. Jefferies is an internationally recognized investment banking and advisory firm. Jefferies, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

Pursuant to an engagement agreement between the Company and Jefferies, dated November 27, 2012, we have agreed to pay Jefferies a customary fee, a portion of which was payable upon delivery of its opinion and a portion of which is payable contingent upon the consummation of the Merger. We have agreed to reimburse Jefferies for expenses incurred. We also have agreed to indemnify Jefferies against liabilities arising out of or in connection with the services rendered and to be rendered by it under its engagement. Jefferies maintains a market in the securities of Retalix, and in the ordinary course of business, Jefferies and its affiliates may trade or hold securities of Retalix or NCR and/or Retalix's or NCR's affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities. In addition, Jefferies may seek to, in the future, provide financial advisory and financing services to Retalix, NCR or entities that are affiliated with Retalix or NCR, for which it would expect to receive compensation. Except as otherwise expressly provided in its engagement letter with the Company, Jefferies' opinion may not be used or referred to by the Company, or quoted or disclosed to any person in any matter, without Jefferies' prior written consent.

Financing of the Merger

Under the Merger Agreement, consummation of the Merger is not conditioned on NCR's receipt of financing for the Merger Consideration, Option Consideration or Warrant Consideration that it will pay to Retalix's security holders.

NCR intends to finance the Merger Consideration, Option Consideration and Warrant Consideration from its cash on hand, borrowings under its senior secured credit facility, and proceeds from its recently announced offering of $500 million aggregate principal amount of 4.625% senior notes due 2021. At September 30, 2012, NCR's cash and cash equivalents totaled approximately $581 million, which included approximately $457 million of cash and cash equivalents held by NCR's foreign subsidiaries.

The terms of NCR's senior secured credit facility are described below and in NCR's consolidated financial statements and in the periodic reports that NCR files with the SEC pursuant to the Exchange Act, including in NCR's annual report on Form 10-K for the 2011 fiscal year, filed with the SEC on February 28, 2012, and NCR's quarterly report on Form 10-Q for the quarter ended September 30, 2012, filed with the SEC on October 26, 2012, which descriptions are incorporated by reference herein. The terms of the $500 million aggregate principal amount of 4.625% senior notes due 2021 being offered by NCR are described below.

Senior Secured Credit Facility

In August 2011, NCR entered into a five-year secured credit facility (which we refer to as the NCR Secured Credit Facility) with JPMorgan Chase Bank, N.A. (which we refer to as JPMCB), as administrative agent, and a syndicate of lenders to borrow up to $1.4 billion. The NCR Secured Credit Facility consists of a term loan facility in an aggregate principal amount of $700 million and a revolving credit facility in an aggregate principal amount of $700 million. On August 22, 2012, NCR entered into an Incremental Facility Agreement (which we refer to as the NCR Incremental Facility Agreement) with and among the lenders party thereto and JPMCB, as administrative agent. The NCR Incremental Facility Agreement relates to, and was entered into pursuant to, the NCR Secured Credit Facility, amended as of December 21, 2011 and as amended and restated as of August 22, 2012, with and among the lenders party thereto and JPMCB, as the administrative agent (which we refer to as the Second Amendment to the NCR Secured Credit Facility). The Incremental Facility Agreement supplemented the amounts available to NCR by $300 million by establishing a $150 million new tranche of term loan commitments and a $150 million new tranche of revolving loan commitments, bringing the total sum available under the Second Amendment to the NCR Secured Credit Facility and the NCR Incremental Facility Agreement to $1.7 billion.

As of September 30, 2012, the outstanding balance under the term loan facility of the NCR Secured Credit Facility (which we refer to as the NCR Term Loan Facility) was $850 million, and the outstanding balance under the revolving credit facility of the NCR Secured Credit Facility (which we refer to as the NCR Revolving Credit Facility) was zero. The NCR Revolving Credit Facility also allows a portion of the availability to be used for outstanding letters of credit, and as of September 30, 2012, outstanding letters of credit totaled approximately $19 million.

Of the outstanding principal balance of the NCR Term Loan Facility, $700 million is required to be repaid in quarterly installments of $17.5 million beginning March 31, 2013, with the balance of $455 million being due in August 2016, and $150 million is required to be repaid in quarterly installments of $3.75 million beginning March 31, 2014, with the balance of $97.5 million being due in August 2017. Borrowings under the NCR Revolving Credit Facility are due in August 2016 or, in the case of the NCR Incremental Facility, in August 2017. Amounts outstanding under the NCR Secured Credit Facility bear interest, at NCR's option, at a base rate equal to the highest of (i) the federal funds rate plus 0.50%, (ii) the administrative agent's "prime rate" and (iii) the one-month LIBOR rate plus 1.00% (the Base Rate) or LIBOR, plus a margin ranging from 0.25% to 1.50% for Base Rate-based loans that are either term loans or revolving loans and ranging from 1.25% to 2.50% for LIBOR-based loans that are either term loans or revolving loans, depending on NCR's consolidated leverage ratio. The terms of the NCR Secured Credit Facility also require certain other fees and payments to be made by NCR.

NCR's obligations under the NCR Secured Credit Facility are guaranteed by certain of its wholly-owned domestic subsidiaries. The NCR Secured Credit Facility and these guarantees are secured by a first priority lien and security interest in certain equity interests owned by NCR and the guarantor subsidiaries in certain of their respective domestic and foreign subsidiaries. These security interests will be released when NCR achieves an "investment grade" rating, and will remain released so long as NCR maintains that rating.

The NCR Secured Credit Facility includes affirmative, negative and financial covenants that restrict or limit the ability of NCR and its subsidiaries to, among other things, incur indebtedness; create liens on assets; engage in certain fundamental corporate changes or changes to NCR's business activities; make investments; sell or otherwise dispose of assets; engage in sale-leaseback or hedging transactions; repurchase stock, pay dividends or make similar distributions; repay other indebtedness; engage in certain affiliate transactions; or enter into agreements that restrict NCR's ability to create liens, pay dividends or make loan repayments. These covenants, which were amended in August 2012, also require NCR to maintain:

- a consolidated leverage ratio on the last day of any fiscal quarter, not to exceed (i) in the case of any fiscal quarter ending prior to December 31, 2013, (a) the sum of (x) 3.50 and (y) an amount (not to exceed 1.00) to reflect new debt used to reduce NCR's unfunded pension liabilities, to (b) 1.00, (ii) in the case of any fiscal quarter ending on or after December 31, 2013 and prior to December 31, 2015, (a) the sum of (x) 3.25 and (y) an amount (not to exceed 1.00) to reflect new debt used to reduce NCR's unfunded pension liabilities, to (b) 1.00, and (iii) in the case of any fiscal quarter ending on or after December 31, 2015 3.50 to 1.00; and

- an interest coverage ratio of at least (i) 3.50 to 1.00, in the case of any four consecutive fiscal quarters ending prior to December 31, 2013, and (ii) 4.00 to 1.00, in the case of any four consecutive fiscal quarters ending on or after December 31, 2013.

The NCR Secured Credit Facility also contains events of default, which are customary for similar financings. Upon the occurrence of an event of default, the lenders may, among other things, terminate the loan commitments, accelerate all loans and require cash collateral deposits in respect of outstanding letters of credit.

NCR may request, at any time and from time to time, but the lenders are not obligated to fund, the establishment of one or more incremental term loans and/or revolving credit facilities with commitments in an aggregate amount not to exceed $500 million, the proceeds of which can be used for working capital requirements and other general corporate purposes. As discussed above, the NCR Incremental Facility Agreement included $300 million of such commitments. Therefore, there is a remaining capacity for $200 million of additional incremental term loans and/or incremental revolving commitment under the NCR Secured Credit Facility, subject to receipt of lender commitments.

4.625% Senior Notes Due 2021

On December 4, 2012, NCR announced the pricing of an offering of $500 million aggregate principal amount of 4.625% senior notes due 2021 (which we refer to as the NCR Notes) at a price of 100.000% of the principal amount, to qualified institutional buyers pursuant to Rule 144A, and outside of the United States pursuant to Regulation S, under the Securities Act of 1933 as amended (which we refer to as the Securities Act), which result in gross proceeds of $500 million. The NCR Notes will be general unsecured senior obligations of NCR and will be guaranteed by its subsidiaries NCR International, Inc., a Delaware corporation, and Radiant Systems, Inc., a Georgia corporation.

The offering is expected to close on December 18, 2012, subject to customary closing conditions.

The NCR Notes and the related subsidiary guarantees have not been registered under the Securities Act and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements. This Proxy Statement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of NCR Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Material Tax Consequences of the Merger

United States Federal Income Tax Consequences

The following is a discussion of the material United States federal income tax consequences of the Merger to United States Holders and non-United States Holders (each as defined below). This discussion is based on the Internal Revenue Code of 1986 (which we refer to as the Code), the Treasury regulations promulgated thereunder, and existing administrative interpretations and court decisions, all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of the following discussion. This summary does not describe any tax consequences arising under the laws of any local, state or foreign jurisdiction and does not consider any aspects of United States federal tax law other than income taxation. This summary deals only with Ordinary Shares held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment) and does not address tax considerations applicable to any holder of Ordinary Shares that may be subject to special treatment under the United States federal income tax laws, including:

- a bank or other financial institution;
- a tax-exempt organization;
- a retirement plan or other tax-deferred account;
- a partnership (including any entity or arrangement treated as a partnership for United States federal income tax purposes), an S corporation or other pass-through entity (or an investor in any of the foregoing);
- an insurance company;
- a mutual fund;
- a real estate investment trust;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a person subject to the alternative minimum tax provisions of the Code;
- a person that received the Ordinary Shares through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation or a holder of warrants to purchase Ordinary Shares;

- a person that has a functional currency other than the United States dollar;
- a person that holds the Ordinary Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;
- a United States expatriate;
- a person that entered into a voting agreement as part of the transactions described in this Proxy Statement; or
- a person that beneficially owns, actually or constructively, or at some time during the 5-year period ending on the date of the exchange has beneficially owned, actually or constructively, more than 5% of the total fair market value of the Ordinary Shares:;
- a former citizen or resident of the United States;
- a controlled foreign corporation;
- a passive foreign investment company;
- a corporation that accumulates earnings to avoid United States federal income tax; or
- a non-United States Holder that is engaged in the conduct of a United States trade or business.

If a partnership (including any entity or arrangement treated as a partnership for United States federal income tax purposes) holds Ordinary Shares, the tax treatment of a holder that is a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. Such holders should consult their tax advisors regarding the tax consequences to them of the Merger.

The discussion set out herein is intended only as a summary of the material United States federal income tax consequences relevant to a United States Holder or non-United States Holder (each as defined below). This summary is for general information only and is not tax advice. We urge each holder to consult its tax advisor with respect to the specific tax consequences of the Merger to it in light of its own particular circumstances, including federal estate, gift and other non-income tax consequences, and tax consequences under state, local or foreign tax laws, or under any applicable tax treaty.

United States Holders

For purposes of this discussion, the term "United States Holder" means a beneficial owner of Ordinary Shares that is, for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity or arrangement treated as a corporation for United States federal income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has validly elected to be treated as a "United States person" under applicable Treasury regulations.

Payments with Respect to Ordinary Shares

The exchange of Ordinary Shares for cash pursuant to the Merger will be a taxable transaction for United States federal income tax purposes. A United States Holder who receives cash for Ordinary Shares pursuant to the Merger will recognize gain or loss, if any, equal to the difference between the amount of cash received and the holder's adjusted tax basis in the Ordinary Shares exchanged therefor. Gain or loss (as well as holding period) will be determined separately for each block of Ordinary Shares (i.e., Ordinary Shares acquired at the same cost in a single transaction). This gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the United States Holder's holding period for the Ordinary Shares is more than one year at the time of the exchange. Long-term capital gain recognized by an individual holder generally is subject to tax at a lower rate than short-term capital gain or ordinary income. There are limitations on the deductibility of capital losses.

Backup Withholding

Proceeds from the exchange of Ordinary Shares pursuant to the Merger generally will be subject to backup withholding at the applicable rate (currently 28%, but scheduled to increase to 31% on January 1, 2013) unless the applicable United States Holder or other payee provides a valid taxpayer identification number and complies with certain certification procedures (generally by providing a properly completed IRS Form W-9) and other applicable requirements of the backup withholding rules, or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the United States Holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Non-United States Holders

For purposes of this discussion, the term "non-United States Holder" means a beneficial owner of Ordinary Shares that is not a United States Holder including, specifically:

- a nonresident alien individual;
- a non-United States corporation; or
- a non-United States estate or trust.

The following discussion applies only to non-United States Holders and assumes that no item of income, gain, deduction or loss derived by the non-United States Holder in respect of Ordinary Shares at any time is effectively connected with the conduct of a United States trade or business.

Payments with Respect to Ordinary Shares

Payments made to a non-United States Holder with respect to Ordinary Shares exchanged for cash pursuant to the Merger generally will be exempt from United States federal income tax. However, if the non-United States Holder is an individual who was present in the United States for 183 days or more in the taxable year of the exchange and certain other conditions are met, the holder will be subject to tax at a flat rate of 30% (or a lower rate if specified under an applicable income tax treaty) on any gain from the exchange of the Ordinary Shares, net of applicable United States-source losses from sales or exchanges of other capital assets recognized by the holder during the year.

Backup Withholding

A non-United States Holder may be subject to backup withholding with respect to the proceeds from the disposition of Ordinary Shares pursuant to the Merger, unless, generally, the non-United States Holder or other payee certifies under penalties of perjury on an appropriate IRS Form W-8 that the non-United States Holder or other payee is not a United States person or otherwise establishes an exemption from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the non-United States Holder's United States federal income tax liability, provided that certain required information is furnished to the IRS.

The foregoing summary does not discuss all aspects of United States federal income taxation that may be relevant to particular holders of Ordinary Shares. Each holder of Ordinary Shares should consult its own tax advisor as to the particular tax consequences to it of exchanging its Ordinary Shares for cash in the Merger under any federal, state, foreign, local or other tax laws.

Israeli Income Tax Consequences

The following is a summary discussion of certain Israeli income tax considerations in connection with the Merger. The following summary is included for general information purposes only, is based upon current Israeli tax law and should not be conceived as tax advice to any particular holder of Ordinary Shares. No assurance can be given that the analysis made and the views contained in this summary as well as the classification of the transaction for Israeli tax purposes as set forth below will be upheld by the tax authorities, nor that new or future legislation, regulations or interpretations will not significantly change the tax considerations described below, and any such change may apply retroactively. This summary does not discuss all material aspects of Israeli tax consequences that may apply to particular holders of Ordinary Shares in light of their particular circumstances, such as investors subject to special tax rules or other investors referred to below.

HOLDERS OF ORDINARY SHARES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR ISRAELI TAX CONSEQUENCES OF THE MERGER APPLICABLE TO THEM, INCLUDING AS TO THE TIMING OF FILINGS WITH, AND TAX ADVANCEMENTS THAT MAY NEED TO BE PAID TO, THE ISRAELI TAX AUTHORITY.

Sale of Ordinary Shares

In general, under the Israeli Income Tax Ordinance (New Version), 5721-1961 and the rules and regulations promulgated thereunder, which we also refer to as the Tax Ordinance, the disposition of shares of an Israeli resident company is deemed to be a sale of capital assets, unless such shares are held for the purpose of trading. The Tax Ordinance generally imposes a capital gains tax on the sale of capital assets located in Israel, including shares in an Israeli resident company, by both residents and non-residents of Israel, unless a specific exemption is available or unless a double taxation prevention treaty between Israel and the seller's country of residence provides otherwise.

Under the Tax Ordinance, the tax rate applicable to capital gains derived from the disposition of Ordinary Shares in the Merger is generally up to 25% for Israeli individuals, unless such an individual shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of up to 30%. Additionally, if such shareholder is considered a "Significant Shareholder" at any time during the 12-month period preceding such disposition, i.e., such shareholder holds directly or indirectly, including with others, at least 10% of any means of control in our company, the tax rate will be 30%. However the foregoing tax rates will not apply to: (a) dealers in securities; or (b) shareholders who acquired their shares prior to January 1, 2003. Companies are subject to the corporate tax rate (25% for the 2012 and 2013 tax years) on capital gains derived from the disposition of Ordinary Shares.

Notwithstanding the foregoing, according to the Tax Ordinance, non-Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the disposition of shares of an Israeli resident public company, provided that such gains are not derived from a permanent establishment of such shareholders in Israel, that such shareholders did not acquire their shares prior to our initial public offering on November 7, 1994, and that such capital gains are not subject to the Israeli Income Tax Law (Inflationary Adjustments), 5745-1985 or the rules promulgated under Section 130A of the Tax Ordinance. However, a non-Israeli corporate shareholder will not be entitled to such exemption if Israeli residents (a) have, directly or indirectly, a controlling interest of 25% or more in such non-Israeli corporation or (b) are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, under the Convention Between the Government of the United States of America and the Government of the State of Israel with Respect to Taxes on Income, or the U.S.-Israel Tax Treaty, Israeli capital gains tax generally will not apply to the disposition of shares by a U.S. resident to which the U.S.-Israel Tax Treaty applies, or a U.S. Treaty Resident, who holds the shares as capital assets. However, such exemption will not apply if (a) the U.S. Treaty Resident holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding the disposition, subject to specified conditions, or (b) the capital gains from such disposition can be allocated to a permanent establishment of such U.S. Treaty Resident in Israel. Under the U.S.-Israel Tax Treaty, such U.S. Treaty Resident would be permitted to claim a credit for Israeli income tax against the U.S. federal income tax imposed on the disposition, subject to the limitations in U.S. tax laws applicable to foreign tax credits.

Generally, the payment for the Ordinary Shares is subject to Israeli withholding tax at a rate of up to 25%. A reduced rate of, or an exemption from, Israeli withholding tax is available to shareholders that provide a valid withholding certificate issued by the Israeli Tax Authority evidencing such reduced withholding rate or withholding exemption. In addition, we are filing with the Israeli Tax Authority an application for a ruling that provides that no Israeli withholding tax is applicable to a shareholder who provides the required information set forth in the ruling and makes certain certifications, as described below under "*The Merger—Regulatory Matters—Israeli Tax Authority*". We may hold payments to shareholders in escrow pending the receipt of a final ruling from the Israeli Tax Authority and the receipt of the required documentation as set forth in the ruling from a shareholder. Any payment to a shareholder that fails to provide the required documentation as set forth in the ruling, or does not present a valid withholding certificate providing for a reduced withholding rate or an exemption from withholding, will be subject to the Israeli applicable withholding rate.

Our shareholders who acquired their shares prior to our initial public offering on the TASE on November 7, 1994 and who do not qualify for an exemption from Israeli capital gains tax under the Tax Ordinance or an applicable tax treaty to which the State of Israel is a party, including the U.S.-Israel Tax Treaty described above, may be subject to Israeli capital gains tax on the disposition of their Ordinary Shares in the Merger. **SUCH SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE MERGER TO THEM.**

Shares Issued as Compensation for Employment or Service

Shareholders who received or acquired their Ordinary Shares under one or more of our incentive plans, or otherwise as compensation for employment or services provided to our company or any of its affiliates, may be subject to different tax rates. **BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, ANY SUCH HOLDERS OF ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI TAX CONSEQUENCES APPLICABLE TO THEM.**

Company Options Tax Ruling

We have filed with the Israeli Tax Authority an application for a ruling providing, among other things, that: (i) NCR and/or anyone on its behalf will be exempt from withholding tax in respect of any consideration paid directly to G.L.E 102 Trusts Ltd., in its capacity as trustee (which we refer to, together with any successor thereto, as the Section 102 Trustee) for the purpose of Section 102 of the Tax Ordinance, and any consideration paid to the Paying Agent, the Company and/or its subsidiaries, and (ii) the payments made in respect of the Company's options issued under Section 102(b) of the Tax Ordinance and Ordinary Shares issued upon exercise or vesting of the Company's Restricted Stock Units (which we refer to as RSUs) issued under Section 102(b) of the Tax Ordinance will not be treated as a breach of the provisions of Section 102(b) of the Tax Ordinance, subject to deposit with the Section 102 Trustee and compliance with the minimum holding period required under Section 102 of the Tax Ordinance. We refer to this ruling that we will be seeking as the Options Tax Ruling.

Regulatory Matters

Antitrust Filings

HSR Act

Under the HSR Act and the rules and regulations promulgated thereunder, certain transactions, including the Merger, may not be consummated unless certain waiting period requirements have expired or been terminated. Pursuant to the requirements of the HSR Act, the required Notification and Report Forms with respect to the Merger have been filed with the United States Department of Justice, Antitrust Division, referred to as the Antitrust Division, and the Federal Trade Commission, referred to as the FTC. Pursuant to the requirements of the HSR Act, the Merger may be closed following the expiration of a 30-calendar day waiting period (if the thirtieth day falls on a weekend or holiday, the waiting period will expire on the next business day) following such filings with the FTC and the Antitrust Division, unless the federal government terminates the waiting period early or issues a request for additional information and documentary material. The 30-calendar day waiting period commenced on December 7, 2012.

If, within the initial 30-day waiting period, either the Antitrust Division or the FTC requests additional information and documentary material concerning the Merger, the waiting period will be extended and will expire at 11:59 p.m., New York City time, on the thirtieth calendar day after the date both parties substantially comply with that request, unless the waiting period is earlier terminated by the FTC or Antitrust Division. If the thirtieth day falls on a weekend or holiday, the waiting period will expire on the next business day.

At any time before or after the Merger is completed, any of the DOJ, the FTC or private parties (including individual states) may bring legal actions under the antitrust laws. NCR and the Company do not believe that the closing of the Merger will result in a violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made, or if such a challenge is made, what the result will be. See "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to Completion of the Merger*".

Israeli Antitrust Filing

Under Israeli antitrust law, each of Retalix and NCR are required to file merger notifications to the Israeli Antitrust Authority and must wait for its approval in order to proceed with the Merger. If no ruling is provided within 30 days of the filing of the notifications, the Merger will be considered approved. The Israeli Antitrust Authority may ask to extend the 30 day waiting period with the consent of the parties or by seeking an order of the Antitrust Tribunal to that effect. It may also decide to approve the Merger in less than 30 days.

Pursuant to these requirements, Retalix and NCR are completing their Israeli merger notification filings on or about the date of this Proxy Statement.

Israeli Companies Registrar

Under the Companies Law, we and Merger Sub may not complete the Merger without first making the following filings and notifications to the Israeli Companies Registrar:

- *Merger Proposal*. We and Merger Sub are required to jointly file with the Israeli Companies Registrar a "merger proposal" setting forth specified details with respect to the Merger, within three days of calling the Meeting. Both we and Merger Sub filed the required merger proposals with the Israeli Companies Registrar on December 3, 2012. Under the Companies Law, at least 50 days must pass from the date of the filing of the merger proposal by both merging companies with the Israeli Companies Registrar before the Merger can become effective.

- *Notice to Creditors*. In addition, each of us and Merger Sub is required to notify its creditors of the proposed Merger. Pursuant to the Companies Law, a copy of the merger proposal must be sent to the secured creditors of each company within three days after the merger proposal is filed with the Israeli Companies Registrar, and, within four business days of such filing, known substantial creditors must be informed individually by registered mail of such filing and where the merger proposal can be reviewed. Non-secured creditors must be informed of the merger proposal by publication in two daily Hebrew newspapers circulated in Israel on the day that the merger proposal is filed with the Israeli Companies Registrar and, where necessary, elsewhere, and by making the merger proposal available for review. Each of us and Merger Sub has notified our respective creditors of the Merger in accordance with these requirements, to the extent applicable and, because our shares are traded on the NASDAQ Global Select Market, we have also published an announcement of the Merger in The New York Post within three business days following the day on which the merger proposal was submitted to the Israeli Companies Registrar. Each of us and Merger Sub has notified the Israeli Companies Registrar of the notices to our respective creditors. In addition, pursuant to the Companies Law, because we employ more than 50 employees, we must provide to the workers' union a copy of the publication placed in the newspapers or post a copy of the publication placed in the newspapers in a prominent location in the workplace within three business days after the merger proposal was filed with the Israeli Companies Registrar. We have satisfied such requirement by posting a copy of the publication in a prominent location in our office in Ra'anana, Israel.

- *Shareholder Approval Notice*. After the Meeting, and assuming the approval of the Merger thereat by our shareholders, we must file a notice with the Israeli Companies Registrar regarding the vote of the shareholders. The sole shareholder of Merger Sub has approved the Merger and a notice regarding the vote of the shareholder of Merger Sub was filed with the Israeli Companies Registrar on December 3, 2012. At least 30 days must pass from the date of the Meeting before the Merger can become effective.

No later than the closing date of the Merger (assuming that our shareholders approved the Merger Agreement and the Merger, and that all of the other conditions set forth in the Merger Agreement have been satisfied or waived (if permissible under applicable law)), each of us and Merger Sub will notify the Israeli Companies Registrar that all of the conditions to the closing have been met and request that the Israeli Companies Registrar issue a certificate evidencing the completion of the Merger in accordance with Section 323(5) of the Companies Law. Assuming all statutory procedures and requirements have been complied with, the Merger will then become effective and the Israeli Companies Registrar will be required to register the Merger in the surviving company's register and to issue the surviving company a certificate regarding the Merger.

Israeli Investment Center

The change in the composition of our shareholders in connection with the Merger requires the approval of the Investment Center of the Ministry of Industry, Trade and Labor, which we refer to as the Investment Center, established under the Israeli Law for the Encouragement of Capital Investment, 5719-1959, as amended. This law provides that capital investments in eligible facilities may be designated upon application as an "approved enterprise" or "benefited enterprise." Each certificate of approval relates to a specific investment program delineated both by its financial scope, including sources of funds, and by the physical characteristics of the facility or other assets. The benefits and obligations that apply to the enterprise are set out in the regulations promulgated under law and the specific approval with regard to each enterprise. The benefits include government grants, government guaranteed loans, tax holidays and combinations thereof. The approval of the Investment Center to the continuousness of the tax benefits to which the Company is eligible with respect to our *Approved Enterprise Status* or *Benefited Enterprise Status* is a condition to the closing of the Merger. See "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to Completion of the Merger*".

Israeli Office of the Chief Scientist

The change in the composition of our shareholders in connection with the Merger and the transfer of control in the Company to a non-Israeli entity require the submission of notice to the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor of the State of Israel, referred to as the OCS. As a non-Israeli entity, NCR will also be required to execute an OCS undertaking as to its intention and commitment to strictly observe all of the requirements of the Law for the Encouragement of Industrial Research and Development, 5744-1984 and the regulations, rules and procedures promulgated thereunder (which we refer to as the Research Law), as applied to the Company, and to further act, in its capacity as a shareholder of the Company, to make all reasonable efforts in order to cause the Company to strictly comply with such statutory requirements. Under the Research Law, research and development programs approved by the OCS are eligible to receive grants if they meet specified criteria in exchange for the payment of royalties from the sale of the products developed in the course of research and development programs funded by the OCS. It is a condition to the closing of the Merger that NCR will execute and file with the OCS an undertaking in the standard form of the OCS. See "*The Merger Agreement; Other Agreements–The Merger Agreement–Conditions to Completion of the Merger*".

Israeli Tax Authority

Besides the Options Tax Ruling that we are seeking from the Israeli Tax Authority, as described above, we have agreed to apply, in coordination with NCR, for a ruling concerning the Israeli withholding tax treatment of the Merger, which we refer to as the Withholding Ruling. The Merger Agreement provides that we shall cause our Israeli counsel, advisors and/or accountants to prepare and file with the Israeli Tax Authority an application for the Withholding Ruling. The Withholding Ruling that will be sought will address (i) exempting NCR, Merger Sub, the surviving company from the Merger and the Paying Agent from any obligation to withhold Israeli tax at source from any consideration payable or otherwise deliverable pursuant to the Merger Agreement, or clarifying that no such obligation exists, or (ii) clearly instructing NCR, Merger Sub, the surviving company and the Paying Agent how such withholding at source is to be executed, and in particular, with respect to the classes or categories of holders or former holders of Ordinary Shares from which tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify each holder. To the extent that prior to the closing of the Merger an interim Withholding Ruling is obtained, then all parties will act in accordance with that interim ruling, until such time that a final definitive Withholding Ruling is obtained. In the event that a Withholding Ruling (whether final or interim) is not obtained by the fifteenth (15th) calendar day of the month following the month during which the Effective Time occurs, NCR, Merger Sub, the surviving company and the Paying Agent may make such payments and withhold any applicable Israeli taxes in accordance with applicable law.

The Withholding Tax Ruling will provide, among other things, that:

(1) payments to be made to eligible Israeli brokers or Israeli financial institutions on behalf of shareholders who acquired their Ordinary Shares on or after Retalix's initial public offering on the TASE on November 7, 1994 and who are not "5% shareholder" (as defined below), will not be subject to Israeli withholding tax, and the relevant Israeli broker or Israeli financial institution will withhold Israeli tax, if any, as required by Israeli law;
(2) Payments to be made to eligible foreign brokers or foreign financial institutions on behalf of eligible Israeli brokers or Israeli financial institutions that hold Ordinary Shares for shareholders who acquired such shares on or after Retalix's initial public offering on the TASE on November 7, 1994 and who are not "5% shareholder" (as defined below), will not be subject to Israeli withholding tax, and the relevant Israeli broker or Israeli financial institution will withhold Israeli tax, if any, as required by Israeli law;
(3) payments to be made to shareholders who certify that they (i) acquired their Ordinary Shares on or after Retalix's initial public offering on the TASE on November 7, 1994, (ii) are non-Israeli residents for purposes of the Tax Ordinance, and (iii) are not "5% shareholders" (as defined below), will not be subject to Israeli withholding tax; and
(4) payments to be made to shareholders who are not described in clauses (1), (2) and (3) above will be subject to Israeli withholding tax at the fixed rate of up to 25% of the gross proceeds payable to them.

Notwithstanding the foregoing, should any shareholder present the Paying Agent with a valid certificate from the Israeli Tax Authority applying withholding tax at a lesser rate than that described above or otherwise granting a specific exemption from Israeli withholding tax, the Paying Agent will act in accordance with such certificate.

A "5% shareholder" means a holder of Ordinary Shares who holds or is entitled to purchase, directly or indirectly, alone or together with a "relative" thereof, one of the following:

- At least 5% of the issued and outstanding share capital of the Company.
- At least 5% of the voting rights of the Company.
- The right to receive at least 5% of the Company's profits or its assets upon liquidation.
- The right to appoint a director or manager.

A "relative" of a person means the spouse, brother, sister, parent, grandparent, descendant and the descendant of the spouse of such person, and the spouse of any of the foregoing.

The above is an un-official English translation of a provision of the Tax Ordinance in the Hebrew language, and is provided for convenience purposes only. Please consult your own tax advisors to determine the applicability of these definitions to you.

Other Approvals

Other than the filings described above, neither NCR nor the Company is aware of any material regulatory filings or approvals issued by the United States government, the State of Israel, or any foreign, state or local government, required to be obtained, or waiting periods required to expire, to complete the Merger. If NCR and the Company discover that other such material approvals or waiting periods are necessary, NCR and the Company will seek to obtain or comply with them in accordance with the Merger Agreement.

Interests of our Executive Officers and Directors in the Merger

In considering the recommendation of our Board of Directors with respect to the Merger Agreement and the Merger, you should be aware that certain of our officers and directors have agreements, arrangements or holdings that provide them interests in the Merger that may be different from, or in addition to, the interests of other Retalix shareholders. Our Board of Directors and Audit Committee were aware of these different or additional interests in determining to approve and adopt the Merger Agreement and the Merger, and to recommend to Retalix shareholders that they vote in favor of the Merger Proposal.

Retalix Warrants

The Alpha Group, certain members of which (Boaz Dotan, Eli Gelman, Nehemia Lemelbaum and Avinoam Naor) also happen to be our directors, holds warrants to purchase an aggregate of 1,250,000 Ordinary Shares at exercise prices that range from $9.75 to $12.10 per Ordinary Share, which will be entitled to receive the Warrant Consideration upon the Effective Time of the Merger. These warrants were acquired in 2009 pursuant to an investment transaction whereby the Alpha Group made a cash investment in our company in exchange for the issuance of Ordinary Shares and these warrants. Please see "*Beneficial Ownership of Ordinary Shares—Major Shareholders*" for more information.

Retalix Share Options

Certain of our executive officers and directors hold options to acquire Ordinary Shares that were granted to them by the

Company. At the Effective Time, each outstanding option to acquire one Ordinary Share, whether or not then exercisable, will be converted into the right to receive, and will be canceled in consideration for the payment of, an amount in cash equal to the Option Consideration, with such payment to be subject to applicable withholding taxes. The receipt of Option Consideration is subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Tax Ordinance, to the requirements of such Section 102.

Options held by our executive officers and directors will generally be treated in the Merger identically to all other options, with the exception of options to purchase 231,250 Ordinary Shares, in the aggregate, held by our executive officers, which are exercisable at a weighted average exercise price of $18.10 per share, which will be subject to accelerated vesting and will therefore be entitled to receipt of the Option Consideration immediately upon the consummation of the Merger.
Shares, in the aggregate, held by our executive officers, which are exercisable at a weighted average exercise price of $18.10 per share, which will be subject to accelerated vesting and will therefore be entitled to receipt of the Option Consideration immediately upon the consummation of the Merger.

Additional officers of our company may also receive acceleration for the vesting of their options to acquire Ordinary Shares, based on a decision of our Board of Directors (which, in the case of officers who are "office holders" under the Companies Law, will be preceded by the approval of our Audit Committee) and subject to NCR's approval.

The relevant executives' receipt of the Option Consideration with respect to the subject options immediately at the closing will constitute advantageous treatment relative to the treatment of holders of all other of the Company's outstanding unvested options, for which their right to receive Option Consideration will be subject to existing vesting schedules and the fulfillment of vesting conditions.

The relevant executives' receipt of the Option Consideration with respect to the subject options immediately at the closing will constitute advantageous treatment relative to the treatment of all other of the Company's outstanding unvested options, for which the right to receive Option Consideration will be subject to existing vesting schedules and the fulfillment of vesting conditions.

Bonuses

Upon, and subject to, consummation of the Merger, certain of our executive officers will be entitled to cash bonuses totaling $850,000, in the aggregate. These bonuses were approved by our Compensation Committee, Audit Committee and Board of Directors, as required by the Companies Law, prior to our entry into the Merger Agreement.

Employee Benefits

Please refer to "*The Merger Agreement; Other Agreement–The Merger Agreement–Employee Matters*" for a discussion of the employee benefits to be provided to Retalix employees, including any executive officers, who remain at our company following the Merger.

Indemnification and Insurance

Pursuant to the Merger Agreement, NCR has agreed that (i) all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company acting in such capacities as provided in the Company's charter documents and any indemnification or other agreements of the Company as in effect on the date of the Merger Agreement (to the extent that copies have been made available to NCR prior to the date of the Merger Agreement) shall be assumed by the surviving company in the Merger, without further action, at the Effective Time, and shall survive the Merger and shall continue in full force and effect in accordance with their terms; provided, that such obligations shall be subject to any limitation imposed from time to time under applicable law; and (ii) it will acquire, or, alternatively, it has agreed to cause the surviving entity to maintain in effect, officers' and directors' liability insurance for seven years after the Effective Time; provided, however, that in no event will it be required to expend annually more than 250% of the annual premium paid by Retalix for its officers' and directors' liability insurance in its last full fiscal year. See "*The Merger Agreement; Other Agreements–The Merger Agreement–Indemnification and Insurance*."

Executive Arrangements after the Merger

Minimum Continuing Employment Requirements

Under the Merger Agreement, NCR's and Merger Sub's obligation to effect the Merger and otherwise consummate the related transactions contemplated under the agreement are conditioned upon the continued employment, as of the closing of the Merger, of: (i) each of Shuky Sheffer, our Chief Executive Officer, and Sarit Sagiv, our Executive Vice President and Chief Financial Officer; and (ii) certain percentages of certain additional key employees of our company who have been identified by NCR. With respect to such employees, the relevant employee shall need to remain employed pursuant to the terms of his or her existing employment agreement with our company or its subsidiary, as modified by his or her retention agreement (if any) with our company or its subsidiary, and may not have expressed an intention to terminate such employment or to decline to accept employment with NCR, and shall also not have rescinded or purported to rescind his or her employment agreement or retention agreement (if any). In the event of any employee's death or disability (within the meaning of Section 409A of the Code), such individual shall be deemed to have continued his or her employment with our company (or its subsidiary) through the closing of the Merger and the condition to closing shall be deemed to be satisfied in respect of such individual.

Retention Agreement with Shuky Sheffer

In connection with the execution of the Merger Agreement, on November 28, 2012, Mr. Shuky Sheffer entered into a retention agreement (which we refer to as the Retention Agreement) with NCR and Retalix. The Retention Agreement, which will become effective as of the date of the closing of the Merger, affirms that Mr. Sheffer shall continue to be engaged as Chief Executive Officer of Retalix following consummation of the Merger, in accordance with his existing employment contract. As an incentive for, and contingent upon, his continued employment with Retalix through certain vesting dates and his compliance with the requirements set forth in the Retention Agreement, NCR will pay or cause Retalix to pay to Mr. Sheffer a retention bonus (which we refer to as the Retention Bonus), consisting of cash (which we refer to as the Cash Retention Bonus) and time-based restricted stock units (which we refer to as Time-Based RSUs).

Under the Retention Agreement, Mr. Sheffer will earn the Cash Retention Bonus if he remains continuously employed by Retalix through the 18 month anniversary of the Effective Time. On the first date of the month following the Effective Time, subject to the satisfaction of certain Israeli tax and securities law related preconditions, NCR will grant to Mr. Sheffer the Time-Based RSUs. Subject to Mr. Sheffer's continued employment with Retalix from the grant date through the vesting date, and any other conditions set forth in the applicable award agreement and NCR's stock incentive plan, the Time-Based RSUs will vest on the third anniversary of the grant date. During the first quarter of 2013, if still employed by Retalix, Mr. Sheffer may also be eligible to receive a Long-Term Incentive (LTI) equity award, subject to internal approval at NCR, and subject to his achievement of certain performance goals, which will be set by NCR in its sole discretion. Mr. Sheffer must remain employed by Retalix or its subsidiaries or affiliates on the LTI grant date and on the vesting date, which shall be set forth in the applicable LTI award agreement, to be eligible to receive any LTI equity award from Retalix.

Mr. Sheffer has acknowledged under the Retention Agreement that he remains subject to the restrictive covenants, including confidentiality, non-competition, non-employee solicitation, and intellectual property covenants, that are set forth in his existing employment agreement with Retalix. The Retention Agreement incorporates those restrictions by reference, while furthermore setting forth additional covenants of Mr. Sheffer related to invention assignment in favor of Retalix.

Additional Potential Retention Agreements

Prior to the closing of the Merger, NCR may execute retention agreements with other key executives of the Company identified by NCR, which agreements would modify the existing terms of such key executives' existing employment agreements with the Company. At the current time, no terms or conditions relating to such retention agreements have been finalized among the relevant parties.

THE MERGER AGREEMENT; OTHER AGREEMENTS

This section of the Proxy Statement describes the material provisions of the Merger Agreement), but does not purport to describe all of the terms of the Merger Agreement and may not contain all of the information that is important to you. The following summary is qualified in its entirety by reference to the complete text of the Merger Agreement, which is attached as Appendix A to this Proxy Statement and incorporated into this Proxy Statement by reference. You are urged to read the Merger Agreement carefully and in its entirety because it is the legal document that governs the Merger. It is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this Proxy Statement and in the public filings we make with the SEC, as described in the section entitled "Where You Can Find More Information" beginning on page 60.

The Merger Agreement

Structure of the Merger

Subject to the terms and conditions of the Merger Agreement and in accordance with Israeli law, Merger Sub, an indirect wholly-owned subsidiary of NCR, will be merged with and into the Company, with the Company surviving the Merger and becoming an indirect wholly-owned subsidiary of NCR. As a result, after the Effective Time, the Ordinary Shares will no longer be publicly traded. The Merger will be effected by way of a statutory merger pursuant to Sections 314-327 of the Companies Law, which requires, among other things, the approval of a simple majority of the voting power present and voting at a meeting of the Company's shareholders in person or by proxy, excluding abstentions and broker non-votes and excluding the voting power of any Ordinary Shares that are held by Merger Sub, NCR or by any person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates (we refer to such shareholder approval as the Required Shareholder Vote).

Merger Consideration

As a result of the Merger, each Ordinary Share issued and outstanding immediately prior to the Effective Time (other than Ordinary Shares held in the treasury of the Company or owned by NCR, Merger Sub or any direct or indirect wholly-owned subsidiary of the Company or of NCR immediately prior to the Effective Time, which shall be canceled and retired without any consideration therefor) will be automatically canceled and retired and be exchanged for the right to receive US$30.00 in cash without any interest thereon, subject to the withholding of any applicable taxes.

Effective as of the Effective Time, each outstanding option or right to acquire Ordinary Shares (except for the warrants described below), whether or not vested or exercisable, will become exercisable in full and will be exchanged for the right to receive an amount in cash equal to the Option Consideration. Generally, there will be no acceleration as a consequence of the Merger and the net amount of cash from the exchange will be applied in different ways depending on the status of the option:

- For options that were vested and exercisable immediately prior to the Effective Time, the cash proceeds will be payable shortly after closing of the Merger.
- For options that were unvested and unexercisable immediately prior to the Effective Time, the cash proceeds will be held by either a trustee, or the relevant option holder's employing company, and paid to the option holder in accordance with the option's existing vesting schedule and upon the fulfillment of the existing conditions related to vesting of such options and subject to the forfeiture provisions of the original option.

In either case, the proceeds of such treatment of options will be subject to any withholdings required by applicable law and in the case of options that were issued under the capital gains route of Section 102 of the Tax Ordinance, the proceeds will be held by the Section 102 Trustee until such proceeds become distributable in accordance with that provision, the agreement with such trustee and applicable law.

The Company will take such actions as are required so as to ensure that, effective as of the Effective Time and unless otherwise directed by the holder of the warrant, each outstanding warrant issued to the Alpha Group will be canceled and converted automatically into the right to receive an amount in cash equal to the Warrant Consideration. The Warrant Consideration will be subject to any withholdings required by applicable law.

Representations and Warranties

The Merger Agreement contains a number of representations made by and to NCR and Merger Sub, on the one hand, and the Company, on the other hand. The assertions embodied in those representations and warranties were made for purposes of specific provisions of the Merger Agreement and are subject to qualifications and limitations as agreed by NCR and the Company in connection with negotiating the terms of the Merger Agreement. In addition, certain representations and warranties were made as of a specified date or may be subject to a contractual standard of materiality different from what might be viewed as material to shareholders. For the foregoing reasons, you should not rely on the representations and warranties as statements of factual information.

Representations made by the Company to NCR and Merger Sub in the Merger Agreement relate to, among other things:

- due organization, good standing and qualification;
- ownership of subsidiaries;
- compliance by the Company and its subsidiaries with their respective charter documents;
- corporate authority to enter into the Merger Agreement and consummate the transactions contemplated thereby;
- capitalization of the Company and its subsidiaries;
- absence of any conflict with organizational documents, laws, agreements and instruments;
- required consents and filings with governmental entities;
- accuracy and sufficiency of documents filed with the SEC and TASE and of this Proxy Statement;
- conformity of the Company's financial statements with applicable accounting requirements and that the financial statements fairly present, in all material respects, the consolidated financial positions of the Company;
- absence of undisclosed liabilities;
- the status of the Company as a "foreign private issuer";
- the absence of any Material Adverse Effect (as defined below) since December 31, 2011;
- the operation of the Company in compliance with certain covenants during the period from December 31, 2012;
- material contracts;
- title to assets;

- intellectual property matters;
- certain business practices, including compliance with anti-bribery laws;
- suppliers and customers;
- taxes;
- employee benefit plans and labor and employment matters;
- absence of material pending or threatened legal proceedings or product claims;
- compliance with laws (including data privacy laws), regulations and court orders and permits;
- absence of any obligation to pay brokers' or other similar fees;
- restrictions on business activities;
- the required shareholder vote and takeover laws;
- related party transactions;
- insurance matters;
- real property, leases and environmental matters;
- grants, incentives and subsidies;
- encryption and other restricted technology and export compliance;
- annual operating plan; and
- accuracy of this Proxy Statement.

Representations made by the NCR and Merger Sub to the Company in the Merger Agreement relate to, among other things:

- due organization, good standing and qualification;
- ownership and operations of Merger Sub;
- corporate authority to enter into the Merger Agreement and consummate the transactions contemplated thereby;
- absence of any conflict with organizational documents, laws, agreements and instruments;
- required consents and filings with governmental entities;
- absence of any obligation to pay brokers' or other similar fees;
- absence of material pending or threatened legal proceedings;
- information provided for inclusion in this Proxy Statement;
- availability of funds required to consummate the Merger; and
- no stockholder approval required by NCR for the Merger.

Significant portions of the representations and warranties of the Company are qualified as to "materiality" or "Material Adverse Effect." A Material Adverse Effect means any event, condition, circumstance, development, change or effect, individually or in the aggregate, that is or is reasonably likely to have a material adverse effect on the business, financial condition, assets, liabilities or results of operations of the Company and its subsidiaries, taken as a whole, or on the Company's ability to consummate the merger and the other transactions contemplated by the Merger Agreement in accordance with its terms, provided that none of the following shall, either alone or in combination, be taken into account in assessing whether there has been or will be a Material Adverse Effect:

(a) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to general economic conditions in the industries in which the Company and its subsidiaries operate, or that generally affect such industries as a whole,

(b) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to general economic conditions in the U.S., Israel or elsewhere in the world (including financial exposures associated with currency exchange rate fluctuations and the effect of any such fluctuations on a person's results of operations),

(c) changes in applicable Law or U.S. GAAP, or the interpretations thereof,

(d) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to any act of terrorism, war (whether declared or otherwise, and including the worsening or escalation of any pre-existing conflict), national or international calamity, natural disaster or any other similar event,

(e) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to the public announcement or consummation (or anticipated consummation) of the Merger, or of any action required by the terms of the Merger Agreement or otherwise with the consent or agreement of NCR or Merger Sub, or

(f) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to any failure by any person to meet any internal or published projections, forecasts or revenue or earnings projections for any period ending on or after the date of this Agreement or any decline in the market price or trading volume of such person's stock (but not, in each case, the underlying cause of any such failure or decline unless such underlying cause or decline would otherwise be an exception from this definition of Material Adverse Effect)

provided, in the case of each of clauses (a) through (d), that the Company and its subsidiaries are not disproportionately affected thereby relative to other companies of comparable size in the same industries and geographies in which they operate and where there is such a disproportionate effect only the incremental effect of such disproportionality shall be included in the assessment of whether such events, conditions, circumstances, developments, changes and effects, individually or in the aggregate, constitute a Material Adverse Effect

Some of the representations and warranties of NCR and Merger Sub are qualified as to "materiality" or are qualified with respect to any event, change, effect, development, condition or occurrence that would prevent or materially delay NCR from consummating the transactions contemplated by the Merger Agreement or prevent or materially delay that party from performing its obligations under the Merger Agreement.

The representations and warranties in the Merger Agreement do not survive the completion of the Merger.

Conduct of Business by the Company Pending the Merger

The Company has agreed that until the Effective Time, the Company and its subsidiaries will conduct their business in the ordinary course of business in a manner in all material respects consistent with past practice and use commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers, employees and consultants and maintain its relationships with its customers, suppliers, distributors, licensors, licensees and others having significant business relations with them, and will not take any action which would adversely affect or be reasonably likely to delay in any material respect the ability of either NCR or Merger Sub to obtain the necessary governmental approvals for the consummation of the Merger. The Company has further agreed generally to not take, and to not permit its subsidiaries to take, the following actions (subject in each case to the exceptions provided in the Merger Agreement) prior to the Effective Time without the prior written consent of NCR (which consent may not be unreasonably withheld, delayed or conditioned):

- declare, set aside or pay any dividends on, or make any other distributions in respect of, any capital stock;
- split, combine, subdivide or reclassify any of its capital stock or issue, sell, pledge, dispose, grant or encumber any other securities of the Company or any of its subsidiaries;
- repurchase, redeem or otherwise acquire any shares of the Company or its subsidiaries;
- acquire any other entity or enter into or commit to enter into any joint venture, partnership, joint ownership, strategic alliance or similar arrangement;
- amend the Company's organizational documents or enter into a shareholder rights plan;
- adopt a plan of complete or partial liquidation, dissolution, or recapitalization or merge or consolidate with any person;
- except for certain exceptions specified in the Merger Agreement: (i) grant or provide any severance or termination payments or benefits to any of its directors, officers, or employees, (ii) increase the compensation, bonus or pension, welfare, severance, or other benefits of such persons (other than in connection with new hires and, with respect to employees who are not directors or officers or do not hold a Vice President position, compensation adjustments and payment of accrued bonuses, in each case in the ordinary course of business and consistent with past practices), (iii) establish, adopt, amend, or terminate any benefit plan or amend the terms of any outstanding equity-based awards, (iv) take any action to accelerate the vesting or payment, fund, or in any other way secure the payment of compensation or benefits under any benefit plan, except for such actions as are required in order to implement the Merger and as otherwise set out in the Merger Agreement, (v) change any actuarial or other assumptions used to calculate funding obligations with respect to any benefit plan or change the manner in which contributions to such plan are made or the basis on which such contributions are determined, except as may be required by U.S. GAAP, (vi) forgive any loans to any of its directors, officers or employees, (vii) announce, implement, or effect any reduction in labor force, layoff, early retirement program, severance program, or other program or effort concerning the termination of employment of its employees, other than routine employee terminations consistent with past practices, (viii) adopt or enter into any collective bargaining agreement, works council agreement, or other labor union agreement applicable to its employees, or (ix) hire or engage any new senior executives in leadership positions or executives who directly report to the Company's Chief Executive Officer;

- make any change in accounting policies or procedures, except as required by U.S. GAAP or applicable law;
- incur, prepay, repurchase, assume or materially modify any indebtedness for borrowed money or guarantee any indebtedness of another Person, or make any loans, advancements or capital contributions to or investments in any person, except as specified in the Merger Agreement;
- acquire or license any material amount of assets or make or commit to any capital expenditures materially in excess of those contemplated for capital expenditures by the 2012 annual operating plan and by the 2013 adjusted annual operating plan;
- transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire any material assets, intellectual property, product lines or businesses, subject to certain limitations set out in the Merger Agreement;
- make, revoke or change any material tax election, take a material position in a tax return, settle any tax dispute or surrender any right to claim a material refund of taxes or adopt any material method of tax accounting or tax accounting period therefor that is inconsistent with elections made, positions taken, or methods used in preparing or filing similar tax returns in prior periods;
- settle or resolve any tax controversy;
- surrender any right to claim a material refund of taxes;
- consent to any extension or waiver of the limitation period applicable to any material tax claim, audit, or assessment relating to any acquired company;
- fail to keep in force any material insurance policy;
- except in the ordinary course of business consistent with past practice, (i) enter into any agreement that would constitute a material contract, (ii) modify or amend in any material respect any of the Company's material contracts, (iii) terminate any material contract, or (iv) waive, release, or assign any material rights or claims under any material contract;
- enter into any agreement that would limit the type or location of the Company's business or would require the Company or any of its subsidiaries to deal exclusively with a person;
- settle any dispute or any administrative or other proceedings other than those that involve solely the payment of monetary damages and/or the provision of services and/or products with an aggregate value of less than $1 million;
- apply for any governmental or funding grant;
- customize the source code of any software product where the intellectual property relating thereto is not retained by the Company or its subsidiaries, except as provided in the Merger Agreement;
- enter into any new line of business that represents a category of revenue that is not discussed in Item 4 of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2011;
- engage in a related party transaction;
- take any action that would materially impair the ability of the Company to consummate the Merger; or
- announce an intention, enter into any agreement, or otherwise make a commitment to take any of the above actions; or
- (i) convene any annual or special meeting of the shareholders of the Company (or any adjournment or postponement thereof) for the adoption of any action, or (ii) the Company's taking or failure to take any action the result of which is to allow any matter to come before such meeting, that in either case of (i) or (ii) would be in violation of any term or condition set forth in the Merger Agreement that is applicable to the Company or any of its subsidiaries.

Company Shareholders Meeting and Board Recommendation

The Company has agreed, no later than the third business day following the execution of the Merger Agreement, to duly call, give notice of and convene (in accordance with applicable law) a meeting of the Company's shareholders for the purpose of obtaining the Required Shareholder Vote (which we refer to as the Company Shareholders Meeting).

The Company has agreed, as promptly as practicable following the execution of the Merger Agreement (and in any event within 8 business days thereof), to prepare and file a proxy statement relating to the Meeting and form of proxy in connection with the vote of the shareholders of the Company with respect to obtaining the Required Shareholder Vote.

Merger Proposal

The Company and Merger Sub have agreed that they will, as promptly as practicable after the execution of the Merger Agreement, cause a merger proposal (in the Hebrew language) to be executed in accordance with Section 316 of the Companies Law and delivered and, within three days from the date of notice of the Company Shareholders Meeting, filed with the Israeli Companies Registrar. The Company and Merger Sub have further agreed that within three days after delivery of the merger proposal to the Israeli Companies Registrar, to provide notice to their secured creditors, if any, in accordance with Section 318 of the Companies Law and to timely inform the Israeli Companies Registrar, in accordance with Section 317(b) of the Companies Law, that notice was given to their respective creditors under Section 318 of the Companies Law. The executed merger proposal was filed with the Israeli Companies Registrar on December 3, 2012. As the Company does not have any secured creditors, no such notice was required. The related notification to the Israeli Companies Registrar was provided on December 5, 2012.

In addition, each of the Company and, if applicable, Merger Sub, agreed to (i) publish a notice to its creditors in two daily Hebrew newspapers circulated in Israel, a newspaper circulated in New York City and in such other manner as may be required by applicable law, (ii) send a notice by registered mail to all of the "Substantial Creditors" (as such term is defined in the regulations promulgated under the Companies Law), if any, of which the Company or Merger Sub, as applicable, is aware, and (iii) display in a prominent place at the Company's premises, a copy of the notice published in a daily Hebrew newspaper. The requisite notice to the Company's creditors in two daily Israeli Hebrew newspapers, and the English notice in a New York City newspaper, were published on December 3, 2012 and December 4, 2012, respectively. A copy of the publication in the newspapers was posted in a prominent location in each of the Company's offices at which employees are located. As the Company is not aware of any "Substantial Creditors" (as such term is defined in the regulations promulgated under the Companies Law), no notice to "Substantial Creditors" was required. The related notifications to the Israeli Companies Registrar were provided on December 5, 2012.

No Solicitation of Transactions

The Company has agreed that it shall not, and shall cause its subsidiaries and the Company's and its subsidiaries' respective representatives not to, directly or indirectly:

- solicit, initiate, encourage or take any action to knowingly facilitate the submission of, or any inquiries with respect to, any acquisition proposal (as defined below) by a third party;
- participate in any discussions or negotiations with a third party or such third party's representatives regarding, or furnish any information or data with respect to, or otherwise cooperate in any way with respect to, or assist or participate in, any acquisition proposal or potential acquisition proposal;
- enter into any letter of intent, memorandum of understanding, acquisition agreement or other agreement, arrangement, or understanding that contemplates an acquisition proposal by such third party or requiring the Company to terminate, abandon or fail to consummate the Merger; or
- approve, adopt, endorse or recommend to its shareholders or any other person any acquisition proposal.

Notwithstanding the restrictions described above, the Company is not prohibited from taking the actions set out in the first two bullet points above if, prior to obtaining the Required Shareholder Vote:

- the Board of Directors of the Company concludes in good faith, after consultation with outside legal counsel, that the failure to take such action with respect to such acquisition proposal would result in a breach by the Company Board of its fiduciary duties to the Company and its shareholders;
- the Board of Directors of the Company determines in good faith that the acquisition proposal is, could reasonably be expected to lead to, a superior proposal (as defined below);
- the Company has furnished prior notice to NCR in accordance with the terms of the Merger Agreement; and
- prior to providing any information, the relevant third party has entered into a confidentiality agreement on terms no less favorable to the Company than those in the confidentiality agreement between the Company and NCR and which shall not contain restrictions that would prevent the Company from complying with its disclosure obligations under the Merger Agreement.

In addition to the above, the Company will be required to deliver to NCR copies of information provided to the third party and to keep NCR informed in all material respects of the status and details of the acquisition proposal. After receipt of any acquisition proposal, request, or inquiry by the Company, it shall promptly (and in any event within twenty-four hours or, if such time is not on a Business Day, then on the next business day) keep NCR informed in all material respects of the status and details (including the material terms of the acquisition proposal and material amendments or proposed material amendments) of any such acquisition proposal, request, or inquiry. The Company also shall provide NCR with forty-eight hours prior notice (or such lesser prior notice as is provided to the members of the Board of Directors of the Company) of any meeting of the Company Board at which the Company Board is expected to consider any acquisition proposal or any such inquiry or to consider providing information to any person or group in connection with an acquisition proposal or related inquiry.

The Company is not prohibited from taking the action set out in the third bullet point of the restrictions above where the Board of Directors of the Company: (i) concludes in good faith, after consultation with outside legal counsel, that the failure to take such action with respect to such acquisition proposal would result in a breach by the Company's Board of Directors of its fiduciary duties to the Company and its shareholders, (ii) determines that it is a superior proposal, and notifies NCR of such determination and of the terms of the acquisition proposal, which notice shall attach the most current form or draft of any written agreement providing for the transaction contemplated by the designated superior proposal. In making the aforementioned determinations, the Board of Directors of the Company will be required to consider the terms of any updated proposal made by NCR during the matching period which commences five business days after the Company's notice of superior proposal, or any subsequent amendment to the terms of the relevant acquisition proposal.

In addition to the above restrictions, the Board of Directors of the Company is prohibited from withdrawing or modifying, amending or qualifying its approval of the Merger in any manner adverse to NCR or Merger Sub, or from making any public statement inconsistent with its recommendation, failing to recommend against acceptance of a publicly announced acquisition proposal, or failing to reconfirm their recommendation following a written request to do so, unless either:

- the Board of Directors of the Company has received a superior proposal not in violation of the Merger Agreement; or
- there has been another event that was neither known to nor reasonably foreseeable by any member of the Board of Directors of the Company, as of or prior to the date of the Merger Agreement, and did not result from or arise out of the announcement or pendency of the Merger, any action required to be taken (or to be refrained from being taken) pursuant to the Merger Agreement, or the receipt of an acquisition proposal, the occurrence of which event has a material adverse effect on the Company's Board of Directors' ability to recommend the consummation of the Merger without breaching its fiduciary duties to the Company and its shareholders under applicable law, and

in each case the Board of Directors of the Company determines in good faith (after consultation with outside legal counsel and, for an event specified in the second bullet point above, a financial advisor of nationally recognized reputation) that failure to do so would result in a breach of its fiduciary duties.

The parties to the Merger Agreement have contractually agreed that, in the absence of compelling legal authority to the contrary, the Company, the Board of Directors of the Company and the Company's outside legal counsel are entitled to rely on and deem applicable to the Company and the Board of Directors of the Company the law applicable to corporations incorporated in Delaware for purposes of making the conclusions described above (and providing advice with respect thereto).

The term "acquisition proposal" means any proposal with respect to a merger, amalgamation, consolidation, share exchange, tender offer, exchange offer, recapitalization, business combination or similar transaction involving the Company or any of its subsidiaries;; any purchase or other acquisition, in one transaction or a series of transactions, of all or any significant portion of the business or assets of any such company (including by way of a license or lease of such assets);; any direct or indirect purchase or other acquisition, in one transaction or a series of transactions, of twenty-five percent (25%) or more of the Company's securities; any transaction in which any person or group (as that term is used in Section 13(d)(3) of the Exchange Act) would obtain control of the Company;; any similar transaction or business combination involving any acquired company or any of its affiliates, businesses, securities or assets; or any other transaction which is likely to have the effect of preventing or materially delaying the Merger. An acquisition proposal includes a superior proposal.

The term "superior proposal" means any bona fide written offer or proposal, not solicited, initiated or encouraged in violation of Section 6.2 of the Merger Agreement, made by a third party to consummate a merger, amalgamation, consolidation, share exchange, tender offer, exchange offer, recapitalization, business combination or similar transaction involving any the Company or any of its subsidiaries, to purchase or acquire, in one transaction or a series of transactions, all or substantially all of the business or assets of the Company and its subsidiaries (taken as a whole) (including by way of license or lease of such assets), or to acquire, directly or indirectly, all of the equity securities of the Company entitled to vote generally in the election of directors, if and only if (a) the Board of Directors of the Company determines in good faith (after consultation with its financial advisor (which must be an internationally recognized investment banking firm) and outside counsel) that (i) the proposed transaction would be more favorable from a financial point of view to the Company's shareholders than the Merger, taking into account at the time of determination any changes to the terms of the Merger Agreement that as of that time had been proposed by NCR and (ii) the proposed transaction is likely to be consummated, taking into account all legal, financial, regulatory, and other aspects of the proposal and the person making the proposal and having regard to the likelihood of obtaining all equivalent governmental and third party approvals and consents as are required in respect of the Merger and NCR, and (b) such proposal is not subject to any due diligence or financing condition (and if financing is required, such financing is then fully committed to such third party).

The Company has agreed to immediately on the date of the Merger Agreement, and to cause its representatives immediately to, cease and cause to be terminated any discussions or negotiations with any third parties (other than NCR and its representatives) that may have been ongoing with respect to any acquisition proposal, and to immediately request the return of all confidential information regarding the Company provided to any such party prior to the date of the Merger Agreement.

Efforts to Consummate the Merger

Each of NCR and the Company has agreed to use its respective commercially reasonable efforts to effect the transactions set out in the Merger Agreement. In addition, NCR and the Company shall cooperate with each other and use their commercially reasonable efforts to promptly (i) prepare and file all necessary documentation, (ii) effect all applications, notices, petitions and filings (including those required in the US and in Israel), obtain all permits, consents, approvals and authorizations of all third parties and governmental authorities which are necessary or advisable to consummate the transactions envisaged by the Merger Agreement, and shall consult with each other with respect to the obtaining of all such permits, consents, approvals, and authorizations. Except as specified in relation to certain antitrust approvals, NCR and the Company shall each use its commercially reasonable efforts to resolve any objections that may be asserted by any governmental authority with respect to the Merger Agreement or the transactions envisaged hereby. NCR and the Company, with respect to any threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation, or executive order that would adversely affect the ability of the parties to consummate the transactions contemplated hereby, shall use commercially reasonable efforts to prevent the entry, enactment, or promulgation thereof, as the case may be.

Each of NCR and the Company has agreed to as promptly as possible (i) file a pre-merger notification with the Antitrust Division and the FTC, and (ii) file a merger notification in Israel. Each of NCR and the Company shall promptly furnish any additional information requested to the requesting authority, provided that in the event that there is a request for additional information prior to a formal second request, such party will endeavor in good faith to make, after consultation with the other party, an appropriate response in compliance with such request. To the extent permitted by law, each party shall permit the other party to review in advance any material communication to any governmental authority, and shall not agree to participate in any meeting with such governmental authority unless it has consulted with the other party in advance and, to the extent permitted, gives the other party the opportunity to attend and participate in such meeting.

Notwithstanding the foregoing, nothing in the Merger Agreement will be deemed to require NCR or its subsidiaries to, and except with prior written consent of NCR, the Company shall not take any action to and shall not allow any of its subsidiaries to, proffer to divest, hold separate, or enter into any license or similar agreement with respect to, or agree to restrict the ownership or operation of, any business or assets of NCR, the Company, or any of their respective subsidiaries and in no event shall the Company or NCR or any of their respective subsidiaries be obligated to litigate or participate in the litigation of any action brought by any governmental authority or to appeal any order.

Indemnification and Insurance

All rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company acting in such capacities as provided in the Company's charter documents and any indemnification or other agreements of the Company as in effect on the date of the Merger Agreement (to the extent that copies have been made available to NCR prior to the date of the Merger Agreement) shall be assumed by the surviving company in the Merger, without further action, at the Effective Time, and shall survive the Merger and shall continue in full force and effect in accordance with their terms; provided, that such obligations shall be subject to any limitation imposed from time to time under applicable law

The Merger Agreement also provides that the surviving company shall maintain in effect, for seven years from the Effective Time, a directors' and officers' insurance policy, on terms no less favorable to such persons than those in effect as of the date of the Merger Agreement. NCR's obligation to provide this insurance coverage is subject to a maximum annual expenditure of 250% of the annual premium paid by the Company for such coverage in its last full fiscal year.

Employee Matters

The Merger Agreement contains covenants relating to certain employee matters. Under these covenants, NCR and the Company have agreed, among other things, to:

- until December 31, 2013, provide individuals who were employed by the Company or any of its subsidiaries immediately prior to the Effective Time and that continue to be employed by the surviving company or its subsidiaries immediately after the Effective Time, with compensation and employee benefits that are substantially comparable in the aggregate to those provided before the Merger; and

- provide such employees with service credit for the purposes of eligibility and vesting under all employee benefit plans, programs, policies, or similar arrangements of NCR and its Subsidiaries in which such employees are eligible to participate;

  waive, or cause to be waived, any restrictions and limitations for pre-existing medical conditions of such employees or their dependents, subject to insurance coverage requirements under the applicable group health plans; and credit, or cause to be credited, each such employee for any co-payments and deductibles paid under the group health plan maintained by the Company prior to the closing date in satisfying any deductible or out of pocket requirements under any group health plan maintained by NCR or its subsidiaries for the plan year in which the closing date occurs.

Financing

NCR has represented to the Company in the Merger Agreement that it had available on the date of the Merger Agreement, and at that it will have available as of the Effective Time, either directly or through one or more of its affiliates, the funds necessary to consummate the Merger and to pay all fees and expenses in connection therewith (including, without limitation, the Merger Consideration, Option Consideration and Warrant Consideration). NCR has indicated to us that it expects to finance the costs associated with the Merger from offshore balance sheet cash, as well as from new and existing debt.

Tax Rulings

The Company agreed to cause its Israeli counsel, advisors and/or accountants, in coordination with NCR, to prepare and file with the Israeli Income Tax Authority an application for a Withholding Ruling. The Withholding Ruling that will be sought will address (i) exempting NCR, Merger Sub, the surviving company from the Merger and the Paying Agent from any obligation to withhold Israeli tax at source from any consideration payable or otherwise deliverable pursuant to the Merger Agreement, or clarifying that no such obligation exists, or (ii) clearly instructing NCR, Merger Sub, the surviving company and the Paying Agent how such withholding at source is to be executed, and in particular, with respect to the classes or categories of holders or former holders of Ordinary Shares from which tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify each holder. To the extent that prior to the closing of the Merger an interim Withholding Ruling is obtained, then all parties will act in accordance with that interim ruling, until such time that a final definitive Withholding Ruling is obtained. In the event that a Withholding Ruling (whether final or interim) is not obtained by the fifteenth (15th) calendar day of the month following the month during which the Effective Time occurs, NCR, Merger Sub, the surviving company and the Paying Agent may make such payments and withhold any applicable Israeli taxes in accordance with applicable law.

The Company also agreed to instruct its Israeli counsel, advisors and/or accountants to prepare and file with the Israeli Tax Authority an application in form and substance reasonably acceptable to NCR and Merger Sub for a ruling providing, among other things, that: (i) NCR and anyone on its behalf will be exempt from withholding tax in respect of any consideration paid directly to the Section 102 Trustee for the purpose of Section 102 of the Tax Ordinance, or paid to the Paying Agent, the Company and/or its subsidiaries, and (ii) the payments made in respect to the Company's options issued under Section 102(b) of the Tax Ordinance and Ordinary Shares issued upon exercise or vesting of the Company's RSUs issued under Section 102(b) of the Tax Ordinance will not be treated as a breach of the provisions of Section 102(b) of the Tax Ordinance, subject to deposit with the Section 102 Trustee and compliance with the minimum holding period required under Section 102 of the Tax Ordinance.

Certain Other Covenants

The Merger Agreement contains additional covenants, including covenants relating to cooperation in connection with the preparation of this Proxy Statement, public announcements, notices of certain events, cooperation in connection with the de-listing of the Ordinary Shares from NASDAQ and the Tel Aviv Stock Exchange and the deregistration of the Ordinary Shares under the Exchange Act, and the Meeting.

Conditions to the Merger

Company Conditions

The Company's obligation to effect the Merger is conditioned upon the satisfaction or waiver (in writing), on or prior to the closing date, of all of the following conditions:

- the Required Shareholder Approval has been obtained;
- there is no legal restraint on the consummation of the Merger and there is no pending or threatened action by a governmental authority challenging or seeking to restrain or prohibit the Merger, relating to the Merger and seeking material relief, seeking to restrict NCR's ability to deal with the Company and its subsidiaries after the Effective Time, that would materially affect NCR or any of its subsidiaries' right to own and operate the business and assets of the Company, or seeking to compel NCR or its subsidiaries, or the Company or its subsidiaries, to dispose of or hold separate any material asset;

- the waiting periods applicable to the Merger under HSR has expired or terminated and the approval of the General Director of the Israeli Antitrust Authority has been obtained;

- as required by the Companies Law, at least 50 days have elapsed after the filing of a merger proposal with the Registrar of Companies of the State of Israel and at least 30 days have elapsed after the Required Shareholder Approval and the approval by the shareholder of Merger Sub have been obtained;

- the representations and warranties of NCR and Merger Sub under the Merger Agreement were true and accurate in all material respects on the date of execution of the Merger Agreement and are true and accurate in all material respects as of the closing date (unless they were made as of a particular date);

- all of the covenants and obligations that NCR and Merger Sub are required to comply with or to perform at or prior to the closing shall have been complied with in all material respects;

- NCR executed and filed with the OCS an undertaking in the OCS' standard form; and

- NCR shall have deposited a certain amount of the Merger Consideration with the Paying Agent.

NCR and Merger Sub Conditions

NCR's and Merger Sub's obligations to effect the Merger are conditioned upon the satisfaction or waiver (in writing) at or prior to the closing date of conditions substantially similar to the first four bullets listed above under "Company Conditions" as well as the following additional conditions:

- certain fundamental representations and warranties of the Company were true and accurate in all material respects on the date of execution of the Merger Agreement and are true and accurate in all material respects as of the closing date (unless they were made as of a particular date), and all of the other representations and warranties of the Company were true and accurate on the date of execution of the Merger Agreement and are true and accurate as of the closing date (unless they were made as of a particular date), except in each case to the extent that any such failure of the representations and warranties to be true and accurate, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect;

- certain fundamental covenants of the Company were complied with and performed in all material respects and all of the other covenants of the Company were complied with and performed, except in each case where any such failure, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect;

- no Material Adverse Effect shall have occurred since signing and NCR shall have received a certificate to such effect signed on behalf of the Company by an executive officer of the Company;

- the Company shall have delivered to NCR a certificate establishing that the Company is not a U.S. RPHC within the meaning of Section 897(c)(2) of the US. Internal Revenue Code of 1986;

- certain conditions relating to the retention of employees, as more fully described in the section entitled *Executive Arrangements After the Merger—Minimum Continuing Employment Requirements*, shall have been satisfied;

- a notification of the Merger shall have been provided to the OCS; and
- the approval of the Merger by the Investment Center.

Termination Provisions

The Merger Agreement may be terminated at any time before the Effective Time by the mutual written consent of NCR and the Company.

The Merger Agreement may also be terminated prior to the Effective Time by either NCR or the Company if:

- the Merger is not consummated by March 31, 2013 (which we refer to as the Outside Date) (this right to terminate is not available to a party whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before such date), provided that where the only remaining condition to closing (other than those to be satisfied on closing itself) are antitrust conditions, the Outside Date shall be extended to June 30, 2013;
- a governmental entity has enacted, issued, promulgated, enforced or entered any final and non-appealable law that makes acceptance of payment of or for the Ordinary Shares or consummation of the Merger illegal or otherwise prohibited, or enjoins NCR and the Company from consummating the Merger; or
- the Company Shareholder Meeting has been held and the Required Shareholder Vote has not been obtained.

The Merger Agreement may also be terminated prior to the Effective Time by NCR under any of the following circumstances:

- prior to the Company Shareholder Meeting, (i) the Company has effected a change of its recommendation in favor of the Merger; (ii) the Company has failed to recommend against acceptance of another transaction within ten business days after the earlier of the commencement of such offer and the Company's receipt of a written request from NCR to recommend against acceptance of such offer; (iii) the Board of Directors of the Company (or any committee thereof) has recommended or approved an acquisition proposal made by a third party; (iv) following the request in writing by NCR, the Company's Board of Directors has failed to reconfirm publicly its recommendation in favor of the Merger within ten business days; or (v) the Company has committed a material breach of the "non-solicitation" and Company Shareholder Meeting-related provisions of the Merger Agreement;
- there has been a breach by the Company of any of its representations, warranties, covenants or obligations contained in the Merger Agreement (and in most cases, a breach of a representation or warranty must have a Material Adverse Effect), which breach would result in the failure to satisfy by the Outside Date (as such date may be extended) the relevant condition described above (this right to terminate would not be available to NCR if it is in material breach of the Merger Agreement and the Company is in good faith seeking to promptly cure the relevant breach), and there has occurred a Material Adverse Effect; or
- following the execution and delivery of the Merger Agreement, a Material Adverse Effect has occurred.

The Merger Agreement may also be terminated prior to the Effective Time by the Company under any of the following circumstances:

- there has been a breach by NCR or Merger Sub of any of their representations, warranties, covenants or obligations contained in the Merger Agreement, which breach would result in the failure to satisfy by the Outside Date (as such date may be extended) the relevant condition described above (this right to terminate will not be available to the Company if the Company is in material breach of the Merger Agreement and NCR is in good faith seeking to promptly cure the relevant breach;
- the Company has determined to enter into a definitive agreement with respect to a superior proposal, provided that the "non-solicitation" provisions shall have been complied with, that prior to or simultaneously with such termination the Company pays the Termination Fee (as described below) and that immediately following such termination the Company enters into such definitive agreement.

Effect of Termination

Upon termination, the Merger Agreement shall be of no further force or effect, and there shall be no liability on the part of NCR, Merger Sub, the Company, or their respective officers, directors, stockholders, shareholders, or affiliates, except that certain limited provisions relating to confidentiality, announcements, fees and expenses and other general provisions shall survive termination and provided that no party shall be relieved from liability for any fraud or willful breach of any of its representations, warranties, or covenants.

Remedies

Termination Fee

The Company is required to pay NCR a $22.5 million fee (which we refer to as the Termination Fee) if the Merger Agreement is terminated because:

- (i) the Company has effected a change of its recommendation in favor of the approval of the Merger; (ii) the Company has failed to recommend against acceptance of an acquisition proposal within ten business days after the earlier of the commencement of such offer and the Company's receipt of a written request from NCR to recommend against acceptance of such offer; (iii) the Board of Directors of the Company (or any committee thereof) has recommended or approved an Acquisition Proposal made by a third party; (iv) following the request in writing by NCR, the Company's Board of Directors has failed to reconfirm publicly the Company's recommendation in favor of the Merger within ten business days; or (v) the Company has committed a material breach of the "non-solicitation" and Company Shareholder Meeting-related provisions of the Merger Agreement;

- (i) there was a breach of the Company's representations and warranties, or the Company did not comply with its obligations and covenants under the Merger Agreement (noting that in the most part these will only permit termination of the Merger Agreement where such breach causes a Material Adverse Effect, (ii) prior to such termination an acquisition proposal was received and not withdrawn, and (iii) within 12 months after such termination the Company enters into a definitive agreement or binding letter of intent, memorandum of understanding or other similar binding agreement with respect to an acquisition proposal, or an acquisition proposal is consummated; or

- the Company has determined to enter into a definitive agreement with respect to a superior proposal, provided that the "non-solicitation" provisions shall have been complied with, that prior to or simultaneously with such termination the Company pays the Termination Fee and that immediately following such termination the Company enters into such definitive agreement.

Specific Performance

The parties to the Merger Agreement agreed that they will be entitled, in addition to any other remedy at law or in equity, to seek an injunction, specific performance and other equitable relief to prevent or restrain breaches, or threatened or imminent breaches, of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement.

Expenses

All fees and expenses incurred in connection with the Merger Agreement and the other transactions contemplated by the Merger Agreement will be paid by the party incurring such fees and expenses, whether or not the Merger is consummated.

Amendments

The parties may amend the Merger Agreement at any time prior to the Effective Time, provided that, after the Required Shareholder Approval has been obtained, no amendment may be made that would reduce the amount or change the type of consideration into which each Ordinary Share shall be converted upon consummation of the Merger.

Governing Law

The Merger Agreement is governed by, and construed in accordance with, the Laws of the State of New York, without giving effect to any other choice of law or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction, except that the form and content of the Merger and consequences thereof shall be governed by the Companies Law.

Voting Agreement

In connection with the execution of the Merger Agreement, the Significant Shareholders entered into the Voting Agreement with NCR and Merger Sub, pursuant to which they have agreed, subject to the terms and conditions thereof, at every meeting of Retalix's shareholders called, and at every postponement or adjournment thereof, to vote: (i) in favor of the approval of the Merger Agreement, the Merger and all of the transactions contemplated by the Merger Agreement; and (ii) against any alternative business combination transaction. The Voting Agreement will terminate on the first to occur of: (a) for each Significant Shareholder, the mutual written agreement of NCR, Merger Sub and that Significant Shareholder; (b) the termination of the Merger Agreement in accordance with its terms; (c) either: (x) a Change in Recommendation by Retalix's Board of Directors pursuant to the Merger Agreement, or (y) the Retalix Board of Directors' participation in any discussions or negotiations with a third party potential acquirer, furnishing any information or data with respect to, or otherwise cooperating in any way with, assisting or participating in, or recommending or approving, any third party's actual or potential acquisition proposal, in each case where such matter is pursuant to and in full compliance with the provisions of the Merger Agreement; provided that the Voting Agreement would not terminate, but the obligations of the Significant Shareholders thereunder would be temporarily suspended, until the lapse of the period that NCR has the right to exercise its "matching rights;" (d) the election of a Significant Shareholder (with respect to that Significant Shareholder only) to terminate the Voting Agreement if there is any amendment, waiver or modification to or of any provision of the Merger Agreement that reduces the aggregate amount of proceeds that would be received by such Significant Shareholder thereunder, disproportionately as compared to the other Significant Shareholders; or (e) the Effective Time. The Significant Shareholders have also agreed under the Voting Agreement not to transfer any of the Ordinary Shares that they beneficially own.

Each of the Alpha Group and Ronex Holdings, Limited Partnership has entered into the Voting Agreement notwithstanding any applicable prior voting undertakings to one another that may apply with respect to the vote to be held at the Meeting under the Shareholders Agreement. The provisions of the Shareholders Agreement are described in footnote (4) to the table appearing below in the section of this Proxy Statement titled "Beneficial Ownership of Ordinary Shares— Major Shareholders, Executive Officers and Directors".

Retention Agreements

For a description of the Retention Agreement entered into by our Chief Executive Officer, Shuky Sheffer, with our company and NCR, see "*The Merger–Interests of our Executive Officers and Directors in the Merger–Executive Arrangements after the Merger*" beginning on page 41.

Prior to the closing of the Merger, NCR may execute retention agreements with other key executives of the Company identified by NCR, which agreements would modify the existing terms of such key executives' existing employment agreements with the Company. At the current time, no terms or conditions relating to such retention agreements have been finalized among the relevant parties.

MARKET PRICE INFORMATION

Our Ordinary Shares are listed for trading on the NASDAQ Global Select Market and Tel Aviv Stock Exchange under the symbol "RTLX." The following tables set forth the high and low market prices for our Ordinary Shares on the NASDAQ Global Select Market and the Tel Aviv Stock Exchange for the periods indicated:

	Retalix			
	As traded on the NASDAQ Global Select Market		As traded on the Tel Aviv Stock exchange	
	High	Low	High	Low
2010				
First Quarter	$ 15.25	$ 12.55	NIS 57.25	NIS 47.39
Second Quarter	$ 14.31	$ 10.68	NIS 52.78	NIS 40.01
Third Quarter	$ 13.14	$ 10.99	NIS 50.83	NIS 43.30
Fourth Quarter	$ 14.65	$ 11.53	NIS 51.84	NIS 41.50
2011				
First Quarter	$ 16,78	$ 13.70	NIS 58.00	NIS 45.00
Second Quarter	$ 15.50	$ 13.73	NIS 51.90	NIS 48.10
Third Quarter	$ 15.60	$ 11.63	NIS 52.50	NIS 44.42
Fourth Quarter	$ 16.31	$ 12.65	NIS 62.60	NIS 48.30
2012				
First Quarter	$ 18.89	$ 15.98	NIS 70.20	NIS 60.90
Second Quarter	$ 21.25	$ 17.77	NIS 81.59	NIS 68.20
Third Quarter	$ 21.40	$ 18.57	NIS 86.80	NIS 76.00
Fourth Quarter (through December 7, 2012)	$ 30.39	$ 19.60	NIS 113.20	NIS 75.48

On November 27, 2012, the last full trading day prior to date of the public announcement that we had entered into the Merger Agreement with NCR and Merger Sub, the closing price per Ordinary Share on the NASDAQ Global Select Market was $21.90 and the closing price per Ordinary Share on the Tel Aviv Stock Exchange was NIS 84.50 (approximately $21.91, based on the exchange rate reported by the Bank of Israel as of such date). On December 6, 2012, the most recent practicable date prior to the date of this Proxy Statement, the closing price per Ordinary Share on the NASDAQ Global Select Market was $29.56 and the closing price per Ordinary Share on the Tel Aviv Stock Exchange was NIS 112.60 (approximately $29.53, based on the exchange rate reported by the Bank of Israel as of such date).

SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR ORDINARY SHARES.

BENEFICIAL OWNERSHIP OF ORDINARY SHARES

Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our Ordinary Shares, as of December 9, 2012, by each person who we believe beneficially owns 5% or more of our outstanding Ordinary Shares. Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. The percentage ownership of each such person is based on the number of Ordinary Shares outstanding as of the Record Date and includes the number of Ordinary Shares underlying options and warrants that are exercisable within sixty (60) days from the date of the Record Date. Ordinary Shares subject to these options and warrants are deemed to be outstanding for the purpose of computing the ownership percentage of the person holding these options, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person. As of December 9, 2012, there were 24,759,430 Ordinary Shares outstanding.

	Number of Ordinary Shares Held	Percentage of Outstanding Ordinary Shares (1)(2)
Alpha Group (3)(4)	10,525,491	40.5%
Ronex Holdings, Limited Partnership (4)(5)	10,525,491	40.5%
Flatbush Watermill, LLC (6)	3,593,380	14.5%
Migdal Insurance & Financial Holdings Ltd. (7)	1,773,746	7.2%
Clal Insurance Enterprises Holdings Ltd. and affiliates (8)	1,470,652	5.9%

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(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 shares listed as beneficially owned.

(2) Amounts include shares that are not currently outstanding but are deemed beneficially owned because of the right to purchase them pursuant to options or warrants exercisable on December 10, 2012, or within 60 days thereafter. Pursuant to the rules of the SEC, shares deemed beneficially owned by virtue of an individual's right to purchase them are also treated as outstanding 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) Represents 4,803,900 Ordinary Shares and 1,250,000 Ordinary Shares issuable upon the exercise of warrants held by the members of the Alpha Group and 4,471,591 ordinary shares held by Ronex Holdings, Limited Partnership (which we refer to as Ronex). The Alpha Group is comprised of Boaz Dotan, Eli Gelman, Nehemia Lemelbaum, Avinoam Naor and Mario Segal. See Item 6.E of our annual report on Form 20-F for the year ended December 31, 2011 for a breakdown of the holdings of the members of the Alpha Group, except for Mario Segal, who directly holds (individually and via a wholly-owned company) 1,050,184 ordinary shares and 250,000 warrants. Pursuant to oral understandings reached internally among the members of the Alpha Group, all agreements relating to the Ordinary Shares beneficially owned by any member of the Alpha Group shall be determined by a majority of the five individual members of the Alpha Group. The Alpha Group may be deemed to share beneficial ownership of the 4,471,591 Ordinary Shares held by Ronex (see footnotes 4 and 5 below) (with respect to which the Alpha Group may be deemed to share voting and dispositive power due to the provisions of the Shareholders Agreement with Ronex described in footnote 4 below). Each member of the Alpha Group has disclaimed beneficial ownership of the Ordinary Shares of Ronex and each other member of the Alpha Group. The foregoing information is based on a statement of beneficial ownership on Schedule 13D filed by the Alpha Group with the SEC, as last amended on November 23, 2009.

(4) Pursuant to the shareholders agreement, dated as of September 3, 2009, by and between the Alpha Group and Ronex, which we refer to as the Shareholders Agreement, the parties agreed, among other things, to vote all Ordinary Shares held by them for the election to our Board of Directors of six directors designated by the Alpha Group and five directors designated by Ronex, including two external directors. The Alpha Group and Ronex each have a right of first offer and a tag along right with respect to any contemplated sale or transfer of Ordinary Shares representing 5% or more of our outstanding share capital, 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 our issued and outstanding share capital, such party must notify the other party of its intentions prior to the consummation of such transaction and if the other party proposes to cause us 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 Alpha Group and Ronex undertook to meet regularly and attempt to reach a unified position with respect to principal issues on the agenda of any meeting of our shareholders. The Shareholders Agreement terminates on the earliest to occur of November 19, 2014 and the first date on which either party holds less than 1,100,000 Ordinary Shares (subject to adjustments). As noted above in this Proxy Statement, each of the Alpha Group and Ronex has agreed with NCR and Merger Sub under the Voting Agreement to vote in favor of the Merger, notwithstanding any provisions of the Shareholders Agreement that may apply to the prospective shareholder vote at the Meeting.

(5) Represents 4,471,591 Ordinary Shares held by Ronex, and 4,803,900 Ordinary Shares and an additional 1,250,000 Ordinary Shares issuable upon exercise of warrants (which are currently exercisable) held by the members of the Alpha Group (see footnotes 3 and 4 above) (with respect to which Ronex may be deemed to share voting and dispositive power due to the provisions of the Shareholders Agreement). Ronex and its affiliates have disclaimed beneficial ownership of ordinary shares and warrants held by the Alpha Group. The information with respect to the holdings of Ronex Holdings, Limited Partnership, or Ronex is based on the beneficial ownership statements on Schedule 13D filed with the SEC by Ronex, and various affiliated FIMI private equity funds, as last amended on November 24, 2009. Based on the information provided in such statements, the members of the group, which share voting and dispositive power with respect to these shares, are: 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, who indirectly controls the foregoing entities.

(6) Flatbush Watermill, a limited liability company organized under the laws of the State of Delaware, is the general partner of FW2, LP and FW3, LP. Flatbush Watermill Management, a limited liability company organized under the laws of the State of Delaware, is the investment manager of FW2 and FW3. Joshua Schwartz is a citizen of the United States whose principal occupation is serving as the Managing Member of each of Flatbush Watermill and Flatbush Watermill Management. Flatbush Watermill Management has the power to dispose and vote the securities held by each of FW2 and FW3. Accordingly, each of Flatbush Watermill, Flatbush Watermill Management and Mr. Schwartz may be deemed to beneficially own the shares owned by each of FW2 and FW3. Each of such entities disclaims beneficial ownership of the securities held by the others except to the extent of such entity's pecuniary interest therein, if any. Each of Mr. Schwartz, Flatbush Watermill and Flatbush Watermill Management share with FW2 the power to vote or direct the vote, and share the power to dispose or to direct the disposition, of 350,000 Ordinary Shares owned by FW2. Each of Mr. Schwartz, Flatbush Watermill and Flatbush Watermill Management share with FW3 the power to vote or direct the vote, and share the power to dispose or to direct the disposition, of 3,243,380 Ordinary Shares owned by FW3. The foregoing information is based solely on the Schedule 13D filed with the SEC by Flatbush Watermills LLC and various affiliated parties, as last amended on January 20, 2012.

(7) 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 Insurance & Financial Holdings Ltd., or Migdal, according to the following allocation: 1,072,538 Ordinary Shares are held by profit participating life assurance accounts; 627,272 Ordinary Shares are held by provident funds and companies that manage provident funds; and 73,936 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. The foregoing information is based on a Schedule 13G filed by Migdal with the SEC on February 14, 2012 and information last provided by Migdal to the Company on December 3, 2012.

(8) Consists of (i) 1,110,733 Ordinary Shares held for members of the public through, among others, provident funds and/or mutual funds and/or pension funds and/or index-linked notes and/or insurance policies, which are managed by subsidiaries of Clal Insurance Enterprises Holdings Ltd., or Clal, each of which subsidiaries operates under independent management and makes independent voting and investment decisions, (ii) 347,537 Ordinary Shares beneficially held for Clal's own account. Consequently, Clal does not admit that it beneficially owns more than the 347,537 Ordinary Shares beneficially held for its own account and none of its affiliates admits that it is the beneficial owner of any of the foregoing shares, and (iii) 12,382 Ordinary Shares which are reported as beneficially owned by Clal but are not held for Clal's own account. Clal, an Israeli public company, is a majority owned subsidiary of IDB Development Corporation Ltd., which in turn is a wholly 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. The foregoing information is based solely on a Schedule 13G/A filed with the SEC by Clal and affiliates thereof, on February 14, 2012.

WHERE YOU CAN FIND MORE INFORMATION

We file reports and other information with the SEC under the Exchange Act. You may read and copy this information at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. For further information concerning the SEC's public reference room, you may call the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from commercial document retrieval services and at the internet world wide web site maintained by the SEC at www.sec.gov.

The SEC reports set forth below, as well as reports we file with or submit to the SEC after the date of this Proxy Statement, contain important information about Retalix and its financial condition, and are hereby incorporated by reference into this Proxy Statement:

- Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed on April 5, 2012; and
- Reports of Foreign Private Issuer on Form 6-K submitted on May 9, 2012 (only the GAAP financial statements attached to the press release attached as Exhibit 99.1 thereto), July 26, 2012, August 8, 2012 (only the GAAP financial statements attached to the press release attached as Exhibit 99.1 thereto), September 5, 2012 (only the first and second paragraphs of the press release attached as Exhibit 99.1 thereto), November 14, 2012 (only the GAAP financial statements attached to the press release attached as Exhibit 99.1 thereto), November 29, 2012 and December 3, 2012.

Our Annual Report on Form 20-F for the fiscal year ended December 31, 2011 contains a detailed description of our business, and certain risk factors in connection with the purchase or retention of Ordinary Shares.

EXCEPT FOR INFORMATION SPECIFICALLY INCORPORATED HEREIN BY REFERENCE, YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. WE HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION DIFFERENT FROM THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED DECEMBER 10, 2012. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY LATER DATE, AND THE MAILING OF THIS PROXY STATEMENT TO SHAREHOLDERS SHALL NOT CREATE ANY IMPLICATION TO THE CONTRARY.

OTHER MATTERS

Management knows of no other business to be transacted at the Meeting; but, 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,

AVINOAM NAOR
Chairman of the Board of Directors

Ra'anana, Israel
December 10, 2012

Exhibit 99.1(a)

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

among

NCR Corporation

Moon S.P.V. (Subsidiary) Ltd.

and

Retalix Ltd.

Dated as of November 28, 2012

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of November 28, 2012 (this "Agreement"), among NCR Corporation, a Maryland corporation ("Parent"), Moon S.P.V. (Subsidiary) Ltd, a private company formed under the laws of the State of Israel and an indirect wholly owned subsidiary of Parent ("Merger Sub"), and Retalix Ltd., a public company formed under the laws of the State of Israel (the "Company"). Each of Parent, Merger Sub and the Company is referred to individually as a "party" and collectively as the "parties." Capitalized terms used in this Agreement are defined in Section 1.

W I T N E S S E T H:

WHEREAS, Parent, Merger Sub and the Company intend to effect a merger of Merger Sub with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent (the "Merger"), on the terms and subject to the conditions set forth herein;

WHEREAS, the board of directors of Parent has (i) determined that this Agreement and the transactions contemplated by this Agreement, including the Merger (collectively, the "Transactions") are fair to, and in the best interests of, the Company and its stockholders and (ii) approved, adopted and declared advisable this Agreement in accordance with the laws of the State of Maryland;

WHEREAS, the respective boards of directors of Merger Sub and the Company have each approved this Agreement and the Transactions and approved and declared advisable this Agreement, in each case in accordance with the provisions of the Israeli Companies Law;

WHEREAS, prior to the execution and delivery of this Agreement, and in order to induce Parent to enter into this Agreement and consummate the Merger, certain shareholders of the Company set forth on Exhibit A (the "Voting Undertaking Company Shareholders") have entered into and are delivering certain undertakings to Parent and Merger Sub, each dated as of the date hereof (the "Voting and Support Agreements"); and

WHEREAS, prior to the execution and delivery of this Agreement, and as a material inducement to Parent's willingness to enter into this Agreement, Joshua Sheffer has entered into and is delivering to Parent a retention agreement (the "Sheffer Retention Agreement").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby agree as follows:

1. DEFINITIONS

1.1 Definitions.

(a) For purposes of this Agreement, the following terms have the following meanings:

"102 Trustee" means, with respect to any Company Option, the trustee who holds or controls such Company Option and the underlying Company Shares issuable upon exercise of such Company Option pursuant to the provisions of Section 102.

"Acquired Companies" means the Company and the Company Subsidiaries.

"Acquisition Proposal" means any proposal with respect to a merger, amalgamation, consolidation, share exchange, tender offer, exchange offer, recapitalization, business combination or similar transaction involving any Acquired Company; any purchase or other acquisition, in one transaction or a series of transactions, of all or any significant portion of the business or assets of any Acquired Company (including by way of a license or lease of such assets); any direct or indirect purchase or other acquisition, in one transaction or a series of transactions, of twenty-five percent (25%) or more of the Company Securities; any transaction in which any person or group (as that term is used in Section 13(d)(3) of the Exchange Act) would obtain control of the Company; any similar transaction or business combination involving any Acquired Company or any of its affiliates, businesses, Company Securities or assets; or any other transaction which is likely to have the effect of preventing or materially delaying the Transactions. An Acquisition Proposal includes a Superior Proposal.

"affiliate" means, in respect of any specified person, a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person.

"beneficial owner" has the meaning set forth in Rule 13d-3 promulgated by the SEC under the Exchange Act.

"Book-Entry Shares" means Company Shares held in uncertificated book-entry form.

"Business Day" means, for all purposes other than as set forth below with relation to Section 6.3, any day other than Saturday or Sunday or a day on which banks are legally permitted or required to be closed in either New York, New York or the State of Israel, provided that (a) any Friday shall not be considered to be a day on which banks are legally permitted or required to be closed in the State of Israel and (b) where any action is required to be taken, or an event is to occur, on a Friday as a consequence of clause (a) above, such action shall instead be taken and such event shall occur on the next following Business Day (disregarding clause (a) above). For purposes of Section 6.3, the term "Business Day" shall have the meaning ascribed to the term "business day" in the Israeli Companies Regulations (Merger), 5760 – 2000.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Board" means the board of directors of the Company.

"Company Option" means each outstanding option, whether vested or unvested, to purchase Company Shares, including those granted under the Company Option Plans, but excluding the Company Warrants.

"Company Option Plans" means the Second 1998 Share Option Plan, the 2004 Israeli Share Option Plan and the Ritz Ltd. 2009 Share Incentive Plan of the Company.

"Company Warrants Certificates" means certificates evidencing Company Warrants.

"Companies Registrar" means the Registrar of Companies of the State of Israel.

"Company Charter Documents" means the memorandum of association of the Company and the articles of association of the Company, in each case as amended to date.

"Company Shares" means the ordinary shares, nominal value NIS 1.00 per share, of the Company.

"Company Warrants" means all issued and outstanding warrants to purchase Company Shares.

"Contract" means any written or oral agreement, contract, subcontract, lease, instrument, note, indenture, bond, debenture, option, warranty, purchase order, license, sublicense or other legally binding arrangement, understanding, commitment, undertaking or forbearance of any nature.

"control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, as trustee or executor, by contract or credit arrangement or otherwise.

"End-User License" means a Contract between an Acquired Company and an end-user customer thereof entered into in the ordinary course of business that (a) grants such end-user customer a nonexclusive, nontransferable (except to the successor of such end-user customer), and nonsublicensable (except solely for the benefit of such end-user customer) right to use any Software Products and (b) to the knowledge of the Company, reflects, in all material respects, industry standard terms.

"Environmental Laws" means any Israeli, United States or other federal, state, local or foreign Law relating to (a) releases or threatened releases of Hazardous Substances or materials containing Hazardous Substances, (b) the manufacture, handling, transport, use, treatment, storage or disposal of Hazardous Substances or materials containing Hazardous Substances, or (c) pollution or protection of the environment, health or natural resources.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company or any Company Subsidiary and which, together with the Company or any Company Subsidiary, is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 40001(b)(1) of ERISA.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Governmental Authority" means any (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature, (b) federal, state, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or entity and any court or other tribunal), or (d) multinational organization, entity or body or individual exercising, or entitled to exercise, any executive, legislative, judicial, administrative, arbitral, regulatory, police, military or Taxing authority or power of any nature (including persons acting as arbitrators, alternative dispute resolution organizations and stock exchanges).

"Governmental Grant" means any grant, incentive, Tax incentive, subsidy, award, participation, exemption, status, cost-sharing arrangement, reimbursement arrangement, credit, offset or other benefit, relief or privilege, other than a Funding Grant, that is provided or made available by or on behalf of or under the authority of the Investment Center, the State of Israel, the European Union, the Fund for Encouragement of Marketing Activities of the Israeli Government or any other Governmental Authority.

"Hazardous Substances" means (a) those substances defined in or regulated as hazardous or toxic substances, materials or wastes under the following United States federal statutes and their state counterparts, as each may be amended from time to time, and all regulations thereunder: the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide, and Rodenticide Act and the Clean Air Act, (b) petroleum and petroleum products, including crude oil and any fractions thereof, (c) natural gas, synthetic gas, and any mixtures thereof, (d) polychlorinated biphenyls, asbestos and radon, (e) any other contaminant, and (f) any substance, material or waste regulated as a hazardous or toxic substance, material or waste by any Governmental Authority pursuant to any Environmental Law.

"Intellectual Property" means all: (a) patents, including (i) utility patents and models, design patents and similar rights, (ii) patents resulting from reexaminations, reissues, oppositions, supplemental examinations and other review procedures thereof or relating thereto, and provisional and original applications for the same, including all divisions, provisional applications, continuations, continuations-in-part, reexamination, and reissue applications thereof or therefor, and (iii) extensions, renewals, and substitutions of all of the foregoing (collectively, "Patents"), (b) industrial and community designs and similar rights and applications to register and registrations for the same, (c) copyrights and similar rights, whether registered or unregistered, including database rights, and moral rights, and applications to register and registrations of the same, including renewals, extensions, restorations, and revisions thereof, (d) trademarks, service marks, certification marks, collective marks, trade names, business names, assumed names, fictitious names, brand names, product names, service names, phrases, logos, symbols, trade dress, and other indicia of origin, whether registered or unregistered, and domain names, (collectively, "Marks"), and applications to register and registrations for the same, including renewals and extensions thereof, and goodwill associated therewith, (e) software, firmware, middleware, and other computer programs and code (in source code, object code, and any other format) and related databases, instructions, and documentation (collectively, "Software"), (f) ideas, discoveries, inventions, invention disclosures, innovations, creations, developments, improvements, methods, processes, plans, schematics, formulae, drawings, know how, other technical information and technology, customer lists, business and marketing plans, business and marketing information, other published and unpublished works of authorship (including compilations and databases), and other trade secrets and confidential or nonpublic information (with "Trade Secrets" referring to Software and all of the foregoing in this subjection (f) which are trade secrets as that term is defined in United States Uniform Trade Secret Act), and trade secret rights, including those associated with the Trade Secrets, and (g) other intellectual and industrial property and intellectual and industrial property rights, along with all rights to apply for, register, and obtain any of the foregoing and all rights associated with any of the foregoing, in all cases throughout the world.

"Investment Center" means the Investment Center of the Ministry of Industry, Trade and Labor established under the Israel Law for the Encouragement of Capital Investments, 1959.

"IP Contracts" means, collectively, all (a) Contracts, other than Shrink-Wrap Licenses, pursuant to which any of the Acquired Companies acquired any ownership of, licenses, or is otherwise granted or conveyed any rights under or to use or otherwise exploit, any Material Intellectual Property of any person, (b) Contracts, other than End-User Licenses with customers of the Acquired Companies, pursuant to which any of the Acquired Companies has (i) provided ownership of, licensed, or otherwise granted or conveyed any rights under or to use or otherwise exploit, any Material Company IP to any person, or (ii) granted or otherwise conveyed any rights under or to use or otherwise exploit any Third Party IP to any other person.

"ISA" means the Israeli Securities Authority.

"Israeli Companies Law" means the Israeli Companies Law, 5759-1999 (including those portions of the Israeli Companies Ordinance [New Version] 5743-1983 that continue to be in effect) and the regulations promulgated thereunder.

"Israeli Employees" mean any current employees of any Acquired Company that are subject to Israeli labor law.

"Israeli Governing Authority" means ISA and/or TASE.

"Israeli Securities Law" means the Israeli Securities Law, 1968 and the regulations promulgated thereunder.

"Israeli Tax Ordinance" means the Israeli Income Tax Ordinance [New Version], 1961.

"IT Assets" means the Acquired Companies' Software, hardware (including computers, servers, workstations, routers, hubs, switches, and the like), data communications lines, all other information technology equipment and products, and all associated documentation.

"Key Employees" means the individuals set forth in an instrument signed by Parent and the Company on or prior to the date hereof.

"Key Executives" means the individuals set forth in an instrument signed by Parent and the Company on or prior to the date hereof.

"knowledge of the Company" means the actual knowledge of the individuals set forth in *Section 1.1(c) of the Company Disclosure Schedule*.

"Law" means any United States, Israeli or other law (statutory, common or otherwise), including any statute, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order of a Governmental Authority.

"Lien" means any lien, claim, charge, mortgage, encumbrance, pledge, security interest, debenture, option, right of first refusal, preemptive right or other restriction of any kind or nature, any restriction on the transfer of any security or asset or any restriction on the use, possession exercise, transfer or any other attribute of ownership of any asset.

"Material Adverse Effect" means any event, condition, circumstance, development, change or effect, individually or in the aggregate, that is or is reasonably likely to have a material adverse effect on the business, financial condition, assets, liabilities or results of operations of the Company and the Company Subsidiaries, taken as a whole, or on the Company's ability to timely consummate the Merger and the other Transactions in accordance with the terms of this Agreement; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute a Material Adverse Effect, and shall not be taken into account in assessing whether there has been or will be a Material Adverse Effect: (a) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to general economic conditions in the industries in which the Acquired Companies operate, or that generally affect such industries as a whole, (b) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to general economic conditions in the U.S., Israel or elsewhere in the world (including financial exposures associated with currency exchange rate fluctuations and the effect of any such fluctuations on a person's results of operations), (c) changes in applicable Law or U.S. GAAP, or the interpretations thereof by any Governmental Authority (d) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to any act of terrorism, war (whether declared or otherwise, and including the worsening or escalation of any pre-existing conflict), national or international calamity, natural disaster or any other similar event, (e) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to the public announcement or consummation (or anticipated consummation) of the Transactions (including the identities of Parent and Merger Sub and any litigation brought by any shareholder of the Company, solely in a shareholder capacity, on such shareholder's own behalf or on behalf of the Company against the Company or any of its directors or officers as a result of, or in connection with, the execution of this Agreement or the consummation of the Transaction), or of any action required by the terms of this Agreement or otherwise with the consent or agreement of Parent or Merger Sub, or (f) events, conditions, circumstances, developments, changes and effects that result from, arise out of or otherwise relate to any failure by any person to meet any internal or published projections, forecasts or revenue or earnings projections for any period ending on or after the date of this Agreement or any decline in the market price or trading volume of such person's stock (but not, in each case, the underlying cause of any such failure or decline unless such underlying cause or decline would otherwise be excepted from this definition); provided, in the case of each of clauses (a) through (d), that the Acquired Companies are not disproportionately affected thereby relative to other companies of comparable size in the same industries and geographies in which the Acquired Companies operate and where there is such a disproportionate effect only the incremental effect of such disproportionality shall be included in the assessment of whether such events, conditions, circumstances, developments, changes and effects, individually or in the aggregate, constitute a Material Adverse Effect.

"Material Intellectual Property" means (a) all Software Products, (b) all Intellectual Property listed or required to be listed in *Section 3.14(a)(i)* and *Section 3.14(a)(ii) of the Company Disclosure Schedule*, and (c) all other Intellectual Property (including all other Software) owned, licensed, used or otherwise exploited by any of the Acquired Companies that is, or the ownership, protection, enforcement, licensing, use or other exploitation of which is material to the businesses of the Acquired Companies.

"Material Subsidiaries" mean Ritz Holdings Inc., Ritz U.S.A Inc., Ritz (UK) Limited, Ritz France SARL and Ritz Australia PTY Ltd.

"NASDAQ" means the NASDAQ Stock Market.

"OCS" means the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor of the State of Israel.

"OCS Notification" means a notification by the Company to the OCS of the Transactions.

"OCS Undertaking" means such undertaking to the OCS as is required of Parent as a consequence of the Transactions and as a condition thereto, in the OCS's standard form.

"Open Source Software" means any Software licensed, distributed, or otherwise made available as "open source" or under any similar licensing or distribution model or terms. Without limiting the foregoing, Open Source Software include any Software licensed under any version of the GNU General Public License (GPL), Lesser/Library GPL (LGPL), GNU Affero General Public License, Artistic License (e.g., PERL), Mozilla Public License, the Netscape Public License, Sun Community Source License (SCSL), Sun Industry Standards Source License (SISSL), BSD License, Red Hat Linux, the Apache License, or any other license listed at www.opensource.org.

"Per Share Amount" means $30.00.

"person" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including a "person" as defined in Section 13(d)(3) of the Exchange Act), trust, association, entity, government, or political subdivision, agency or instrumentality of a government.

"Personally Identifiable Information" means any information that can be used to identify a specific individual as defined by applicable Law in the relevant jurisdiction, such as the individual's name, address, telephone number, fax number, email address, credit card or financial or bank account number, medical information, or health insurance information.

"Processing" means the collection, maintenance, storage, accessing, transfer, processing, receiving, transmitting, use or disclosure of any Personally Identifiable Information.

"Related Party" means any officer, director or a shareholder holding at least five percent (5%) of the outstanding share capital of any Acquired Company, and any member of such shareholder's, director's, or officer's immediate family.

"Representative" means the directors, officers, employees, agents (including financial and legal advisors) and other representatives of a person.

"Retention Agreements" means retention agreements to be entered into between the Key Executives and the Company and Parent.

"SEC" means the Securities and Exchange Commission or any successor thereto.

"Section 102" means Section 102 of the Israeli Tax Ordinance and the regulations and rules promulgated thereunder, as amended.

"Securities Act" means the Securities Act of 1933, as amended.

"Shrink-Wrap License" means a generally and commercially available license, having standardized terms, granting end users the right to use generally and commercially available off-the-shelf Software available for a cost of not more than $25,000, U.S. funds, for a fully-paid up license for a single user or work station (or $1,000,000 in the aggregate for all users and work stations) and that is not material to the business of any of the Acquired Companies or its conduct.

"Software Product" means Software which is licensed or sublicensed or otherwise offered, provided, distributed, made available, or commercialized (including by way of "Software as a service" offerings, on a hosted basis, or otherwise), or is being developed and contemplated to be commercially released within twelve (12) months from the date hereof, by or for any of the Acquired Companies to any other person. Except for purposes of Section 3.14(a), references to Software Products also refer to Updates of such Software Products.

"subsidiary" or "subsidiaries" of the Company, the Surviving Company, Parent or any other person means an affiliate controlled by such person, directly or indirectly, through one or more intermediaries.

"Superior Proposal" means any bona fide written offer or proposal, not solicited, initiated or encouraged in violation of Section 6.2, made by a Third Party to consummate a merger, amalgamation, consolidation, share exchange, tender offer, exchange offer, recapitalization, business combination or similar transaction involving any Acquired Company, to purchase or acquire, in one transaction or a series of transactions, all or substantially all of the business or assets of the Acquired Companies (taken as a whole) (including by way of license or lease of such assets), or to acquire, directly or indirectly, all of the equity securities of the Company entitled to vote generally in the election of directors, if and only if (a) the Company Board determines in good faith (after consultation with its financial advisor (which must be an internationally recognized investment banking firm) and outside counsel) that (i) the proposed transaction would be more favorable from a financial point of view to the Company's shareholders than the Merger, taking into account at the time of determination any changes to the terms of this Agreement that as of that time had been proposed by Parent and (ii) the proposed transaction is likely to be consummated, taking into account all legal, financial, regulatory, and other aspects of the proposal and the person making the proposal and having regard to the likelihood of obtaining all equivalent governmental and third party approvals and consents as are required in respect of the Merger and Parent, and (b) such proposal is not subject to any due diligence or financing condition (and if financing is required, such financing is then fully committed to the Third Party).

"TASE" means the Tel Aviv Stock Exchange.

"Tax" or "Taxes" means (a) all federal, state, local, foreign and other net income, gross income, gross receipts, value-added, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, assessments or charges of the nature of taxation of any kind whatsoever, together with any interest, any penalties or additions to tax with respect thereto, and including any fees or penalties imposed on a person in respect of any information included in any Tax Return made to a Governmental Authority, (b) any liability for payment of amounts described in clause (a) whether as a result of transferee liability, of being a member of an affiliated, consolidated, combined or unitary group for any period, or otherwise through operation of Law, and (c) any liability for the payment of amounts described in clauses (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other person in respect of the foregoing.

"Tax Returns" means all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Governmental Authority (or any agent thereof) relating to Taxes.

"Third Party" means any person other than Parent and its subsidiaries (including Merger Sub) and the respective Representatives of Parent and its subsidiaries.

"Updates" means all updates, upgrades, bug-fixes, patches, error corrections, enhancements pertaining to Software Products.

The following terms have the meaning set forth in the Sections set forth below:

Defined Term	Location of Definition
Action	3.9
Agreement	Preamble
Annual Operating Plan	3.30
Antitrust Division	6.11(a)
Change in Recommendation	6.2(b)
Closing	2.3
Closing Date	2.3
Company	Preamble
Company Board Recommendation	6.2(b)
Company Disclosure Schedule	3
Company General Meeting	6.5(a)
Company Leased Real Property	3.13(b)

Defined Term	Location of Definition
Company Material Contracts	3.17(a)
Company-Owned Real Property	3.13(a)
Company Securities	3.3(c)
Company Share Certificate	2.8
Company Subsidiary	3.1(b)
Confidentiality Agreement	6.1(b)
Continuing Obligations	2.7(a)(i)
Customer Transferred IP	3.14(b)
Designated Superior Proposal	6.2(c)(ii)
Effective Time	2.3
Effective Time Unexercisable Option Portion	2.7(a)(i)
Exchange Fund	2.9(a)
Exchange Ratio	2.7(a)(i)
Fee	8.3(a)
FINRA	4.3(b)
FTC	6.11(a)
Funding Grant	3.14(p)
Grant Date	3.3(e)
HSR Act	3.5(b)
Indemnified Person	6.7(a)
Interim Option Ruling	2.7(a)(v)
Intervening Event	6.2(b)(iii)
IRS	3.10(a)
Israeli Option Tax Ruling	2.7(a)(v)
Israeli Reporting Documents	3.7(b)
Lease Agreement	3.13
Material Company IP	3.14(b)
Marks	Definition of “Intellectual Property”
Matching Period	6.2(c)(iv)
Material Customer	3.17(a)(xi)
Material Supplier	3.17(a)(xi)
Merger	Recitals
Merger Certificate	2.3
Merger Consideration	2.6(a)
Merger Proposal	6.3
Merger Sub	Preamble
Merger Notice	2.3
Multiemployer Plan	3.10(b)
Multiple Employer Plan	3.10(b)
Non-U.S. Benefit Plan	3.10(h)
Notice of Designated Superior Proposal	6.2(c)(iii)
NYSE	2.7(a)(i)
OCS IP	3.14(p)
OCS Products	3.14(p)
102 Trust Period	2.7(a)(iii)

Defined Term	Location of Definition
Outbound IP Contracts	3.14(o)
Outside Date	8.1(b)
Parent	Preamble
Parent Common Stock	2.7(a)(i)
party	Preamble
parties	Preamble
Patent	Definition of "Intellectual Property"
Paying Agent	2.9(a)
Permits	3.6
Plans	3.10(a)
Pre-closing Amount	2.09(a)
Proxy Statement	3.12
Registered Company IP	3.14(a)
Required Shareholder Vote	3.22
Retained Employees	6.6(a)
SEC Reports	3.7(a)
Sheffer Retention Agreement	Recitals
Software	Definition of "Intellectual Property"
SOX	3.7(a)
Specified Action	6.2(c)
Surviving Company	2.1
Terminating Option	2.7(a)(iii)
Third Party IP	3.14(e)
Trade Secrets	Definition of "Intellectual Property"
Transactions	Recitals
2011 Balance Sheet	3.7(d)
2012 Annual Operating Plan	3.30
Unexercisable Option Consideration	2.7(a)(i)
U.S. GAAP	3.7(c)
U.S.RPHC	3.15(k)
Valid Certificate	2.10(a)
Voting and Support Agreement	Recitals
Voting Undertaking Company Shareholders	Recitals
Warrant Consideration	2.7(b)
Withholding Tax Declaration	2.9(b)
Withholding Tax Ruling	2.10(b)

2. THE MERGER

2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the applicable provisions of the Israeli Companies Law, at the Effective Time, Merger Sub (as the target company (*Chevrat Ha'Ya'ad*) shall be merged with and into the Company (as the absorbing company (*HaChevra Ha'Koletet*). As a result of the Merger, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving company of the Merger (the "Surviving Company").

2.2 Effect of the Merger. At the Effective Time, the Merger shall have the effects set forth in this Agreement and in the applicable provisions of the Israeli Companies Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, by virtue of, and simultaneously with, the Merger and without any further action on the part of Parent, Merger Sub, the Company or any shareholder of the Company, all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company, and all debts, liabilities, obligations, restrictions, disabilities and duties of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Company.

2.3 Closing; Effective Time. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, New York on a date to be designated by Parent and the Company (the "Closing Date"), which shall be no later than the third Business Day after the satisfaction or waiver, by the party who is entitled to waive such condition and to the extent permitted by Law, of the conditions set forth in Sections 7.1 and 7.2 (other than those conditions that by their nature are to be satisfied at the Closing (including the receipt by the parties of the Certificate of Merger at or after the Closing), but subject to the satisfaction of such conditions, or waiver thereof by the party who is entitled to waive such conditions and to the extent permitted by Law, at the Closing (or after the Closing with respect to the Merger Certificate). At the Closing Date, Merger Sub and the Company shall each, in coordination with each other, deliver to the Companies Registrar a notice (each, a "Merger Notice") informing the Companies Registrar that all conditions to the Merger under the Israeli Companies Law have been met and requesting that the Companies Registrar issue a certificate evidencing the completion of the Merger in accordance with Section 323(5) of the Israeli Companies Law (the "Merger Certificate"). The Merger shall become effective upon the issuance by the Companies Registrar, at or after the Closing, of the Merger Certificate in accordance with Section 323(5) of the Israeli Companies Law (the time at which the Merger becomes effective is herein referred to as the "Effective Time").

2.4 Articles of Association. The parties shall take all actions necessary so that the Articles of Association of Merger Sub as in effect immediately prior to the Effective Time shall be the articles of association of the Surviving Company, except that references to the name of Merger Sub shall be replaced by references to the name of the Surviving Company, until amended thereafter in accordance with applicable Law.

2.5 Directors and Officers. The directors of Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Company, each to hold office in accordance with the Articles of Association of the Surviving Company, and, except as determined by Parent or Merger Sub prior to the Effective Time, the officers of Merger Sub immediately prior to the Effective Time shall be the initial officers of the Surviving Company, in each case until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal.

2.6 Effect on Shares. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or the holders of any of the following securities:

(a) Subject to Section 2.6(b), as of the Effective Time each of the Company Shares issued and outstanding immediately prior to the Effective Time shall no longer be outstanding, shall automatically be canceled and retired and shall cease to exist, and each holder of: (i) a certificate which immediately prior to the Effective Time represented any such Company Shares (each, a "Certificate"), or (ii) book entry shares ("Book-Entry Shares") shall cease to have any rights with respect thereto, except the right to receive, upon surrender of such Certificate (or affidavits of loss in lieu thereof) or Book Entry Shares in accordance with Section 2.9, the Per Share Amount in cash, without interest thereon (the "Merger Consideration"), for each such Company Share. If, between the date of this Agreement and the Effective Time, the outstanding Company Shares are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, then the Per Share Amount and the Merger Consideration shall be adjusted to the extent appropriate for all purposes of this Article 2.

(b) Each Company Share owned by Merger Sub, Parent or any direct or indirect wholly owned subsidiary of Parent or of the Company immediately prior to the Effective Time shall be canceled and retired without any conversion thereof, and no payment or distribution shall be made and no consideration of any kind shall be delivered with respect thereto.

(c) Each Ordinary Share, NIS0.01 of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid Ordinary Share of the Surviving Company.

2.7 Company Options.

(a) *Company Options*.

(i) At the Effective Time, by virtue of the Merger and without any action on the part of the holders of Company Options, the portion of each outstanding Company Option that is unvested and unexercisable immediately prior to the Effective Time (an "Unvested Company Option") shall be automatically converted into the right to receive an amount of cash by the holder of such Unvested Company Option determined by multiplying (1) the excess, if any, of the Per Share Amount over the applicable per share exercise price of such Unvested Company Option, by (2) the number of Company Shares subject to such Unvested Company Option (the "Unvested Option Consideration"). The Unvested Option Consideration will be subject to the same terms and conditions applicable to the Unvested Company Option immediately prior to the Effective Time, including vesting restrictions and continued service requirements (collectively, the "Continuing Obligations"), except for administrative changes that are not adverse to the holder of the Unvested Company Option or to which the holder consents. Payment of the Unvested Option Consideration in respect of an Unvested Company Option shall be made, subject to such terms and conditions, on the vesting dates applicable to the Unvested Company Option as described in this clause (i) and in accordance with, and subject to the provisions of, clause (iii), and shall be further subject to all applicable deductions and withholdings required by Law to be withheld in respect of such payment.

(ii) At the Effective Time, the portion of each outstanding Company Option that is vested and exercisable immediately prior to the Effective Time (a "Vested Company Option") shall in each case be canceled at the Effective Time and shall be converted automatically into the right to receive, as soon as practicable after the Effective Time, an amount in cash, without interest thereon, determined by multiplying (1) the excess, if any, of the Per Share Amount over the applicable exercise price of such Vested Company Option, by (2) the number of Company Shares subject to such Vested Company Option (after giving effect to any acceleration provided under the applicable stock option agreement) (the "Vested Option Consideration"). Payment of such Vested Option Consideration shall be subject to all applicable deductions and withholdings required by Law to be withheld in respect of such payment.

(iii) Notwithstanding anything to the contrary set forth in this Section 2.7 or elsewhere in this Agreement, Parent shall, within three (3) days following the Effective Time, deliver: (A) the consideration payable in respect of any Company Option granted under the capital gains route of Section 102 and held by the 102 Trustee, including any Unvested Option Consideration in respect of Company Options so granted (the "Section 102 Option Consideration"), to the 102 Trustee pursuant to the provisions of Section 102 and the Israeli Option Tax Ruling, if obtained, to be held and released in accordance with the agreement with the 102 Trustee, applicable Law (including the provisions of Section 102, including the lapse of the minimum trust period required by Section 102 (the "102 Trust Period")) and the Israeli Option Tax Ruling, if obtained (or any other approval from the Israeli Tax Authority received either by the Company or Parent), and (B) any consideration payable in respect of any Company Option that is not Section 102 Company Option Consideration (the "Non-Section 102 Option Consideration"), directly to the applicable Company's foreign subsidiaries. The 102 Trustee and the applicable Company's foreign subsidiaries shall be entitled to withhold any amounts required in accordance with applicable Law and the Israeli Option Tax Ruling, if obtained (or any other approval from the Israeli Tax Authority received either by the Company or Parent). Subject to the following restrictions, Parent shall procure that the 102 Trustee and the applicable Company's foreign subsidiaries shall pay the Section 102 Option Consideration and the Non-Section 102 Option Consideration to the relevant holder of the Company Options as soon as practicable, unless the relevant holder of Company Options instructs or agrees otherwise. With regard to Unvested Option Consideration, the net amount, without interest and after deduction and withholding of all applicable deductions and withholdings, which is payable to a particular holder of Unvested Company Options, shall only be paid by the 102 Trustee or the applicable Company's foreign subsidiaries (on behalf of the Surviving Corporation) to such holder if such holder continues to meet the Continuing Obligations through the applicable vesting date, and such net amount shall not be paid by the 102 Trustee or the applicable Company's foreign subsidiaries (on behalf of the Surviving Corporation) to such holder prior to the later of: (i) the applicable vesting date, and (ii) in the case of any amount of Section 102 Option Consideration only, the lapse of the applicable 102 Trust Period. In the event that such a holder does not continue to meet the Continuing Obligations through the applicable vesting date, the Surviving Company may demand that the net amount be refunded to it by the 102 Trustee (with respect to any amount of Section 102 Option Consideration) or by the relevant Company's foreign subsidiaries (with respect to any amount of Non-Section 102 Option Consideration), as applicable, and the Surviving Company may request, from the relevant tax authority, a refund of any taxes which were then-previously deducted or withheld with respect to such holder's entitlement to receive such holder's portion of the Unvested Option Consideration. Following the Effective Time, Parent may designate and change the 102 Trustee, in its sole discretion, in accordance with applicable Law (including the provisions of Section 102) and the Israeli Tax Authority's consent.

(iv) The Company Board and any applicable committee thereof shall adopt any resolutions and take any actions that are necessary to provide for the treatment described in clauses (i) and (ii), including a resolution to the effect that the Company Option Plans permit the treatment described in clause (i) without automatic vesting (other than vesting provided pursuant to an optionee's option agreement) and, accordingly, that Unvested Company Options will not automatically vest and will instead be subject to the treatment described in clause (i).

(v) As soon as reasonably practicable after the execution of this Agreement, the Company shall instruct its Israeli counsel, advisors and accountants, in coordination with Parent, to prepare and file with the Israeli Tax Authority an application for a ruling in relation to the payment to be made in connection with the conversion of Company Options into the right to receive cash as described in clauses (i) and (ii) above, which will provide, among other things that (1) the payments made in respect of Company Options granted under the capital gains route of Section 102 and held by the 102 Trustee and Company Shares issued upon exercise of such Company Options, shall not constitute a violation of Section 102 if deposited with the 102 Trustee and released only after the lapse of the 102 Trust Period, and (2) payments made to the 102 Trustee under this Agreement shall not be subject to withholding of Israeli Tax (which ruling may be subject to customary conditions regularly associated with such a ruling) (the "Israeli Option Tax Ruling"). Each of the Company and Parent shall cause their respective Israeli counsel, advisors and accountants to coordinate all activities, and to cooperate with each other, with respect to the preparation and filing of such application and in the preparation of any written or oral submissions that may be necessary, proper or advisable to obtain the Israeli Option Tax Ruling. Subject to the terms and conditions hereof, the Company shall use commercially reasonable efforts to promptly take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to obtain the Israeli Option Tax Ruling, as promptly as practicable. For the avoidance of doubt, the final text of the Israeli Option Tax Ruling or the Interim Option Ruling shall in all circumstances be subject to the prior written confirmation of Parent or its counsel, which consent shall not unreasonably be withheld or delayed.

If the Israeli Option Tax Ruling is not granted by the tenth (10th) Business Day prior to the Closing, and Parent determines, in its reasonable discretion, that it is unlikely that the Israeli Option Tax Ruling will be granted prior to the Closing, the Company shall seek to receive prior to the Closing an interim Tax ruling confirming that payments made to the 102 Trustee under this Agreement shall not be subject to withholding of Israeli Tax (the "Interim Option Ruling"). In the event that neither the Israeli Option Tax Ruling nor the Interim Option Ruling has been received by the fifteenth (15th) calendar day of the month following the month during which the payments become due and payable, Parent, Paying Agent, the Trustee or the Surviving Company may make such payments and withhold any applicable Israeli Taxes in accordance with applicable Law. To the extent that prior to the Closing the Interim Option Ruling shall have been obtained, then all references herein to the Israeli Option Tax Ruling shall be deemed to refer to such interim ruling, until such time that a final definitive Israeli Option Tax Ruling is obtained.

(b) *Company Warrants*. The Company Board shall adopt such resolutions or take such other actions as may be required (subject at all times to the terms of the applicable warrant instrument(s)) to provide that, at the Effective Time, unless the holder of such Company Warrant otherwise directs, each outstanding Company Warrant shall be canceled and be converted automatically into the right to receive, as soon as practicable after the Effective Time and in any event within five (5) Business Days of the Effective Time, an amount in cash, without interest thereon, determined by multiplying (i) the excess, if any, of the Per Share Amount over the applicable exercise price of such Company Warrants, by (ii) the number of Company Shares subject to such Company Warrants (the "Warrant Consideration"). Payment of the Warrant Consideration shall be subject to all applicable deductions and withholdings required by Law to be withheld in respect of such payment. No Company Warrants shall be assumed by Parent.

2.8 Closing of the Company's Transfer Books. At the Effective Time: (a) all holders of certificates representing Company Shares and all holders of Book Entry Shares that were outstanding immediately prior to the Effective Time shall cease to have any rights as shareholders of the Company, and (b) the share transfer books of the Company shall be closed with respect to all Company Shares outstanding immediately prior to the Effective Time. No further transfer of any such Company Shares shall be made on such share transfer books after the Effective Time other than transfers to reflect, in accordance with customary settlement procedures, trades effected prior to the Effective Time. If, after the Effective Time, a valid certificate previously representing any Company Shares (a "Company Share Certificate") is presented to the Paying Agent or to the Surviving Company or Parent, such Company Share Certificate shall be canceled and shall be exchanged as provided in Section 2.6.

2.9 Payment Procedures.

(a) On or prior to the Closing Date, Parent shall select a reputable bank or trust company, reasonably acceptable to the Company, to act as paying agent in the Merger (the "Paying Agent"). At or prior to the Effective Time, Parent shall deposit with the Paying Agent cash in an amount (the "Pre-closing Amount") sufficient, together with the amount in cash to be deposited with the Paying Agent following the Effective Time pursuant to the immediately succeeding sentence, to pay the aggregate amount of Merger Consideration payable in accordance with the terms of this Agreement to the holders of Company Shares and the aggregate amount of the Warrant Consideration payable in accordance with the terms of this Agreement to the holders of Company Warrants. Within two (2) days after the Effective Time, Parent shall deposit, or shall cause the Surviving Company to deposit, with the Paying Agent cash in an amount not to exceed fifteen percent (15%) of the sum of the Merger Consideration and the Warrant Consideration. The cash amount so deposited with the Paying Agent is referred to as the "Exchange Fund." In the event that the Exchange Fund is insufficient to make the payments contemplated by this Agreement, Parent shall promptly deposit additional funds with the Paying Agent in an amount which is equal to such deficiency. The Exchange Fund will not be used for any purpose other than as expressly set out in this Agreement.

(b) As soon as reasonably practicable after the Effective Time and in any event no later than the third (3rd) Business Day thereafter, Parent shall cause the Paying Agent to mail to the record holders of Company Shares as of immediately prior to the Effective Time, including any record holder of Company Warrants outstanding as of immediately prior to the Effective Time (whether such Company Shares are represented by Company Share Certificates, Book-Entry Shares or Company Warrants Certificates) (i) a letter of transmittal in customary form and containing such provisions as Parent may reasonably specify (which shall be in a form reasonably satisfactory to the Company (prior to the Closing) and shall be submitted to the Company for review at least five (5) Business Days before Parent's bona fide estimation of the date of the Closing Date and shall include a provision confirming that delivery of Company Share Certificates, Book-Entry Shares or Company Warrants shall be effected, and risk of loss and title to Company Share Certificates, Book-Entry Shares or Company Warrants shall pass, only upon delivery of such Company Share Certificates, Book-Entry Shares or Company Warrants to the Paying Agent), (ii) instructions for use in effecting the surrender of Company Share Certificates or Book-Entry Shares in exchange for the consideration payable pursuant to Section 2.6 for the number of Company Shares previously represented by such Company Share Certificates or Book-Entry Shares, or the surrender of the Company Warrants in exchange for the Warrant Consideration payable pursuant to Section 2.7(b) for the number of Company Shares issuable upon exercise of such Company Warrants, in each case together with a duly executed letter of transmittal and such other documents as may be reasonably required by the Paying Agent or Parent, and (iii) a form of declaration in which the beneficial owner of Company Shares underlying a Company Share Certificate, Book-Entry Shares or Company Warrants provides certain information necessary for Parent to determine whether any amounts need to be withheld from the consideration payable to such beneficial owner pursuant to the terms of the Israeli Tax Ordinance (in each case, subject to the terms of the Withholding Tax Ruling, if obtained) (the "Withholding Tax Declaration"). Until surrendered as contemplated by this Section 2.9, all Company Share Certificates, Book-Entry Shares or Company Warrants shall be deemed, from and after the Effective Time, to represent only the right to receive the consideration payable pursuant to Section 2.6 or Section 2.7 (b) (subject to any applicable withholding Tax) as contemplated by Section 2.6 or Section 2.7(b). If any Company Share Certificate or Company Warrants Certificates shall have been lost, stolen or destroyed, Parent may, in its discretion and as a condition to the payment of the consideration payable pursuant to Section 2.6 or Section 2.7(b), require the owner of such lost, stolen or destroyed Company Share Certificate or Company Warrants Certificates to provide an appropriate affidavit of loss (in a form reasonably satisfactory to Parent) and to deliver a bond (in such sum as Parent may reasonably direct) as indemnity against any claim that may be made against the Paying Agent, Parent or the Surviving Company with respect to such Company Share Certificate or Company Warrants Certificates.

(c) Upon surrender of a Company Share Certificate or Company Warrants (or affidavit of loss and bond as indemnity, in lieu thereof, or, in the case of a Book-Entry Share, receipt of an 'agents message' by the Paying Agent, it being understood that any references herein to Company Share Certificates shall be deemed to include references to book-entry account statements relating to the ownership of Book-Entry Shares, provided that the holders of any Book-Entry Shares shall not be required to surrender any Certificates in connection with the procedures set forth in this Section 2) for cancellation to the Paying Agent, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be reasonably required pursuant to such instructions, and the Withholding Tax Declaration, the holder of such Company Share Certificate, Book-Entry Share or Company Warrants shall be entitled to receive the consideration, without interest and subject to any applicable withholding Tax (calculated and withheld in accordance with Section 2.10), in exchange therefor pursuant to Section 2.6 or Section 2.7(b), to be mailed (or made available for collection by hand if so elected by the surrendering holder) promptly and in any event within five (5) Business Days following the later to occur of (i) the Paying Agent's receipt of the Exchange Fund, and (ii) the Paying Agent's receipt of such Company Share Certificate (or affidavit of loss and bond as indemnity in lieu thereof), Book-Entry Share or Company Warrants (or affidavit of loss and bond as indemnity in lieu thereof), and the Company Share Certificate, Book-Entry Share or Company Warrants so surrendered shall forthwith be cancelled within five (5) Business Days.

(d) If payment of any consideration is to be made to a person other than the person in whose name the surrendered Company Share Certificate, Book-Entry Share or Company Warrants is registered or whose name appears on the records of a nominee company (*Chevra Le'Rishumim*) in accordance with a duly completed and validly executed letter of transmittal, it shall be a condition of payment that (i) the Company Share Certificate, Book-Entry Share or Company Warrants so surrendered shall be properly endorsed or shall otherwise be in proper form for transfer and reasonably satisfactory to Parent, and (ii) the person requesting such payment shall have paid any transfer and other Taxes required by reason of the payment of any consideration to a person other than the registered holder of such Company Share Certificate (or affidavit of loss and bond as required pursuant to Section 2.9(b) above), Book-Entry Share or Company Warrants (or affidavit of loss and bond as required pursuant to Section 2.9(b) above) surrendered or shall have established, to the reasonable satisfaction of the Surviving Corporation, that such Tax either has been paid or is not applicable.

(e) No interest shall be paid or accrued for the benefit of the holders of the Company Share Certificates, Book-Entry Shares or Company Warrants on the consideration payable to such holders pursuant to this Agreement.

(f) Any portion of the Exchange Fund that remains undistributed to holders of Company Share Certificates, Book-Entry Shares or Company Warrants as of the first anniversary of the Effective Time shall be delivered to Parent upon demand, and any holders of Company Share Certificates, Book-Entry Shares or Company Warrants who have not theretofore surrendered their Company Share Certificates, Book-Entry Shares or Company Warrants in accordance with this Section 2.9 shall thereafter look only to Parent for payment of any consideration payable pursuant to Section 2.6 or Section 2.7(b). Subject to Section 2.9(g), if, at any time after any portion of the Exchange Fund has been delivered to Parent, Company Share Certificates, Book-Entry Shares or Company Warrants are presented to Parent or the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Section 2 and Parent and the Surviving Corporation, to the extent required by this Section 2, shall make the payments to the holder of such Company Shares or Company Warrants as set out in this Section 2.9. Parent shall be the owner of any interest or other amounts earned on the Exchange Fund.

(g) Neither Parent nor the Surviving Company shall be liable to any holder or former holder of Company Shares or to any other person with respect to any Per Share Amount or Warrant Consideration delivered to any public official pursuant to any applicable abandoned property Law, escheat Law or similar Law. In the event that this Agreement is terminated prior to the Effective Time for any reason and any cash has been transmitted to the Paying Agent, such cash transmitted by Parent shall promptly be returned to Parent and such cash shall promptly be returned to Parent. If any Company Share Certificate, Book-Entry Share or Company Warrants has not been surrendered before five (5) years after the Effective Time (or such earlier date on which any consideration would otherwise escheat to or become the property of any Governmental Authority), any Per Share Amount, any Warrant Consideration, dividends or distributions in respect of such Company Share Certificate, Book-Entry Share or Company Warrants shall, to the extent permitted by Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

(h) Parent may cause the Paying Agent to invest the Exchange Fund deposited with the Paying Agent as directed by Parent; provided, however, that no such investment or loss thereon shall affect any right of any holder of Company Shares or Company Warrants to receive the consideration payable hereunder or any payment therefrom and that the terms and conditions of the investments shall be such as to permit the Paying Agent to make prompt payments as necessary. Parent may cause the Paying Agent to pay over to the Surviving Company, Parent or one of its non-U.S. affiliates of Parent any net earnings with respect to the investments, and Parent through one of its non-U.S. affiliates shall replace promptly any portion of the cash that the Paying Agent loses through investments so that the Exchange Fund is at all times sufficient to make all payments that may be required hereunder.

2.10 Withholding Rights.

(a) Each of Merger Sub, Parent, the Surviving Company or the Paying Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to Article 2 to any holder of Company Shares or Company Warrants such amounts as are required to be deducted and withheld with respect to the making of such payment under the Code, Israeli Tax Ordinance or any other applicable state, Israeli, or foreign Tax Law; provided, however, that in the event any holder of record of Company Shares or Company Warrants provides Parent or the Surviving Company with a valid approval or ruling issued by the applicable Governmental Authority regarding the withholding (or exemption from withholding) of Israeli Tax from the aggregate consideration payable to such holder in a form reasonably satisfactory to Parent ("Valid Certificate"), then the deduction and withholding of any amounts under the Israeli Tax Ordinance or any other provision of Israeli Law, if any, from the aggregate consideration payable to such holder shall be made only in accordance with the provisions of such approval or ruling. For such purpose, the Withholding Tax Ruling and the Israeli Option Tax Ruling will be considered a Valid Certificate. To the extent that amounts are so deducted and withheld and paid to the appropriate Governmental Entity, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Company Shares in respect of which such deduction and withholding was made.

(b) As soon as reasonably practicable after the execution of this Agreement, the Company shall instruct its Israeli counsel, advisors and accountants, in coordination with Parent, to prepare and file with the Israeli Tax Authority an application for a ruling with respect to holders of Company Shares (other than Company Shares subject to Section 102) (i) exempting Merger Sub, Parent, the Surviving Company and the Paying Agent from any obligation to withhold Israeli Tax at source from any consideration payable or otherwise deliverable pursuant to this Agreement, or clarifying that no such obligation exists, or (ii) clearly instructing Merger Sub, Parent, the Surviving Company and the Paying Agent how such withholding at source is to be executed, and in particular, with respect to the classes or categories of holders or former holders of the Company Shares from which Tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify each holder (the "Withholding Tax Ruling"). To the extent that prior to the Closing an interim Withholding Tax Ruling shall have been obtained, then all references herein to the Withholding Tax Ruling shall be deemed to refer to such interim ruling, until such time that a final definitive Withholding Tax Ruling is obtained. In the event that neither the Withholding Tax Ruling nor the interim Withholding Tax Ruling has been obtained by the fifteenth (15th) calendar day of the month following the month during which the Effective Time occurs and the time the relevant payment is made, Merger Sub, Parent, the Surviving Company and the Paying Agent may make such payments and withhold any applicable Israeli Taxes in accordance with applicable Law.

(c) Notwithstanding Section 2.10(a) above, with respect to non-Israeli resident holders of Company Options or of shares deriving from the exercise of Company Options, which were granted such awards in consideration for work or services performed outside of Israel (and will provide Parent prior to any payment to them with an appropriate executed declaration regarding their non-Israeli residence and confirmation that they were granted such awards in consideration for work or services preformed outside of Israel), such payments shall not be subject to any withholding or deduction of Israeli Tax.

2.11 Further Actions. If, at any time after the Effective Time, the Surviving Company shall consider or be advised that any further deeds, assignments or assurances in Law or any other acts are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in the Surviving Company its right, title or interest in, to or under any of the rights, properties or assets of the Company, or (b) otherwise carry out the provisions of this Agreement, the Company and its officers and directors shall be deemed to have granted to the Surviving Company an irrevocable power of attorney to execute and deliver all such deeds, assignments or assurances in Law and to take all acts necessary, proper or desirable to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Company and otherwise to carry out the provisions of this Agreement, and the officers and directors of the Surviving Company are authorized in the name of the Company or otherwise to take any and all such action.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure letter of even date herewith delivered by the Company to Parent and Merger Sub concurrent with the execution of this Agreement ("Company Disclosure Schedule"), and except for disclosures set forth in the SEC Reports (other than in any "risk factor" disclosure or any other forward-looking statements set forth therein, except for any factual information contained in such section which shall not be so excluded), the Company hereby represents and warrants to Parent and Merger Sub as follows:

3.1 Organization and Qualification; Company Subsidiaries.

(a) The Company is a corporation duly organized and validly existing under the Laws of the State of Israel, and no proceedings have been commenced to strike the Company from the Registry of Companies maintained by the Companies Registrar. The Company has the requisite corporate power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted. The Company is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified or in good standing, would not have a Material Adverse Effect.

(b) Each subsidiary of the Company (each a "Company Subsidiary") is duly organized, validly existing and, to the extent applicable, in good standing under the Laws of the jurisdiction of its organization, is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary and has the requisite power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted, except where the failure to be so organized, qualified or in good standing or to have such power or authority, individually or in the aggregate, would not have a Material Adverse Effect.

(c) Except: (i) for the Company Subsidiaries, and (ii) as disclosed in *Section 3.1(c) of the Company Disclosure Schedule*, the Company does not directly or indirectly own any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or entity.

3.2 Company Charter Documents. The Company has heretofore made available to Parent a complete and correct copy of the Company Charter Documents and equivalent organizational documents, each as amended to date, of the Company and each Material Subsidiary. Except as disclosed in *Section 3.2 of the Company Disclosure Schedule*, the Company has delivered to Parent accurate and complete copies of the minutes and other records of the meetings and other proceedings (including any actions taken by written consent or otherwise without a meeting) of the shareholders or equityholders, as applicable, of the Company and each of the Material Subsidiaries, the board of directors of the Company, all committees thereof and the boards of directors or equivalent governing body of each of the Material Subsidiaries, in each case from and after November 1, 2009. Such Company Charter Documents and equivalent organizational documents are in full force and effect. Neither the Company nor any Company Subsidiary is in violation of any of the provisions of the Company Charter Documents or equivalent organizational documents. Neither the Company nor any of the Company Subsidiaries has taken any action that is inconsistent in any material respect with any resolution adopted by the Company's shareholders, the board of directors of the Company or any committee thereof.

3.3 Capitalization.

(a) The authorized capital stock of the Company consists of 50,000,000 Company Shares, of which, as of November 25, 2012, 24,712,737 Company Shares are issued and outstanding and no Company Shares were held in the treasury of the Company. All outstanding Company Shares are validly issued, fully paid and nonassessable and are issued free of any preemptive rights.

(b) As of November 25, 2012:

(i) 1,707,091 Company Shares were subject to outstanding Company Options, of which Company Options to purchase 801,384 Company Shares were exercisable;

(ii) 4,821,802 Company Shares were reserved for issuance under the Company Option Plans;

(iii) 1,250,000 Company Shares were reserved for issuance under the Company Warrants; and

(c) Except for changes since November 25, 2012 resulting from the exercise of Company Options and Company Warrants outstanding on such date, except as set forth in *Section 3.3(c) of the Company Disclosure Schedule*, except as set forth in an instrument signed by Parent and the Company on or prior to the date hereof, and except as specifically permitted pursuant to the terms of this Agreement, there are no outstanding (i) options, warrants or other rights, agreements, arrangements, or commitments of any character relating to the issued or unissued capital stock of any of the Acquired Companies or obligating any of the Acquired Companies to issue or sell any shares of capital stock of, or other equity interests in, any of the Acquired Companies, (ii) shares of capital stock of, or other voting securities or ownership interests in, any of the Acquired Companies, or (iii) restricted shares, restricted share units, stock appreciation rights, performance shares, contingent value rights, "phantom" stock or similar securities or rights that are derivative of or provide economic benefits based, directly or indirectly, on the value or price of, any capital stock or other voting securities (including any bonds, debentures, notes or other indebtedness having voting rights or convertible into securities having voting rights) or ownership interests in any of the Acquired Companies (the items in clauses (i), (ii), and (iii) being referred to collectively as the "Company Securities"). All Company Securities issued are, or subject to issuance as aforesaid upon the terms and conditions specified in the instruments pursuant to which they are issuable will be, duly authorized, validly issued, fully paid and nonassessable and free of any preemptive rights. Except as set forth in *Section 3.3(c) of the Company Disclosure Schedule*, there are no voting trusts or other agreements to which any of the Acquired Companies is a party with respect to the voting of any Company Securities. Except as set forth in *Section 3.3(c) of the Company Disclosure Schedule*, there are no outstanding contractual obligations of any Acquired Company to repurchase, redeem or otherwise acquire any Company Securities or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Company Subsidiary or any other person.

(d) Except as disclosed in *Section 3.3(d) of the Company Disclosure Schedule*, each Company Subsidiary is wholly owned by the Company or another Acquired Company and, in respect of each Company Subsidiary listed in *Section 3.3(d) of the Company Disclosure Schedule*, such disclosure sets out the amount of its authorized Company Securities, the amount of its outstanding Company Securities and the record and beneficial owners of its outstanding Company Securities, and there are no other Company Securities of any Company Subsidiary issued, reserved for issuance or outstanding. Except as set forth in *Section 3.3(d) of the Company Disclosure Schedule*, each outstanding Company Security of any Company Subsidiary is owned by the Company or another Company Subsidiary free and clear of all Liens or agreements or other limitations on the Company's or any Company Subsidiary's voting rights.

(e) Set forth in an instrument signed by Parent and the Company on or prior to the date hereof is a listing of (i) all outstanding Company Options as of the date of this Agreement; (ii) the date of grant and name of holder of each Company Option; (iii) with respect to Company Options, the portion thereof that is vested as of the date of this Agreement and if applicable, the exercise price or repurchase price therefor, (iv) the date upon which each Company Option would normally be expected to expire absent termination of employment or other acceleration, and (v) with respect to Company Options, whether or not such Company Option qualifies for any special Tax treatment in respect of the Company. Each grant of a Company Option was duly authorized no later than the date on which the grant of such Company Option was by its terms to be effective (the "Grant Date") by all necessary corporate action, including, as applicable, approval by the Company Board (or a duly constituted and authorized committee thereof), or a duly authorized delegate thereof, and any required shareholder approval by the necessary number of votes or written consents; each such grant was made in all material respects in accordance with the terms of the applicable Company Option Plan and all other applicable Laws; and the per share exercise price of each Company Option was not less than the fair market value of a Company Share on the applicable Grant Date. The Company Option Plans and each other option plan and other incentive plan of the Company are qualified under Section 102 of the Israeli Tax Ordinance, and all actions necessary to maintain the qualification of the Company Option Plans and each such other option plan or other incentive plan under Section 102 of the Israeli Tax Ordinance have been taken including the approval of the Company Option Plans by the Israeli Tax Authority.

(f) *Section 3.3(f) of the Company Disclosure Schedule* contains a complete and accurate list of all persons who hold Company Warrants, indicating, with respect to each Company Warrant, the number and type of Company Shares issuable upon the exercise of such Company Warrant, and the exercise price, date of issuance, vesting schedule, and expiration date thereof, including the extent to which any vesting has occurred as of the date of this Agreement and the extent to which the vesting of such Company Warrant will be accelerated by the consummation of the Transactions.

3.4 Authority Relative to This Agreement.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject in the case of the Merger to obtaining the Required Shareholder Vote, to consummate the Transactions. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Transactions have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the Transactions (other than, with respect to the Merger, the Required Shareholder Vote and the filing and recordation of appropriate merger documents as required by Israeli Companies Law). This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) The Company Board, at a meeting duly called and held on November 27, 2012, at which all of the directors of the Company were present, unanimously (i) determined that this Agreement and the Transactions are advisable, fair to, and in the best interests of the holders of Company Shares, (ii) approved and adopted this Agreement and the Transactions, and (iii) recommended that the holders of Company Shares approve and adopt this Agreement and the Transactions, which actions and resolutions have not, as of the date hereof, been subsequently rescinded, modified or withdrawn in any way.

3.5 No Conflict; Required Filings and Consents.

(a) The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company will not, (i) conflict with or violate any of the Company Charter Documents or equivalent organizational documents of any Company Subsidiary, (ii) assuming that all consents, approvals, authorizations, and other actions described in Section 3.5(b) have been taken and all filings in Section 3.5(b) have been made, and subject to obtaining the Required Shareholder Vote and approvals of the Investment Center and making the OCS Notification and providing the OCS Undertaking to the OCS, conflict with or violate any Law applicable to any Acquired Company or by which any property or asset of any Acquired Company is bound or affected, or (iii) subject to obtaining the consents listed in *Section 3.5(a) of the Company Disclosure Schedule*, result in any breach of or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of any Acquired Company pursuant to, or result in the loss of a benefit under, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which any Acquired Company is a party or by which any Acquired Company or any property or asset of any of them is bound or affected, except, in the case of clause (iii), for any breach, default, termination, amendment, acceleration, cancellation, creation of a Lien or loss that would not, individually or in the aggregate, be material to the Acquired Companies, taken as a whole, or prevent or materially delay the consummation of the Merger.

(b) The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except for (i) applicable requirements, if any, of the Exchange Act, the Financial Industry Regulatory Authority ("FINRA"), the Israeli Securities Law, the Israeli Companies Law, and the rules and regulations of the TASE and the Nasdaq, (ii) the pre-merger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and similar requirements in Israel regarding antitrust or competition matters, (iii) filing and recordation of appropriate merger documents as required by applicable Law, (iv) making the OCS Notification and providing the OCS Undertaking to the OCS, (v) filing with the Investment Center to obtain its approval of the change in ownership of the Company, and (vi) obtaining the Israeli Option Tax Ruling and the Withholding Tax Ruling.

3.6 Permits; Compliance.

(a) Except as disclosed in *Section 3.6(a) of the Company Disclosure Schedule*, each of the Acquired Companies is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Authority necessary for each of the Acquired Companies to own, lease and operate its properties or to carry on its business as it is now being conducted (the "Permits") except as has not constituted, and would not reasonably be expected to constitute, a Material Adverse Effect. No suspension or cancellation of any of the material Permits is pending or, to the knowledge of the Company, threatened, the Company has complied in all material respects with each such Permit, and there have occurred no events that could reasonably give rise to a right of termination, amendment or cancellation of any such Permits.

(b) Except as disclosed in *Section 3.6(b) of the Company Disclosure Schedule*, since January 1, 2010, the Acquired Companies have complied with, and there has been no default, breach, or violation by any Acquired Company of, (i) any Law applicable to any of the Acquired Companies or by which any property or asset of any of the Acquired Companies is bound or affected or (ii) any Permit, except for any such noncompliance, conflict, default, breach or violation that, individually or in the aggregate, would not constitute a Material Adverse Effect.

3.7 SEC Filings; TASE Filings; Financial Statements.

(a) The Company has filed all forms, reports and other documents required to be filed by it with the SEC since January 1, 2010 (such documents filed since January 1, 2010, and those filed by the Company with the SEC subsequent to the date of this Agreement, if any, including any amendments thereof, the "SEC Reports"). Each SEC Report (i) complied, or if filed subsequent to the date of the Agreement will comply, as to form in all material respects with the applicable requirements of the Securities Act, or the Exchange Act, as the case may be, and the Sarbanes-Oxley Act of 2002 ("SOX") and the applicable rules and regulations promulgated thereunder, and (ii) did not, at the time it was filed (or, if amended prior to the date hereof, as of the date of such amendment), contain, or if filed after the date hereof at the time of filing will not contain, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No Company Subsidiary has been or is required to file any form, report or other document with the SEC or ISA.

(b) The Company has filed with the ISA and the TASE, true and complete copies of all material forms, reports, schedules, statements and other documents required to be filed by it under the Israeli Securities Law, and the applicable rules and regulations of the ISA and the TASE (as such documents have been amended since the time of their filing, collectively, the "Israeli Reporting Documents") since January 1, 2010. As of their respective dates or, if amended, as of the date of the last such amendment, the Israeli Reporting Documents, including, without limitation, any financial statements or schedules included therein: (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except to the extent such misleading detail has been modified or superseded by later Israeli Reporting Documents filed and publicly available prior to the date hereof; and (ii) complied in all material respects with the applicable requirements of the Israeli Securities Law, and the applicable rules and regulations of the ISA and the TASE, as were in effect on the respective dates of such Israeli Reporting Documents.

(c) Each of the consolidated financial statements contained in the SEC Reports (i) has been, or will be, as the case may be, prepared from and in accordance with and accurately reflects the books and records of the Company and its consolidated Company Subsidiaries in all material respects, (ii) complied, or will comply, as the case may be, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (iii) was, or will be, as the case may be, prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto), and (iv) fairly presents, or will fairly present, as the case may be, in all material respects, the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its consolidated Company Subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited interim statements, to the absence of year-end adjustments in accordance with U.S. GAAP).

(d) Except (i) as disclosed in *Section 3.7(d) of the Company Disclosure Schedule*, (ii) as and to the extent set forth on the consolidated balance sheet of the Company and its consolidated Company Subsidiaries as at December 31, 2011, including the notes thereto (the "2011 Balance Sheet"), (iii) as incurred in connection with the Transactions, or (iv) as incurred in the ordinary course of business consistent with past practice, since December 31, 2011, no Acquired Company has any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise), and there is no existing condition, situation or set of circumstances that could reasonably be expected to result in such a liability or obligation.

(e) The Company is, and will continue to be until the Closing, a "foreign private issuer" as such term is defined in Rule 3b-4 promulgated under the Exchange Act. The Company has established and maintains disclosure controls and procedures and internal controls over financial reporting (as such terms are defined in Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. The Company's auditor has at all times been "independent" with respect to the Company within the meaning of Regulation S-X promulgated by the SEC, and all non-audit services (as defined in SOX)) performed by the Company's auditors for the Company were approved as required under SOX. No independent public accountant of the Company has resigned or been dismissed as independent public accountant of the Company as a result of or in connection with any disagreement with the Company on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. Neither the Acquired Companies nor any of their directors or executive officers, in their capacity as such, is under any inquiry, investigation or similar process by the SEC, ISA, NYSE or TASE.

(f) Each of the principal executive officer and the principal financial officer of the Company (and each former principal executive officer of the Company and each former principal financial officer of the Company, as applicable) has made all certifications required by Rule 13a-14 or 15d-14 under the Exchange Act or Sections 302 and 906 of SOX and the rules and regulations of the SEC promulgated thereunder with respect to the SEC Reports, and the statements contained in such certifications are true and correct. For purposes of this Section 3.7(f), "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in SOX. None of the Acquired Companies has outstanding, or has arranged any outstanding, "extensions of credit" or any prohibited loans to directors or executive officers within the meaning of Section 402 of SOX. The Acquired Companies are in compliance in all material respects with SOX.

(g) No Acquired Company is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract or arrangement (including any contract or arrangement relating to any transaction or relationship between or among any of the Acquired Companies, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off-balance sheet arrangement" (as defined in Item 303(a) of Regulation S-K of the SEC)), where the result, purpose, or intended effect of such contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, any of the Acquired Companies in the Company's or any such Acquired Company's published financial statements or other SEC Reports.

(h) The Acquired Companies maintain a system of internal controls over financial reporting and accounting sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes, including to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability, (iii) access to assets that could have a material effect on the Company's financial statements is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in *Section 3.7(h) of the Company Disclosure Schedule*, since January 1, 2010, the Company has not received from its independent auditors any oral or written notification of a "control deficiency," "significant deficiency" or "material weakness" in the Company's internal controls. For purposes of this Agreement, the terms "control deficiency," "significant deficiency" and "material weakness" shall have the meanings assigned to them in the Statements of Auditing Standards No. 115, as in effect on the date hereof. Since January 1, 2010, the Company's principal executive officer and its principal financial officer have disclosed to the Company's auditors and the audit committee of the Company Board (1) all known significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect in any material respect the Acquired Companies' ability to record, process, summarize and report financial information, and (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the Acquired Companies' internal controls and the Company has provided to Parent copies of any non-privileged written materials in its possession relating to each of the foregoing. The Company has made available to Parent all such disclosures made by management to the Company's auditors and audit committee since January 1, 2010.

(i) The Acquired Companies have in place "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are reasonably designed to ensure that material information that is required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and made known to its principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

(j) To the knowledge of the Company, no employee of any Acquired Company has provided or is providing information to any Law enforcement agency regarding the possible commission of any crime or the violation or possible violation of any applicable legal requirements of the type described in Section 806 of SOX. No Acquired Company nor, to the knowledge of the Company, any director, officer, employee, contractor, subcontractor or agent of any Acquired Company has discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against an employee of any Acquired Company in the terms and conditions of employment because of any lawful act of such employee described in Section 806 of SOX.

(k) Except as disclosed in *Section 3.7(k) of the Company Disclosure Schedule*, since January 1, 2010, (i) no Acquired Company nor any director or executive officer of any Acquired Company has, and, to the knowledge of the Company, no other officer, employee or accountant of any Acquired Company has, received any complaint, allegation, assertion or claim, in writing (or, to the knowledge of the Company, orally) that any Acquired Company has engaged in improper, illegal or fraudulent accounting or auditing practices, and (ii) no attorney representing any Acquired Company, whether or not employed by any Acquired Company, has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by any Acquired Company or any of its officers, directors, employees or agents to the chief executive officer, chief financial officer, or general counsel of any Acquired Company, or to the audit committee (or other committee consisting of solely non-employee directors) of the Company Board, or the board of directors of any Acquired Company.

(l) The Company has heretofore furnished to Parent complete and correct copies of all amendments and modifications that have not been filed by the Company with the SEC to all agreements, documents, and other instruments that previously had been filed by the Company with the SEC and are currently in effect.

3.8 Absence of Certain Changes or Events. Since December 31, 2011, other than as set forth in the SEC Reports or contemplated by this Agreement, the Acquired Companies have conducted their respective businesses in all material respects in the ordinary course of business, and there has not occurred any fact, circumstance, effect, change, event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect. Except as disclosed in *Section 3.6(a) of the Company Disclosure Schedule*, since December 31, 2011, none of the Acquired Companies has taken any action or failed to take any action that would have resulted in a breach of subsections (a), (b), (d), (e), (f), (g), (h), (i), (l), or (n) of Section 5.1 had such section been in effect since December 31, 2011.

3.9 Absence of Litigation. Except as disclosed in *Section 3.9 of the Company Disclosure Schedule*, there is no litigation, suit, claim, action, assessment, arbitration, proceeding or investigation (an "Action") pending or, to the knowledge of the Company, threatened against any of the Acquired Companies, or any property or asset of any of the Acquired Companies, that (a) involves an amount in controversy in excess of $3,000,000, (b) seeks or imposes injunctive relief on any material asset, (c) seeks to impose any legal restraint on or prohibition against or limit the Surviving Company's ability to operate the business of any of the Acquired Companies substantially as it was operated prior to the date of this Agreement or (d) individually or in the aggregate would be expected to have a Material Adverse Effect. None of the Acquired Companies nor any property or asset of any of the Acquired Companies is subject to any continuing order of, consent decree, settlement agreement or similar written Contract with, or, to the knowledge of the Company, continuing investigation by, any Governmental Authority, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority that would, individually or in the aggregate, prevent or materially delay consummation of the Merger or would be material. Except as disclosed in *Section 3.9 of the Company Disclosure Schedule*, there are not currently pending, nor have there been since January 1, 2010, any internal investigations or inquiries conducted by the Company, the Company Board (or any committee thereof) or, to the knowledge of the Company, any Third Party at the request of any of the foregoing or upon the Company's or the Company Board's own initiation concerning any financial, accounting, Tax, conflict of interest, illegal activity, fraudulent or deceptive conduct or other misfeasance or malfeasance involving any of the Acquired Companies or their respective officers or employees.

3.10 Employee Benefit Plans.

(a) *Section 3.10(a) of the Company Disclosure Schedule* lists (i) all employee benefit plans (as defined in Section 3(3) of ERISA whether or not ERISA is applicable to such plans) and all bonus, stock option, stock purchase, restricted stock, restricted stock unit, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, and all employment, termination, severance or other Contracts to which any Acquired Company or ERISA Affiliate is a party, with respect to which any Acquired Company or ERISA Affiliate has or could have any obligation or which are maintained, contributed to or sponsored by any Acquired Company or ERISA Affiliate for the benefit of any current or former employee, officer, director, or other service provider of any Acquired Company or ERISA Affiliate or any of their respective dependents or beneficiaries, (ii) each employee benefit plan for which any Acquired Company could incur liability under Section 4069 of ERISA in the event such plan has been or were to be terminated, (iii) any plan in respect of which the Acquired Company could incur liability under Section 4212(c) of ERISA, and (iv) any contracts, arrangements or understandings between an Acquired Company and any employee of an Acquired Company, including any contracts, arrangements or understandings relating in any way to a sale of an Acquired Company (collectively the "Plans"). The Company has made available to Merger Sub a true and complete copy of each material Plan and has made available to Merger Sub a true and complete copy of each material document, if any, prepared in connection with each such Plan. Neither the Company nor any Company Subsidiary has any express or implied commitment (A) to create, incur liability with respect to, or cause to exist any other employee benefit plan, program, or arrangement, (B) to enter into any contract or agreement to provide compensation or benefits to any individual, or (C) to modify, change or terminate any Plan, other than with respect to a modification, change, or termination required by ERISA, the Code or other applicable Law.

(b) None of the Plans is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) (a "Multiemployer Plan"), a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) for which liability under Section 4063 or Section 4064 of ERISA could be incurred (a "Multiple Employer Plan") or a plan that is subject to Title IV of ERISA or Section 412 of the Code. None of the Plans (i) provides for the payment of separation, severance, termination, or similar-type benefits to any person, (ii) obligates the Company or any Company Subsidiary to pay separation, severance, termination or similar-type benefits solely or partially as a result of any Transaction, or (iii) obligates the Company or any Company Subsidiary to make any payment or provide any benefit as a result of a "change in ownership or effective control", within the meaning of such term under Section 280G of the Code, or in connection with an event directly or indirectly related to such a change. None of the Plans provides for or promises retiree medical, disability or life insurance benefits to any current or former employee, officer or director of the Company or any Company Subsidiary except as required by Section 4980B of the Code, Part 6 of Title I of ERISA or similar applicable state Law. Each of the Plans that is not a Non-US Plan is maintained in the United States and is subject only to the Laws of the United States or a political subdivision thereof.

(c) Each Plan is now and always has been operated in all material respects in accordance with its terms and the requirements of all applicable Laws including the Israeli Tax Ordinance, ERISA and the Code. The Company and the Company Subsidiaries have performed, in all material respects, all obligations required to be performed by them under and are not in default under or in violation of, and to the knowledge of the Company there is no default or violation by any party to, any Plan. No Action is pending or, to the knowledge of the Company, threatened with respect to any Plan (other than claims for benefits in the ordinary course of business) and, to the knowledge of the Company, no fact or event exists that could give rise to any such Action.

(d) Each Plan that is intended to be qualified under Section 401(a) of the Code has timely received a favorable determination from the IRS or may rely on an opinion or advisory letter from the IRS issued to a master or prototype or volume submitter provider with respect to the tax-qualified status of such Plan. Each trust established in connection with any Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code is so exempt. To the knowledge of the Company, no fact or event has occurred that would adversely affect the qualified status of any such Plan or the exempt status of any such trust. Each Plan under Section 102 of the Israeli Tax Ordinance has been submitted to the Israeli Tax Authority, pursuant to the provisions of Section 102 of the Israeli Tax Ordinance.

(e) There has not been any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Plan. Neither the Company nor any ERISA Affiliate has incurred any liability under, arising out of, or by operation of Title IV of ERISA (other than liability for premiums to the Pension Benefit Guaranty Corporation arising in the ordinary course), including any liability in connection with (i) the termination or reorganization of any employee benefit plan subject to Title IV of ERISA, or (ii) the withdrawal from any Multiemployer Plan or Multiple Employer Plan, and, to the knowledge of the Company, no fact or event exists which could give rise to any such liability.

(f) All contributions, premiums or payments required to be made with respect to any Plan have been made on or before their due dates. All such contributions are or were fully deductible for federal income Tax purposes and no such deduction has been challenged or disallowed by any Governmental Authority and, to the knowledge of the Company, no fact or event exists which could give rise to any such challenge or disallowance.

(g) No event has occurred that would be treated by Section 409A(b) as a transfer of property for purposes of Section 83 of the Code.

(h) In addition to the foregoing, with respect to each Plan described in Section 3.10(a) that is not subject to U.S. Law (a "Non-U.S. Benefit Plan"):

(i) all employer and employee contributions to each Non-U.S. Benefit Plan required by Law or by the terms of such Non-U.S. Benefit Plan have been made, or, if applicable, accrued in accordance with normal accounting practices;

(ii) the fair market value of the assets of each funded Non-U.S. Benefit Plan, the liability of each insurer for any Non-U.S. Benefit Plan funded through insurance or the book reserve established for any Non-U.S. Benefit Plan, together with any accrued contributions, is sufficient to procure or provide for the benefits determined on an ongoing basis accrued to the date of this Agreement with respect to all current and former participants under such Non-U.S. Benefit Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Non-U.S. Benefit Plan, and no Transaction shall cause such assets or insurance obligations to be less than such benefit obligations;

(iii) each Non-U.S. Benefit Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities and is approved by any applicable taxation authorities to the extent such approval is available. Each Non-U.S. Benefit Plan is now and always has been operated in compliance with all applicable non-United States Laws and the terms of the Non-U.S. Benefit Plan; and

(iv) no Non-U.S. Benefit Plan has unfunded liabilities that will not be offset by insurance or that are not fully accrued on the financial statements of the Company.

3.11 Labor and Employment Matters.

(a) A separate instrument provided by the Company to Parent on or prior to the execution of this Agreement identifies all employees of each of the Acquired Companies, and correctly reflects, in all material respects, the following: current salary and any other compensation payable to such employee, including compensation payable pursuant to bonus, deferred compensation or commission arrangements, overtime payment, full-time or part-time status, short-term or temporary basis, vacation entitlement and accrued vacation or paid time-off balance, travel pay or car maintenance or car entitlement, sick leave entitlement and accrual, and recuperation pay entitlement and accrual, pension entitlements and provident funds (including manager's insurance, pension fund, education fund and health fund), their respective contribution rates for each component (e.g., severance component, pension savings and disability insurance) and the salary basis for such contributions, severance entitlements (including whether such employee, to the extent employed in Israel, is subject to a Section 14 arrangement under the Severance Pay Law, and, to the extent such employee is subject to such a Section 14 arrangement), an indication of whether such arrangement has been applied to such person from the commencement date of their employment and on the basis of their entire salary including other compensation (e.g., commission), main work location, notice period entitlement, share options, if any, or rights, such employee's employer, date of employment and position; provided that, to the extent applicable privacy or data protection Laws would prohibit the disclosure of certain Personally Identifiable Information without the individual's consent, *Section 3.11(a) of the Company Disclosure Schedule* shall specify such legal prohibition and shall provide such information in de-identified form in compliance with applicable Laws. Other than as listed on *Section 3.11(a) of the Company Disclosure Schedule* and the respective employment Contracts, such employees are not entitled to additional material benefits. Other than in the ordinary course of business, no commitment, promise or undertaking has been made by any Acquired Company with respect to any change in the compensation payable to any such employee in the last 60 days.

(b) (i) There are no controversies pending or threatened between any of the Acquired Companies and any of their current or former employees or other service providers, which controversies, individually or in the aggregate, would have a Material Adverse Effect, (ii) to the knowledge of the Company, except as listed on *Section 3.11(b)(ii) of the Company Disclosure Schedule* (1) no employees of any of the Acquired Companies are represented by any labor union, labor organization, works council, or other representative body in connection with their employment by or service to Acquired Companies and (2) none of the Acquired Companies is a party to any collective bargaining agreement, works council agreement, work force agreement or labor union contract applicable to persons employed by any of the Acquired Companies, nor, to the knowledge of the Company, are there any activities or proceedings of any labor union to organize any such employees, (iii) to the knowledge of the Company, there are no grievances outstanding against any of the Acquired Companies under any such agreement or contract, and (iv) there is no and there was no strike, slowdown, work stoppage or lockout, or, to the knowledge of the Company, threat thereof, by or with respect to any employees of any of the Acquired Companies. No consent of any labor union is required to consummate the Transactions. There is no obligation to inform, consult or obtain consent whether in advance or otherwise of any works council, employee representatives or other representative bodies in order to consummate the Transactions. Except as disclosed in *Section 3.11(b) of the Company Disclosure Schedule*, none of the Acquired Companies is a member of any employer's organization. No collective industrial agreements, industrial awards, or expansion orders (including of the Israeli Ministry of Labor) are applicable to any of the Acquired Companies other than such orders that are generally applicable to all employers in such country and except as disclosed in *Section 3.11 (b) of the Company Disclosure Schedule*, and to the knowledge of the Company and except as listed in *Section 3.11(b) of the Company Disclosure Schedule*, there are no customs or customary practices regarding employees that could be deemed to be binding on any of the Acquired Companies.

(c) Except as listed in *Section 3.11(c) of the Company Disclosure Schedule*, each of the Acquired Companies is in material compliance with all material applicable Laws and Contracts relating to the employment of labor, employment practices, and terms and conditions of employment, including applicable wage, hour and rest, non-discrimination, immigration, health and safety and other Laws of any other jurisdiction in which any of the Acquired Companies has employed or employ any person. To the knowledge of the Company, there is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted or is now pending or threatened with respect to the Company. To the knowledge of the Company, there is no charge of discrimination in employment or employment practices, for any reason, including age, gender, race, religion, or other legally protected category, which has been asserted or is now pending or threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Authority in any jurisdiction in which any of the Acquired Companies has employed or employ any person.

(d) Notwithstanding and without limiting the foregoing clauses of this Section 3.11:

(i) Any Acquired Company's obligations to provide statutory severance pay (including to its Israeli Employees pursuant to the Severance Pay Law, 5723-1963) are fully funded (through insurance or otherwise), or a book reserve account has been established (in each case sufficient to procure or provide for the accrued benefit obligations in accordance with U.S. GAAP).

(ii) All amounts that any Acquired Company is legally or contractually required either (x) to deduct from its employees' salaries or to transfer to such employees' pension or provident, life insurance, incapacity insurance, continuing education fund or other similar funds or (y) to withhold from its employees' salaries and benefits and to pay to any Governmental Entity as required by applicable Law (including the Ordinance and National Insurance Law, [Combined Version], 5754-1995, the National Health Insurance Law, 5754-1994 or otherwise) have, in each case, been duly deducted, transferred, withheld and paid in all material respects.

(iii) No Acquired Company has engaged any employees whose employment would require special licenses or permits.

(iv) There are no material unwritten policies or customs of any Acquired Company which, by extension, could entitle employees to material benefits in addition to what they are entitled by Law or Contract (including, without limitation, unwritten customs concerning the payment of severance pay when it is not legally required, prior advance notice periods and accrued vacation days), other than those included in the Plans or in *Section 3.11(iv) of the Company Disclosure Schedule*.

(e) In its contracts with its independent contractors, consultants, sub-contractors or freelancers, the Company has included provisions reasonably designed to protect its rights against possible claims for reclassification of any of the aforementioned as employees of the Acquired Companies or for entitlement to rights of an employee vis-à-vis the Company, including rights to severance pay, vacation, recuperation pay ("*dmei havra'a*") and other employee-related statutory benefits.

(f) The Acquired Companies do not engage any personnel through manpower agencies, or services companies without authorized license from the Israeli Labor Ministry or any other authorized license required under applicable Laws.

(g) The Company has set ways to monitor that the Service Companies' employees receiving all of the payments applicable by any Law extension orders, or collective agreement.

3.12 Proxy Statement. The proxy statement to be sent to the shareholders of the Company in connection with the Company General Meeting (such proxy statement, as amended or supplemented and including any information incorporated therein by reference, being referred to herein as the "Proxy Statement"), shall, at the date the Proxy Statement (or any amendment or supplement thereto) is first mailed to shareholders of the Company and at the time of the Company General Meeting, not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, when taken into account with any subsequent modifying, amending and/or supplementing information furnished by the Company to its shareholders (including via broad, general public dissemination with respect to typographical errors or similar corrections). The Proxy Statement shall comply in all material respects as to form with the requirements (in each case to the extent applicable) of the Exchange Act, the Israeli Securities Law and the Israeli Companies Law, and the rules and regulations thereunder and with requirements of any applicable Law. Notwithstanding the foregoing, the Company makes no representation or warranty with respect to any information supplied by Parent or Merger Sub or any of their Representatives on their behalf in writing for inclusion in any of the foregoing documents.

3.13 Real Property and Leases.

(a) *Section 3.13(a) of the Company Disclosure Schedule* sets forth a complete and accurate list of all real property owned by any of the Acquired Companies as of the date of this Agreement ("Company-Owned Real Property"). Except as set forth in *Section 3.13(a) of the Company Disclosure Schedule*, the Acquired Companies have good and valid title in fee simple to all Company-Owned Real property, free and clear of all Liens, except (i) Liens for current Taxes, payments of which are not yet delinquent or are being disputed in good faith, and (ii) such imperfections in title and easements and encumbrances, if any, as are not substantial in character, amount or extent and do not materially impair the Acquired Companies' business operations (in the manner presently carried on by any of the Acquired Companies).

(b) *Section 3.13(b) of the Company Disclosure Schedule* sets forth a complete and accurate list of all real property leased, subleased or licensed by any of the Acquired Companies as of the date of this Agreement ("Company Leased Real Property") or other occupancy rights and each material amendment thereto (a "Lease Agreement"). All material Lease Agreements are valid, in full force and effect, and effective in accordance with their respective terms, and there exists no material default under any such lease by any of the Acquired Companies, nor any event which, with notice or lapse of time or both, would constitute a material default thereunder by any of the Acquired Companies. No Acquired Company has received any notice of a material default, alleged failure in any material respect to perform, or any material offset or counterclaim with respect to any such Lease Agreement, which has not been remedied in all material respects or otherwise withdrawn. Each Company Leased Real Property is in good operating condition and repair, subject to normal wear and tear.

(c) Except as disclosed in *Section 3.13(c) of the Company Disclosure Schedule*, the Company is not required to make any material improvements to any Company-Owned Real Property or any Company Leased Real Property (together, the "Company Properties"). Since January 1, 2010, none of the Company and the Company Subsidiaries has received written notice of any violations, Actions or judgments relating to material zoning, building use and occupancy, traffic, fire or earthquake codes, health, sanitation, air pollution, ecological, environmental or other material Law, against or with respect to the Company Properties.

3.14 Intellectual Property.

(a) *Section 3.14(a)(i) of the Company Disclosure Schedule* sets forth a complete and accurate list of all issued or pending Patents, registered Intellectual Property, and Intellectual Property for which registration is being sought, anywhere in the world, owned by any of the Acquired Companies ("Registered Company IP"). *Section 3.14(a)(ii) of the Company Disclosure Schedule* sets forth a complete and accurate list of all material unregistered Marks owned or used by any of the Acquired Companies anywhere in the world, identifying how each of those Marks is used. *Section 3.14(a)(iii) of the Company Disclosure Schedule* sets forth a complete and accurate list of all material Software Products (identifying that which is owned by any of the Acquired Companies). *Section 3.14(a)(iv) of the Company Disclosure Schedule* sets forth a complete and accurate list of all other Software that is Material Intellectual Property and is owned by any of the Acquired Companies. For purposes of this Section 3.14, Intellectual Property is deemed to be "owned" by a person if it has been exclusively licensed to that person; any Intellectual Property that is owned by any Acquired Company by virtue of an exclusive license is clearly identified in *Sections 3.14(a)(i)* through *3.14(a)(iii) of the Company Disclosure Schedule* as having been exclusively licensed.

(b) The Acquired Companies own, exclusively, all right, title, and interest in and to all Material Intellectual Property owned by them ("Material Company IP") free and clear of all Liens and, except as disclosed in *Section 3.14(b) of the Company Disclosure Schedule*, payment obligations of any kind. To the knowledge of the Company, the Material Company IP is valid, subsisting, and enforceable. None of the Acquired Companies is, and will not be as a result of consummation of the Transaction, restricted in any material respect from transferring, assigning, enforcing, licensing, or using or otherwise exploiting any Material Company IP. Except as disclosed in *Section 3.14(b) of the Company Disclosure Schedule*, all right, title, and interest in and to any and all Material Intellectual Property that was created or developed with respect to, is based on, arises or results from, or pertains to or is directed by any customer input or request provided or disclosed to or shared with any of the Acquired Companies for or in connection with the creation or development of any of the Software Products, or any collaboration between such customer and any of the Acquired Companies with respect to any of the Software Products or any aspects thereof, is owned exclusively by the Acquired Companies. Except as disclosed in *Section 3.14(b) of the Company Disclosure Schedule*, the Acquired Companies have not transferred ownership of, or granted any rights with respect to, any Material Intellectual Property arising or resulting from or directed or pertaining to any creations or developments made by or for any Acquired Company for any customer, or any result thereof, to such customer (i) for which the Acquired Companies do not have unrestricted rights to access, modify, use, and otherwise exploit such Intellectual Property ("Customer Transferred IP"), or (ii) that would permit such customer to grant rights under or with respect to such Intellectual Property to another person, which grant could reasonably be expected to have any material adverse impact on the Acquired Companies' business. None of the Acquired Companies incorporates or uses any Customer Transferred IP in any Software Products. None of the Acquired Companies is a party to, subject to, or bound by any Contract that gives any Third Party any option, right of first refusal or offer, or similar right with respect to the acquisition of, or license to or under, any Material Company IP.

(c) The Acquired Companies, directly or through counsel, have followed and complied with all Laws, procedures, and requirements associated with obtaining and maintaining the Registered Company IP (including the timely filing of all documents and timely payment of all required fees), other than those which have not resulted, or would not reasonably be expected to result, in the abandonment, lapse, cancellation, forfeiture, relinquishment, invalidation, unenforceability, or devaluation of such Registered Company IP which has a material value to the business of the Acquired Companies (taken as a whole). The Acquired Companies have taken commercially reasonable steps to protect and maintain all Material Company IP and have not taken, or failed to take, any action that would result in the abandonment, lapse, cancellation, forfeiture, relinquishment, invalidation, unenforceability, or devaluation of any of the Material Company IP, except where a business decision, in good faith, has been taken to do so.

(d) No Acquired Company has received any written notice that or, to the knowledge of the Company, is otherwise aware that any Material Company IP is the subject of any interference, reexamination, reissue, opposition, review, cancellation, or revocation proceeding. Except as disclosed in *Section 3.14(d) of the Company Disclosure Schedule*, no Material Company IP is the subject of any litigation, suit, claim, action, assessment, arbitration or proceeding, or, to the knowledge of the Company, any investigation, challenging that it is exclusively owned by an Acquired Company, challenging its validity or enforceability, or alleging that it has been misused. None of the Acquired Companies has received any claim or notice in writing alleging that any Material Company IP is not exclusively owned by an Acquired Company, is invalid or unenforceable, or has been misused.

(e) *Section 3.14(e) of the Company Disclosure Schedule* sets forth a complete and accurate list of all identifiable Material Intellectual Property not owned by any of the Acquired Companies (collectively, the "Third Party IP").

(f) Each of the Acquired Companies possesses and has sufficient rights with respect to all Material Intellectual Property, including Third Party IP (but subject, in the case of Third Party IP, to continued compliance by the Acquired Companies with its duties and obligations under the Contract through which it possesses and has rights to such Third Party IP), to conduct its business as presently conducted.

(g) As of the date of this Agreement, none of the Acquired Companies is a party to any Action alleging infringement, misappropriation, or any other violation of any Intellectual Property. Except as disclosed in *Section 3.14(g) of the Company Disclosure Schedule*, none of the Acquired Companies has received any written claim or notice alleging infringement, misappropriation, or any other violation of any Intellectual Property during the three (3) year period prior to the date hereof. None of the Acquired Companies has provided any written claim or notice alleging infringement, misappropriation, or any other violation of any Intellectual Property (including a claim that a license is required or that certain activity must be refrained from). None of the Acquired Companies is, to the knowledge of the Company, infringing, misappropriating or otherwise violating any Patents of any person, and none of the Acquired Companies is infringing, misappropriating or otherwise violating any other Intellectual Property (other than Patents) of any person. To the knowledge of the Company, no other person is or is allegedly infringing, misappropriating, or otherwise violating any of the Intellectual Property owned or purported to be owned by an Acquired Company, or has or has allegedly infringed, misappropriated, or otherwise violated any such Intellectual Property.

(h) Except as disclosed in *Section 3.14(h) of the Company Disclosure Schedule*, none of the Acquired Companies has in writing, or, to the knowledge of the Company, orally, accepted, or acknowledged the obligation to accept, from any other person the tender of any defense of, or any request or demand to indemnify for, any claim of infringement, misappropriation, or other violation of any Intellectual Property. No person has requested or demanded in writing, or, to the knowledge of the Company, orally, that any of the Acquired Companies accept the tender of any defense of, or indemnify for, any claim of infringement, misappropriation, or other violation of any Intellectual Property, which could reasonably be expected to result in any of the Acquired Companies having an obligation to accept such tender, request, or demand. For purposes of this Section 3.14(h), a contractual obligation containing a provision requiring the tender of such a defense or indemnification shall not constitute a tender, request, or demand of such defense or indemnification unless such a tender, request, or demand is actually made.

(i) The Acquired Companies have licensed and sublicensed, and do license and sublicense, Software, but the Acquired Companies have not sold, and do not sell, Software. None of the Intellectual Property of any Acquired Company is licensed to any person on an exclusive basis. Notwithstanding the foregoing, the Acquired Companies have, from time to time, developed certain customizations of and extensions to the Software Products that are owned exclusively by or licensed exclusively to the customers of the Acquired Companies for whom such customizations and extensions were developed; provided that no such customizations or extensions are material to the conduct of the business of the Acquired Companies, taken as a whole.

(j) Except as set forth in *Section 3.14(j) of the Company Disclosure Schedule*, no source code for any Software Product has been placed into escrow by or on behalf of any of the Acquired Companies. To the extent that any such source code has been placed into escrow, none of such source code has ever been released, nor is any such source code required to be released as of the date hereof or as a result of the consummation of the Transactions, pursuant to or in accordance with the terms of the associated escrow Contract by the escrow agent to any person other than one of the Acquired Companies or the owner of such source. To the knowledge of the Company, none of such source code has ever been released or provided by the escrow agent to any person other than one of the Acquired Companies or the owner of such source code.

(k) None of the Acquired Companies has used, combined, incorporated, or embedded any Open Source Software or any derivatives thereof with or into, nor otherwise used any Open Source Software in connection with or in the development of, any Acquired Company's Software Products or any other Software (including Software Products not owned by any of the Acquired Companies) which any Acquired Company licenses, distributes, or otherwise makes available to any person, in each case in a manner that would require (i) that any portion of any such Software Products or other Software, or any other of any Acquired Company's Intellectual Property, be (1) disclosed or distributed in source code form, (2) licensed, including with a permission to make derivative works, or (3) redistributable at no or minimal charge or only for noncommercial purposes, or (ii) that any of the Acquired Companies' source code or other Trade Secrets be disclosed, to any person. The Acquired Companies have established, implemented, and enforced a commercially reasonable policy that is designed to identify Open Source Software used by or for the Acquired Companies and to minimize risks associated with use of Open Source Software.

(l) Each of the Acquired Companies has taken commercially reasonable measures to protect and maintain the confidentiality and value of all source code, and other Trade Secrets included in the Material Intellectual Property. Except as disclosed in *Section 3.14(l) of the Company Disclosure Schedule*, none of the Acquired Companies has licensed or sublicensed any source code to any other person. Except as disclosed in *Section 3.14(l) of the Company Disclosure Schedule*, no source code or other Trade Secrets included in the Material Intellectual Property have been disclosed by any of the Acquired Companies to, or to the knowledge of the Company disclosed by any person to, or used by, any third party, except pursuant to valid and binding confidentiality obligations requiring such third party to keep such source code and other Trade Secrets confidential and use restrictions requiring such third party to use such source code and Trade Secrets solely for permitted purposes, and to the knowledge of the Company no such obligations and restrictions have been breached.

(m) It is the policy of each of the Acquired Companies, and each of the Acquired Companies is and has been in material compliance with such policy, that (i) each current and former employee, consultant, and contractor of any of the Acquired Companies irrevocably assign or otherwise transfer to one of the Acquired Companies all ownership and other rights of any nature whatsoever (to the maximum extent permitted by Law) of such employee, consultant, and contractor in any Intellectual Property arising or resulting from or directed or pertaining to any activities in which such employee, consultant, and contractor was engaged during his or her employment with, or otherwise for or on behalf of, any of the Acquired Companies, or any results thereof, and (ii) each current and former employee, consultant, and contractor of any of the Acquired Companies that has had access to Trade Secrets or other confidential information (including source code) of any of the Acquired Companies or of any other person provided to any of the Acquired Companies to enter into a confidentiality agreement with one of the Acquired Companies which contains obligations to protect and maintain the confidentiality of such Trade Secrets and other confidential information and to use them for permitted purposes only. Except as set forth in *Section 3.14(m)(i) of the Company Disclosure Schedule*, all employees, consultants, and contractors that have been engaged in the conception, creation, reduction to practice, or development of any Material Intellectual Property for or on behalf of any of the Acquired Companies, or have had access to Trade Secrets or other confidential information (including source code) of any of the Acquired Companies or of any other person provided to any of the Acquired Companies, have executed an agreement of the type described in clauses (i) and (ii) above, respectively. Except as set forth in *Section 3.14(m)(ii) of the Company Disclosure Schedule*, all amounts payable by any Acquired Company to any person involved in the conception, creation, reduction to practice, or development of any Material Company IP have been paid in full (except those still outstanding in the ordinary course of business pursuant to agreed upon contractual terms and permissible under all applicable Laws), and, except as set forth in *Section 3.14(m)(i) of the Company Disclosure Schedule*, all employees of the Acquired Companies have expressly and irrevocably waived any right or claim to receive additional compensation for such Intellectual Property or specifically on account of its enforcement, license, use or other exploitation.

(n) The IT Assets operate and perform in all material respects in accordance with their respective warranty documentation and otherwise as required by the Acquired Companies in connection with their business. In the past three (3) years, there has been no failure or breakdown of any material IT Assets that has resulted in a material disruption or material interruption in the operation of the business of any Acquired Company. Each of the Acquired Companies has implemented reasonable backup and disaster recover technology and programs consistent with industry practices and Contracts to which it is a party.

(o) Except as disclosed in *Section 3.14(o) of the Company Disclosure Schedule*, neither this Agreement nor the consummation of the Transactions will, directly or indirectly, result in any of the Acquired Companies (i) providing, granting or otherwise conveying, or being required to provide, grant or otherwise convey, to any person any right with respect to any Material Intellectual Property, (ii) being obligated to pay any royalties or other material amounts, or provide any discounts, to any person other than those, or in excess of those, payable or required in the absence of this Agreement or the consummation of the Transactions, or (iii) being obligated or required to release or disclose to any person any source code or other Trade Secrets included in Material Company IP. None of the Acquired Companies will lose any of its rights under, to, or with respect to (including to use or otherwise exploit) any of the Third Party IP that is material to the conduct of the businesses of the Acquired Companies, taken as a whole, as a result of, nor will any such rights be adversely affected by, consummation of the Transaction.

(p) *Section 3.14(p)(i) of the Company Disclosure Schedule* lists all Intellectual Property of the Acquired Companies (i) arising or resulting from, or incorporating, directly or indirectly, any creation or development funded or paid for by, any OCS funding or (ii) subject to any OCS Laws or regulations (collectively, "OCS IP"). *Section 3.14(p)(ii) of the Company Disclosure Schedule* lists all Software Products and other products of the Acquired Companies, including those currently in the marketplace and those under development, that constitute or are, directly or indirectly, based on, derived from, incorporate, or use any OCS IP ("OCS Products"), and no other Software Products or other products of the Acquired Companies are, directly or indirectly, based on, derived from, incorporate, use, or constitute, any OCS IP. *Section 3.14(p)(iii) of the Company Disclosure Schedule* identifies each funding grant any Acquired Company obtained from OCS ("Funding Grant"), the amount of each Funding Grant, which OCS IP and OCS Products are associated with each Funding Grant, which OCS Products it is paying royalties with respect to each Funding Grant, the amount of royalties or other amounts each Acquired Company is still required to pay OCS with respect to each Funding Grant and the applicable OCS Products as of the date hereof and the Effective Time, and any other material undertakings and obligations associated with each Funding Grant. All amounts to be provided pursuant to the Funding Grants listed in *Section 3.14(p)(iii) of the Company Disclosure Schedule* have been received by the applicable Acquired Company, and, to the knowledge of the Company, there are no events or other circumstances which could reasonably be expected to lead to the revocation or material modification of any of the Funding Grants. There are no pending applications for any OCS funding or grants. Except as specified in *Section 3.14(p)(iv) of the Company Disclosure Schedule* and except as provided under applicable Law, neither OCS nor any other Governmental Authority has any ownership or license rights in or to any of the OCS IP, nor can OCS or any such Governmental Authority limit or restrict in any way any Acquired Company from transferring, assigning, enforcing, licensing, selling, or using or otherwise exploiting any OCS IP owned by any Acquired Company, or any OCS Product. Each Acquired Company is in compliance, in all material respects, with the terms and conditions of all Funding Grants and has duly fulfilled, in all material respects, all the undertakings and obligations thereunder or required thereby.

3.15 Taxes.

(a) Except as set forth in *Section 3.15(a) of the Company Disclosure Schedule*, all material Tax Returns that are required to be filed by or with respect to the Company and each Company Subsidiary have been filed or will be filed in a timely manner (with applicable extension periods), and such Tax Returns are true, accurate and complete in all material respects. All Taxes shown to be due on such Tax Returns have been timely paid in full or will be timely paid in full by the due date thereof, any deficiencies resulting from examinations of such Tax Returns have either been paid or are being contested in good faith, and no extensions or waivers of statutes of limitation have been given by or requested with respect to any Taxes of the Acquired Companies. The Company has made available to Parent copies of all Tax Returns, Tax opinions and legal memoranda, audit reports, letter rulings and similar documents for the Acquired Companies for the past three (3) years, including any Tax ruling obtained from any Israel Tax Authority. No power of attorney granted by the Company or any of the Company Subsidiaries with respect to any Taxes is currently in force.

(b) The Acquired Companies have complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes and have duly and timely withheld and have paid over to the appropriate Governmental Authorities all material amounts required to be so withheld and paid over on or prior to the due date thereof under all applicable Laws.

(c) Neither the Company nor any Company Subsidiary has received notice of any claim made by a Governmental Authority in a jurisdiction in which the Company or any Company Subsidiary does not file Tax Returns that the Company or a Company Subsidiary may be required to file Tax Returns or to pay Taxes to that jurisdiction.

(d) No federal, state, local or foreign audits, examinations or other administrative proceedings have been commenced and, are currently pending or, to the knowledge of the Company, have been otherwise threatened (in writing or otherwise) with regard to any Tax Returns with respect to Taxes of any Acquired Company.

(e) There is no material Tax Lien (other than for current Taxes not yet due and payable) against the assets of any of the Acquired Companies.

(f) The Transactions (including the Merger) will not result in the payment or series of payments by the Company or any of the Company Subsidiaries to any person of an "excess parachute payment" within the meaning of Section 280G of the Code, or any similar payment, which is not deductible for federal, state, local, or foreign Tax purposes. Additionally, there is no contract to which the Company or any of the Company Subsidiaries is a party, or by which it is bound, which, individually or collectively, (i) could give rise to the payment of any amount that would not be deductible pursuant to Section 162(m) or Section 280G of the Code, (ii) is subject to Section 409A of the Code, or (iii) could require the Company, the Company Subsidiaries or Parent or its subsidiaries to gross up a payment to any employee of the Company or any of the Company Subsidiaries for Tax related payments or cause a penalty Tax under Section 409A of the Code.

(g) The accruals and reserves for Taxes reflected on the Balance Sheet, are adequate in all material respects to cover all Taxes accruable through such date (including interest and penalties, if any, thereon) and any reserve for deferred Taxes to reflect timing differences between book and Tax items or carryforwards for all Tax periods and portions thereof, in each case in accordance with U.S. GAAP.

(h) Except as set forth in *Section 3.15(h) of the Company Disclosure Schedule*, none of the Acquired Companies has been included in any "consolidated," "unitary" or "combined" Tax Return (other than Tax Returns which include only the Acquired Companies) provided for under the Laws of the United States, any foreign jurisdiction or any state or locality with respect to Taxes for any taxable year and no Acquired Company has any obligation to contribute to the payment of any Tax of any person other than any Acquired Company under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as transferee, successor, by contract or otherwise.

(i) None of the Company or any of the Company Subsidiaries has received any notice of deficiency or assessment from any Governmental Authority for any amount of Tax that has not been fully settled or satisfied.

(j) None of the Company or any of the Company Subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for Tax-free treatment under Section 355 of the Code in the two (2) years prior to the date of this Agreement (or will constitute such a corporation in the two (2) years prior to the Closing Date) or which otherwise constitutes part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Merger.

(k) None of the Acquired Companies is, or has been at any time, a United States Real Property Holding Corporation ("U.S.RPHC") within the meaning of Section 897 of the Code and was not a U.S.RPHC on any "determination date" (as defined in § 897-2(c) of the Treasury Regulations promulgated under the Code) that occurred after January 1, 2008.

(l) None of the Acquired Companies has agreed or is required to include in income any adjustment under either Section 481(a) or Section 482 of the Code (or an analogous provision of state, local, or foreign Tax Law) by reason of a change in accounting method or otherwise.

(m) None of the Company nor any Company Subsidiary has engaged in a transaction that is listed or otherwise reportable, within the meaning of Section 6011 of the Code and the Treasury Regulations promulgated thereunder.

(n) The Company is an "Industrial Company" for purposes of the Israeli Income Tax Order (exemption from Capital Gains Tax on the Sale of Shares) 1981.

(o) None of the Acquired Companies is subject to any restrictions or limitations pursuant to Part E2 of the Israeli Tax Ordinance or pursuant to any Tax ruling made with reference to the provisions of Part E2 of the Israeli Tax Ordinance.

(p) Each of the Acquired Companies is Tax resident only in the country in which it is incorporated. None of the Acquired Companies (except for the Company and the Company Subsidiaries incorporated in Israel) is managed and controlled from Israel. None of the Acquired Companies has elected, under Section 897(i) of the Code, to be taxed as a United States domestic corporation. No Acquired Company is or was a "surrogate foreign corporation" within the meaning of Section 7874(a)(2)(B) of the Code or is treated as a U.S. corporation under Section 7874(b) of the Code or was created or organized in the United States such that such entity would be taxable in the United States as a domestic entity pursuant to Treasury Regulations Section 301.7701-5(a).

(q) None of the Acquired Companies has received notice of, or any claim made by, a Governmental Authority that it has or has had a permanent or fixed establishment, branch, residence or other taxable presence, as defined in any applicable Tax treaty or Law, in any country outside its country of formation.

(r) Any related party transactions subject to Section 85A of the Israeli Tax Ordinance conducted by each of the Acquired Companies have been on an arm's length basis in accordance with Section 85A of the Israeli Tax Ordinance.

(s) In relation to goods and services Tax or value added or other similar Tax, each of the Acquired Companies (i) has been duly registered and is a taxable person, (ii) has complied, in all material respects, with all statutory requirements, orders, provisions, directives or conditions, (iii) has not been required by the relevant authorities of customs and excise to give security, (iv) has collected and timely remitted to the relevant Taxing Authority all output value added Tax which it was required to collect and remit under any applicable Law, and (v) has not received a refund for input-value added Tax for which it is not entitled under any applicable Law.

(t) Other than the Company's election regarding the Section 102 capital gains track, the Company has not made, prepared or filed any elections, designations or similar filings relating to Taxes or entered into any Contract in respect of Taxes or Tax Returns that has effect for any period ending after the Effective Time.

(u) None of the Acquired Companies has (a) ever been a party to any Tax sharing, indemnification or allocation agreement, nor does any of the Acquired Companies owe any amount pursuant to such an agreement, and (b) ever been a party to any joint venture, partnership or other agreement that could be treated as a partnership for Tax purposes.

(v) The Acquired Companies are in compliance in all material respects with all applicable transfer pricing Laws and regulations. The prices for any property or services (or for the use of any property) provided by or to any of the Acquired Companies are arm's length prices for purposes of all applicable transfer pricing Laws, including Treasury Regulations promulgated under Section 482 of the Code and Section 85A of the Israeli Tax Ordinance.

(w) *Section 3.15(w) of the Company Disclosure Schedule* includes all *Beneficial Enterprise* filings and/or *Approved Enterprise* approvals of the Company under the Israel Law for the Encouragement of Capital Investment, 1959.

3.16 Environmental Matters. Each of the Acquired Companies is and has been in compliance with all applicable Environmental Laws, except for such non-compliance that has not, and would not reasonably be expected to, constitute a Material Adverse Effect. None of the properties currently or formerly owned, leased or operated by any of the Acquired Companies (including soils and surface and ground waters) are contaminated with any Hazardous Substance, except such contaminations that have not, and would not be expected to constitute, a Material Adverse Effect. No Acquired Company has received any written notice that it is liable for any contamination by Hazardous Substances at any site containing Hazardous Substances generated, transported, stored, treated or disposed by the Company. Each of the Acquired Companies is in compliance with all permits, licenses and other authorizations required under any Environmental Law, except for such non-compliance that has not, and would not reasonably be expected to, constitute a Material Adverse Effect. The Company has provided to Parent all material assessments, reports, data, results of investigations or audits, and other information that is in the possession of or reasonably available to the Acquired Companies pertaining to environmental matters or the compliance (or noncompliance) by the Acquired Companies with any Environmental Laws.

3.17 Material Contracts.

(a) Subsections (i) through (xvi) of *Section 3.17(a) of the Company Disclosure Schedule* contain lists of the following respective types of contracts and agreements to which any of the Acquired Companies is a party (such contracts, agreements and arrangements as are required to be set forth in *Section 3.17(a) of the Company Disclosure Schedule* being the "Company Material Contracts"):

(i) any Contract (1) limiting in any material respect either the type of business in which any Acquired Company (or, after the Effective Time, Parent or its subsidiaries) may engage or the manner or locations in which any of them may so engage in any business, (2) providing for "most favored nations" terms, including for pricing terms, (3) containing exclusivity obligations or restrictions or otherwise prohibiting or limiting the freedom or right of any Acquired Company (or, after the Effective Time, Parent or its subsidiaries) to sell, license, distribute, market, commercialize, or manufacture any Software, or other products or services or to purchase or otherwise obtain any IT Assets, or to use and otherwise exploit any material Intellectual Property or other tangible or intangible property or assets, in any such case, in a manner that would be material to the Company and the Company Subsidiaries, taken as a whole, (4) that would obligate any of the Acquired Companies to make any material payment in connection with the Transactions, or (5) that are terminable by the other party thereto upon a change of control of any Acquired Company and which involve anticipated expenditures or receipts by any Acquired Company of more than $1,500,000 in any twelve (12) month period;

(ii) any Contract that has been or would be required to be filed by the Company as a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC);

(iii) any Contract that (1) is reasonably likely to involve consideration of more than $1,500,000, in the aggregate, during the calendar year ending December 31, 2012, or (2) is reasonably likely to involve consideration of more than $5,000,000, in the aggregate, over the remaining term of such Contract, and which, in either case, cannot be canceled by the Company or any Company Subsidiary without penalty or further payment and without more than 90 days' notice;

(iv) any Contract relating to the employment of, or the performance of services by, any director, officer, or Key Employee and any Contract pursuant to which any of the Acquired Companies is or may become obligated to make any severance, termination or relocation payment or any other payment or payments (other than payments in respect of salary) exceeding $200,000 in the aggregate to any current or former director, officer, employee or consultant;

(v) any Contract that relates to the formation, creation, operation, management or control of any joint venture, joint ownership, revenue sharing, strategic alliance, partnership, collaboration, limited liability company, or similar arrangement that is material to the Company and the Company Subsid iaries, taken as a whole, or pursuant to which the Company or any of the Company Subsidiaries has an obligation (contingent or otherwise) to make a material investment in or material extension of credit to any person;

(vi) any Contract (including any "take-or-pay" or keepwell agreement) under which (1) any person (other than any Acquired Company) has directly or indirectly guaranteed any material liabilities or obligations of any Acquired Company, or (2) any Acquired Company has directly or indirectly guaranteed any material liabilities or obligations of any other person (other than any Acquired Company), in each case of clauses (1) and (2), other than endorsements for the purpose of collection in the ordinary course of business;

(vii) any mortgages, indentures, guarantees, loans or credit agreements, security agreement or other Contracts relating to the borrowing of money or extension of credit, in each case in excess of $1,000,000 other than (1) accounts receivables and payables, and (2) loans to or guarantees for direct or indirect wholly owned Company Subsidiaries, in each case in the ordinary course of business consistent with past practice;

(viii) any IP Contract;

(ix) any Contract with any Governmental Authority or relating to any Governmental Grant or Funding Grant;

(x) any Contract or Plan, including any stock option plan, stock appreciation right plan or stock purchase plan, any of the benefits of which will be materially increased, or the vesting of benefits of which will be accelerated, by the consummation of the Transactions or the value of any such benefits will be calculated on the basis of any of the Transactions (other than conversion mechanics for stock options in accordance with Section 2.7 that are tied to the Per Share Amount);

(xi) any Contract with any of the top ten (10) suppliers (based on current fiscal year expenditures) of goods (including Software) or services to the Acquired Companies (each, a "Material Supplier"), and with any of the top twenty (20) customers (based on current fiscal year revenues) of the Acquired Companies (on a consolidated basis) (each, a "Material Customer");

(xii) any distributor, dealer, manufacturer's representative, franchise, value added, remarketer, reseller, agency, sales promotion, market research, marketing, consulting, or advertising Contract that is material to Acquired Companies (on a consolidated basis);

(xiii) any lease of personal or real property which involves anticipated expenditures by any Acquired Company of more than $100,000 in any twelve (12) month period;

(xiv) any Contract with any shareholder or affiliate of any Acquired Company, other than an employment agreement, and any other Contract granting any person any rights to exercise control over any Acquired Company, or the capital stock of any Acquired Company; and

(xv) any Contract (1) relating to the disposition or acquisition (directly or indirectly) by any Acquired Company of a material amount of assets or properties other than in the ordinary course of business consistent with past practice, (2) pursuant to which any Acquired Company will or may acquire any material interest in any other person or other business enterprise other than the Company Subsidiaries, or (3) for the acquisition or disposition of any business containing any profit-sharing arrangements or "earn-out" arrangements, indemnification obligations or other contingent payment obligations.

(b) Except for matters which, individually or in the aggregate, have not had and would not reasonably be expected to constitute a Material Adverse Effect, (i) each Company Material Contract is a legal, valid and binding agreement and is in full force and effect, (ii) the Acquired Company party to such Company Material Contract has performed all obligations required to be performed by it under the Company Material Contract, and it is not (with or without notice or lapse of time, or both) in breach or default thereunder and (iii) none of the Company Material Contracts has been canceled by the other party. To the knowledge of the Company, no other party to a Company Material Contract is in material breach or violation thereof, or in material default thereunder. None of the Acquired Companies have received any claim of material default under any Company Material Contract. Except as set forth in *Section 3.17(b) of the Company Disclosure Schedule*, (x) neither the execution of this Agreement nor the consummation of any Transaction shall constitute a default, or give rise to cancellation rights under, any Company Material Contract, and (y) following the Effective Time, the Surviving Company will be permitted to exercise all of its rights and subject to all obligations under the Company Material Contracts pursuant to the same terms and conditions as would apply to the Company had the transactions contemplated by this Agreement not occurred. The Company has furnished or made available to Parent true and complete copies, in all material respects, of all Company Material Contracts, including any amendments thereto.

3.18 Insurance.

(a) As of the date hereof, each of the Acquired Companies is, and continually since the later of January 1, 2010 and the date of acquisition by the Company has been, insured by insurers reasonably believed by the Company to be of recognized financial responsibility and solvency, against such losses and risks and in such amounts as are customary in the businesses in which they are engaged.

(b) With respect to each such insurance policy: (i) the policy is legal, valid, binding and enforceable in accordance with its terms and, except for policies that have expired under their terms in the ordinary course, is in full force and effect, (ii) no Acquired Company is in material breach or default (including any such breach or default with respect to the payment of premiums or the giving of notice), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification, under the policy except for such breaches and defaults that have not constituted, and would not reasonably be expected to constitute, a Material Adverse Effect, and (iii) to the knowledge of the Company, no insurer on the policy has been declared insolvent or placed in receivership, conservatorship or liquidation.

(c) At no time subsequent to January 1, 2010, has any Acquired Company (i) been denied any insurance or indemnity bond coverage which it has requested, or (ii) received notice from any of its insurance carriers that any insurance premiums currently in effect with respect to its existing insurance policies will be subject to increase in an amount materially disproportionate to the amount of the increases in the amount of coverage with respect thereto or that any current insurance coverage will not be available in the future, other than as a result of the Transactions, substantially on the same terms as are now in effect. Except as disclosed in *Section 3.18(c) of the Company Disclosure Schedule*, there is no pending material claim by any of the Acquired Companies under any insurance policy.

3.19 Title to Assets. Except as disclosed in *Section 3.19 of the Company Disclosure Schedule*, the Acquired Companies (a) own, and have good title to, each of the tangible assets reflected as owned by the Acquired Companies on the 2011 Audited Balance Sheet (except for tangible assets sold or disposed of since that date in the ordinary course of business) free and clear of any Liens and (b) have sufficient title to all their properties and assets necessary to conduct their respective businesses as currently conducted, (i) except in clause (a), for (X) statutory Liens for current Taxes not yet due or payable or for future Taxes or other governmental or regulatory assessments which are not delinquent, or which are contested in good faith by the appropriate procedures and for which appropriate reserves are maintained, (Y) inchoate mechanics,' carriers,' workers,' repairers,' and other similar Liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of any Acquired Company or are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained, or (Z) security interests on any property held or acquired by any Acquired Company in the ordinary course of business securing indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that such Lien attaches solely to the property acquired with such indebtedness and that the principal amount of such indebtedness does not exceed one hundred percent (100%) of the cost of such property, and (ii) except in clause (b), for defects in title that have not constituted, and would not reasonably be expected to constitute, a Material Adverse Effect or as set forth in *Section 3.19 of the Company Disclosure Schedule*.

3.20 Governmental Grants. *Section 3.20 of the Company Disclosure Schedule* identifies each Governmental Grant that has been or is provided to any Acquired Company and details of all material undertakings associated with such Governmental Grants. Each Acquired Company is in compliance, in all material respects, with the terms, conditions, requirements and criteria of all Governmental Grants. To the knowledge of the Company, no event has occurred, and no circumstance or condition exists, that will adversely affect the ability of any Acquired Company to continue to enjoy and retain the benefits associated with its beneficial enterprise status and/or approved enterprise for the remaining duration thereof under the Israeli Law for the Encouragement of Capital Investment, 1950. Other than Funding Grants as specified in *Section 3.14(p)(iii) of the Company Disclosure Schedule* and Governmental Grants as specified in *Section 3.20 of the Company Disclosure Schedule*, there are no other funding or other resources from any Governmental Authority or university, college, or other educational institution or research center, or any other person, other than an Acquired Company, was used to fund the creation or development of, any creations, developments, or the results thereof arising or resulting in, or any activities or the results thereof giving rise to or resulting in any of the Intellectual Property of the Acquired Companies, and no such person has any ownership, license, or other rights in or to (including to use or otherwise exploit) any Material Company IP or any other Intellectual Property owned by, or created or developed by or for or arising or resulting from any creations or developments made by or for any Acquired Company or any results thereof.

3.21 Brokers. Except as specified in *Section 3.21 of the Company Disclosure Schedule*, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of any Acquired Company.

3.22 Vote Required; Takeover Laws. The affirmative vote on the adoption of this Agreement of the holders of a majority of the Company Shares outstanding on the record date for the meeting of shareholders of Company described in Section 6.5 (the "Required Shareholder Vote") is the only vote of the holders of any class or series of Company's capital stock necessary to adopt this Agreement or approve the Transactions. No "fair price," "moratorium," "control share acquisition," or other anti-takeover statute or regulation of any Governmental Authority is applicable to the Company or the Transactions.

3.23 Suppliers and Customers. Since January 1, 2010, there has not been any material adverse change in the business relationship of the Acquired Companies with any Material Customer or Material Supplier or any change or development that is reasonably likely to give rise to any such material adverse change, and none of the Acquired Companies has received any written or oral communication or notice from any such customer or supplier to the effect that, or otherwise has knowledge that, any such customer or supplier (a) has changed, modified, amended or reduced, or is reasonably likely to change, modify, amend or reduce, in any material respect, its business relationship with the Acquired Companies, or (b) will fail to perform, or is reasonably likely to fail to perform, in any material respect its obligations under any Contract with any of the Acquired Companies.

3.24 Certain Business Practices. Since January 1, 2008, none of the Acquired Companies nor any director, officer or employee of any of the Acquired Companies or any agent or other third party acting on behalf of any Acquired Company, has (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful payments relating to political activity, (b) made any unlawful payment to any foreign or domestic government official or employee or to any foreign or domestic political party or campaign or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act of 2010 or any other anti-corruption or anti-bribery Law applicable to the Acquired Companies (whether by virtue of its jurisdiction of organization or the conduct of this business), (c) made any payoff, influence payment, rebate, kickback or other unlawful payment to any person, or (d) agreed, committed, offered or attempted to take any of the actions described in clauses (a), (b) or (c) of this sentence.

3.25 Affiliate and Interested Party Transactions. Except as set forth in *Section 3.25 of the Company Disclosure Schedule*, there are no existing Contracts, transactions, indebtedness or other arrangements, or any related series thereof, between an Acquired Company, on the one hand, and a Related Party or other affiliates of any Acquired Company, on the other hand. All Material Contracts currently in effect: (a) with a person other than a Related Party (or a person who, to the knowledge of the Company, is an affiliate thereof) have been negotiated and entered into on an arm's-length basis, and (b) with any Related Party, or with a person who, to the knowledge of the Company, is an affiliate thereof, were approved, if required pursuant to the terms of the Israeli Companies Law, in accordance with the procedures of the Israeli Companies Law relating to approval of transactions with interested parties.

3.26 Encryption and Other Restricted Technology; Export Compliance. Except as set forth in *Section 3.26 of the Company Disclosure Schedule*, the business of the Acquired Companies as currently conducted does not involve the use or development of, or engagement in, or export or re-export of encryption technology, or, to the knowledge of the Company, other technology whose development, commercialization, export, or re-export is restricted under the Laws of the United States or the State of Israel or any other country, and to conduct its business as currently conducted, none of the Acquired Companies is or has been under any obligation to obtain any approvals from the U.S. Bureau of Industry and Security or any licenses from the Israeli Ministry of Defense or any authorized body thereof pursuant to Section 2(a) of the Control of Products and Services Declaration (Engagement in Encryption), 5734-974, as amended, or other Laws of any country regulating the development, commercialization, or export of technology. The Acquired Companies have conducted their export transactions in material compliance with all material applicable provisions of United States export control Laws and regulations, including the Export Administration Act and implementing Export Administration Regulations.

3.27 Restrictions on Business Activities. Except for restrictions, if any, prescribed by the OCS and the Laws and letters of approvals related thereto or set forth pursuant to a Contract listed in *Section 3.17(a)(i) of the Company Disclosure Schedule*, there is no Contract, judgment, injunction, order, or decree to which any Acquired Company is a party or otherwise binding upon any Acquired Company which 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 Acquired Company, any acquisition or disposition of material property (tangible or intangible) by any Acquired Company, the conduct of business by any Acquired Company, as currently conducted, or otherwise limiting in a material respect the freedom of any Acquired Company to engage in any line of business or to compete with any person.

3.28 Product Claims. Other than warranty claims for individual Software Products in the ordinary course of business, and except as disclosed in *Section 3.28 of the Company Disclosure Schedule*, none of the Acquired Companies has received notice of any claim or complaint, from any person, or indicating an intention on the part of any person to bring any claim or complaint, and no claim or complaint has been made by any person or is otherwise pending before any Governmental Authority, with respect to any Software Products (including with respect to any delay, defect, deficiency, or quality) or with respect to the breach of any Contract under which such Software Products have been licensed, supplied, made available, or otherwise provided. Each Software Product has been and is in substantial conformity with all applicable contractual commitments, warranties, and specifications, and with all applicable Laws and does not contain any disabling codes or virus, or material bugs or defects that cannot reasonably be corrected in the ordinary course of business.

3.29 Privacy; Data Protection; PCI Compliance. Each of the Acquired Companies has, to the knowledge of the Company, complied in all material respects with all applicable Laws relating to privacy, data protection, and data security, including with respect to the privacy of users of their Software Products and the Acquired Companies' services and websites, and the Processing of Personally Identifiable Information. The Acquired Companies maintain a corporate policy which implements and monitors effective and commercially reasonable administrative, technical, and physical safeguards designed to protect Personally Identifiable Information against loss, damage, and unauthorized access, use, modification, or other misuse. Each Acquired Company is in compliance with (a) all Contracts to which any Acquired Company is subject with respect to the Processing of Personally Identifiable Information, (b) the Payment Card Industry Data Security Standard, and (c) to the knowledge of the Company, all other customary industry standards governing the protection or security of Personally Identifiable Information, except in each case of (a) through (c), such non-compliance that has not resulted in, or would not reasonably be expected to result in, a material liability to the Company or material disruption of the business or operations of any Acquired Company. Since January 1, 2010, (i) there has been no material loss, damage, or unauthorized or accidental access, acquisition, use, disclosure or breach of security of Personally Identifiable Information maintained by or on behalf of any of the Acquired Companies, nor any material complaints or claims asserted by any person (including any Governmental Authority) regarding the Processing of Personally Identifiable Information by any of the Acquired Companies, and (ii) there has been no material Action by any person that any Software Product or service of any Acquired Company was the or a contributing cause of or facilitated any breach or compromise of security of Personally Identifiable Information maintained by any other person, nor a material Action by any person that any of the Acquired Companies was otherwise liable for such breach or compromise. Each of the Acquired Companies has made all necessary disclosures to, and obtained any necessary consents from, users, customers, employees, contractors, and other applicable persons required by applicable Laws related to privacy and data security and have filed any required registrations with the applicable data protection authority, in each case to the extent that failure to take such action has a material effect on the Acquired Companies.

3.30 Annual Operating Plan. The Company has delivered to Parent true and correct copies of the Annual Operating Plan for 2012 (including all amendments and changes thereto) (the "Annual Operating Plan"). There have been no material changes or amendments to the Annual Operating Plan that have not been provided or delivered to Parent.

3.31 No Other Representations or Warranties. Except for the representations and warranties contained in this Article 3, each of Parent and Merger Sub acknowledges that none of the Acquired Companies or any other Person makes any other express or implied representation or warranty in connection with the Transactions.

4. REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby, jointly and severally, represent and warrant to the Company that:

4.1 Corporate Organization. Each of Parent and Merger Sub is a company duly organized and validly existing under the Laws of its jurisdiction of organization and has the requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized or existing or to have such power and authority would not, individually or in the aggregate, prevent or materially delay consummation of the Transactions or otherwise prevent Parent and Merger Sub from performing any of their material obligations under this Agreement.

4.2 Authority Relative to This Agreement. Each of Parent and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the Transactions. The execution, delivery, and performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize this Agreement or to consummate the Transactions (other than, with respect to the Merger, the filing and recordation of appropriate merger documents as required by Israeli Companies Law). This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and, assuming due authorization, execution, and delivery by the Company, constitutes a legal, valid, and binding obligation of each of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, except that (a) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally, and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

4.3 No Conflict; Required Filings and Consents.

(a) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of this Agreement by Parent and Merger Sub will not, (i) conflict with or violate the certificate of incorporation, by-laws, and other charter and organizational documents of either Parent or Merger Sub, (ii) assuming that all consents, approvals, authorizations and other actions described in Section 4.3(b) have been obtained and all filings and obligations described in Section 4.3(b) have been made**,** conflict with or violate any Law applicable to Parent or Merger Sub or by which any property or asset of either of them is bound or affected, or (iii) result in any breach of, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any rights of termination, amendment, acceleration, or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Parent or Merger Sub pursuant to any material Contract to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any property or asset of either of them is bound or affected, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults, or other occurrences which, individually or in the aggregate, would not prevent or materially delay consummation of the Transactions or otherwise prevent Parent and Merger Sub from performing any of their material obligations under this Agreement.

(b) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of this Agreement by Parent and Merger Sub will not, require any consent, approval, authorization, or permit of, or filing with, or notification to, any Governmental Authority, except (i) for applicable requirements, if any, of (1) the Exchange Act and Blue Sky Laws, (2) FINRA or the rules and regulations of the NYSE, and (3) HSR Act and equivalent requirements in Israel regarding antitrust or competition matters, (ii) the filings with the ISA under the Israeli Securities Law as may be required in connection with this Agreement, the Merger, and the other Transactions, (iii) the filing of appropriate merger documents as required by applicable Law, (iv) making the OCS Notification and providing the OCS Undertaking to the OCS, and (v) such filings and consents that may be required solely by reason of the Company's (as opposed to any third party's) participation in the Transactions, and (vi) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, individually or in the aggregate, would not prevent or materially delay consummation of the Transactions or otherwise prevent Parent or Merger Sub from performing their material obligations under this Agreement.

4.4 Financing. Parent has available on the date of this Agreement, and at the Effective Time, Parent will have available (or Parent will cause one or more of its affiliates to make available), the funds necessary to consummate the Transactions and to pay all fees and expenses in connection therewith.

4.5 Absence of Litigation. There is no Action pending or, to the knowledge of Parent or Merger Sub, threatened against Parent, any subsidiary of Parent, or any property or asset of Parent or any subsidiary of Parent, before any Governmental Authority that would materially delay or prevent the consummation of any Transaction or otherwise prevent Parent or Merger Sub from performing their material obligations under this Agreement. Neither Parent nor any subsidiary of Parent nor any property or asset of Parent or any subsidiary of Parent is subject to any continuing order of, consent decree, settlement agreement, or similar written agreement with any Governmental Authority, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority that would prevent or materially delay consummation of the Merger or otherwise prevent Parent or Merger Sub from performing their material obligations under this Agreement.

4.6 Information Supplied by Parent and Merger Sub. None of the information supplied by Parent or Merger Sub or any of their Representatives on their behalf in writing for inclusion in the Proxy Statement (including for incorporation by reference) or any other required filings with the ISA, TASE, FINRA, and NASDAQ shall, on the date the Proxy Statement is first mailed to the holders of Company Shares, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, when taken into account with any subsequent modifying, amending, and/or supplementing information furnished by Parent or Merger Sub to the Company and its shareholders (including via broad, general public dissemination with respect to typographical errors or similar corrections).

4.7 Merger Sub. All of the outstanding capital stock of Merger Sub is owned directly or indirectly by Parent. Merger Sub was formed solely for the purpose of consummating the Merger and the other transactions contemplated by this Agreement and has engaged in no business other than in connection with the foregoing.

4.8 Vote Required. No vote of the holders of any of the outstanding shares of capital stock of Parent is necessary to approve this Agreement and the Transactions.

4.9 Brokers. No broker, finder, or investment banker (other than JP Morgan whose fees and expenses will be paid by Parent) is entitled to any brokerage, finder's, or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Parent or Merger Sub.

5. CONDUCT OF BUSINESS PENDING THE MERGER

5.1 Conduct of Business by the Company Pending the Merger. Between the date of this Agreement and the earlier of the Effective Time and the termination of this Agreement in accordance with Section 8.1, except as consented to by Parent in writing (such consent not to be unreasonably withheld, delayed, or conditioned), (i) the Company shall, and shall cause the Company Subsidiaries to, conduct the businesses of the Company and the Company Subsidiaries only in the ordinary course of business and in a manner consistent in all material respects with past practice and in compliance in all material respects with all applicable Laws; (ii) the Company shall use its commercially reasonable efforts to preserve substantially intact the business organization of the Company and the Company Subsidiaries, to keep available the services of the current officers, employees, and consultants of the Company and the Company Subsidiaries and to preserve the current relationships of the Company and the Company Subsidiaries with customers, suppliers, distributors, licensors, licensees, and other persons with which the Company or any of the Company Subsidiaries has significant business relations; and (iii) the Company shall not, and shall cause the Company Subsidiaries not to, take any action which would adversely affect or is reasonably likely to delay in any material respect the ability of either Parent or the Company to obtain any necessary approvals of any regulatory agency or other Governmental Authority required for the transactions contemplated hereby, provided that an action with respect to the matters specifically listed in Section 5.1(a) to (t) will not constitute a breach of this Section 5.1(i) to (iii) if it complies with the requirements set out therein. Except as stated in the immediately preceding sentence, without limiting the generality of the foregoing, no Acquired Company shall, between the date of this Agreement and the earlier of the Effective Time and the termination of this Agreement in accordance with Section 8.1, directly or indirectly, do, or agree to do, any of the following without the prior written consent (such consent not to be unreasonably withheld, delayed, or conditioned) of Parent:

(a) (i) amend or otherwise change the Company Charter Documents or equivalent organizational documents, (ii) split, combine, subdivide, or reclassify the outstanding Company Securities, (iii) declare, set aside, or pay any dividend or distribution payable in cash, stock or property in respect of any of the Company Securities, (iv) enter into, amend, or modify any shareholder rights agreement, rights plan, "poison pill," or other similar agreement or instrument, (v) repurchase, redeem, or otherwise acquire any shares of the Company Securities (except pursuant to the forfeiture of Company Options, the acquisition by the Company of Company Shares in settlement of the exercise price of a Company Option or Tax withholding obligations of holders of Company Options, or otherwise pursuant to any Contract in effect as of the date of this Agreement), or (vi) issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize or agree to the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any Company Securities (other than the issuance of shares by a wholly owned Company Subsidiary to the Company or another of the wholly owned Company Subsidiaries and the issuance of Company Shares upon exercise of Company Options and Company Warrants);

(b) (i) acquire any corporation, partnership, limited liability company, other business organization, or any division thereof, whether by merger, consolidation, purchase of stock or assets, exclusive license or otherwise, or (ii) enter into or commit to enter into any joint venture, partnership, joint ownership strategic alliance, or similar relationship;

(c) adopt a plan of complete or partial liquidation, dissolution, or recapitalization, or merge or consolidate with any other person (other than any such transaction exclusively among wholly owned Company Subsidiaries), or form any subsidiary of any of the Acquired Companies;

(d) incur, prepay, repurchase, assume, or materially modify any indebtedness for borrowed money or guarantee any indebtedness of another person, make any loans, advances, or capital contributions to or investments in any person, or issue or sell any debt securities or warrants or other rights to acquire any of its debt securities, except for (i) interest rate swaps on customary commercial terms consistent with past practice and in compliance with the Company's risk management policies in effect on the date of this Agreement, (ii) loans, advances, or capital contributions to or investments in any Company Subsidiary, (iii) accounts receivable due from a customer of any Acquired Company accrued in the ordinary course of business, or (iv) loans of not more than $10,000 per employee in respect of the advance payment of travel expenses;

(e) (i) acquire or license any material amount of assets, or (ii) make or commit to any capital expenditures materially in excess of the amounts contemplated for capital expenditures by the Annual Operating Plan, in respect of 2012, and by the Adjusted Annual Operating Plan (as defined below), in respect of 2013. The term of "Adjusted Annual Operating Plan" refers to the amounts set forth in the Annual Operating Plan, increased by 17%, and including the amounts, not to exceed $3,000,000, expected to be expended in connection with the occupation of the Yevulim Building (as previously disclosed to Parent);

(f) transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon, or allow to lapse or expire or otherwise dispose of any of the material assets, Intellectual Property, product lines, or businesses of any Acquired Company, other than (i) pursuant to Contracts in effect as of, and disclosed to Parent prior to, the date of this Agreement, or (ii) in connection with the license of Software Products or the distribution, sale or license of other products or services, in each case in the ordinary course of business consistent with past practice;

(g) except as required by Law, (i) make, revoke, or change any material Tax election, take any material position on any material Tax Return filed on or after the date of this Agreement or adopt any material method of Tax accounting or Tax accounting period therefor that is inconsistent with elections made, positions taken, or methods used in preparing or filing similar Tax Returns in prior periods, (ii) settle or resolve any material Tax controversy, (iii) surrender any right to claim a material refund of Taxes, or (iv) consent to any extension or waiver of the limitation period applicable to any material Tax claim, audit, or assessment relating to any Acquired Company;

(h) except as required pursuant to Contracts in effect as of the date of this Agreement, or as otherwise required by this Agreement or applicable Law or binding customary practice in respect of the release by the Acquired Companies of severance funds to resigning employees: (i) grant or provide any severance or termination payments or benefits to any of its directors, officers, or employees, (ii) increase the compensation, bonus or pension, welfare, severance, or other benefits of, or pay any bonus to, any of its directors, officers, or employees (other than in connection with new hires and, with respect to employees who are not directors or officers or do not hold a Vice President position, compensation adjustments and payment of accrued bonuses, in each case in the ordinary course of business and consistent with past practices), (iii) establish, adopt, amend, or terminate any Plan or amend the terms of any outstanding equity-based awards, (iv) take any action to accelerate the vesting or payment, fund, or in any other way secure the payment of compensation or benefits under any Plan, to the extent not already provided in any such Plan, except for such actions as are required in order to implement the Transactions and as otherwise set out in this Agreement, (v) change any actuarial or other assumptions used to calculate funding obligations with respect to any Plan or change the manner in which contributions to such Plan are made or the basis on which such contributions are determined, except as may be required by U.S. GAAP, (vi) forgive any loans to any of its directors, officers or employees, (vii) announce, implement, or effect any reduction in labor force, layoff, early retirement program, severance program, or other program or effort concerning the termination of employment of its employees, other than routine employee terminations consistent with past practices, (viii) adopt or enter into any collective bargaining agreement, works council agreement, or other labor union Contract applicable to its employees, or (ix) hire or engage any new executives in leadership positions or executives who directly report to the Company's Chief Executive Officer;

(i) settle any Action in any forum or any dispute, or any administrative or other proceedings before or threatened to be brought before a Governmental Authority, including any claims of shareholders and any shareholder litigation relating to this Agreement or any Transaction or otherwise, other than settlements solely for monetary compensation and/or the provision of its services and/or products with an aggregate value of less than $1,000,000;

(j) fail to keep in force any material insurance policy or replacement or revised provisions providing insurance coverage with respect to its assets, operations, and activities as are currently in effect;

(k) except in the ordinary course of business consistent with past practice, (i) enter into any Contract that would constitute a Company Material Contract, (ii) modify or amend in any material respect any Company Material Contract, (iii) terminate any Company Material Contract, or (iv) waive, release, or assign any material rights or claims under any Company Material Contract;

(l) enter into any Contract that limits in any material respect either the type of business in which an Acquired Company (or, after the Effective Time, Parent or its subsidiaries) may engage or the manner or locations in which it may so engage in any business, or would require any Acquired Company to deal exclusively with a person or related group of persons;

(m) enter into a new line of business that represents a category of revenue that is not discussed in Item 4 of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2011;

(n) make any material change with respect to accounting policies or procedures, except as required by changes in U.S. GAAP or by Law;

(o) apply for any Governmental Grant or Funding Grant;

(p) enter into, engage in, or amend any transaction or Contract with any interested parties (*Ba'alay Inyan*) as such term is defined in the Israeli Companies Law except for transactions permitted under clause (h) of this Section 5.1, or as is otherwise required of any Acquired Company pursuant to this Agreement;

(q) except as otherwise expressly permitted in this Agreement, take any action that would reasonably be expected to result in any of the conditions set forth in Article 7 not being satisfied or intended to prevent, delay, or materially impair the ability of the Company to consummate any Transaction;

(r) customize the source code of any Software Product for any customer or other Third Party for which customization of the Intellectual Property rights associated therewith is not retained by any Acquired Company, except that the foregoing shall not prevent the Acquired Companies from developing certain customizations of and extensions to the Software Products that are owned exclusively by or licensed exclusively to the customers of the Acquired Companies for whom such customizations and extensions were developed; provided that no such customizations or extensions are material to the conduct of the business of the Acquired Companies, taken as a whole;

(s) (i) convene any annual or special meeting of the shareholders of the Company (or any adjournment or postponement thereof) for the adoption of any action, or (ii) the Company's taking or failure to take any action the result of which is to allow any other matter to come before such meeting, that in either case of (i) or (ii) would be in violation of any term or condition set forth in this Agreement that is applicable to any Acquired Company; or

(t) announce an intention, enter into any formal or informal agreement, or otherwise make a commitment, to do any of the actions described in the foregoing Section 5.1(a) through (s).

6. ADDITIONAL AGREEMENTS

6.1 Access to Information; Confidentiality.

(a) From the date hereof until the earlier of: (i) the Effective Time or (ii) the termination of this Agreement in accordance with its terms, except: (x) as prohibited by applicable Law, (y) where such access would, or could reasonably be expected to, cause an Acquired Company to breach confidentiality obligations to which it is subject, or (z) where such access would, or could reasonably be expected to, cause an Acquired Company to waive any attorney-client privilege in any document (it being understood that in the case of the foregoing clauses (x) through (z), the parties shall each use commercially reasonable efforts to cause the maximum amount of such information or make appropriate substitute disclosure arrangements to be provided, each in a manner that does not result in any breach or waiver), the Company shall, and shall cause the Company Subsidiaries and the officers, directors, employees, auditors, and agents of the Company and the Company Subsidiaries to, afford the officers, employees, and other Representatives of Parent and Merger Sub complete access during normal business hours and upon reasonable notice to the officers, employees, agents, properties, assets, offices, plants and other facilities, and books and records of the Company and each Company Subsidiary and shall furnish Parent and Merger Sub with such financial, operating, and other data and information as Parent or Merger Sub, through their officers, employees, or agents, may reasonably request.

(b) All information obtained by Parent or Merger Sub pursuant to this Section 6.1 shall be kept confidential in accordance with the mutual nondisclosure agreement, dated October 11, 2012 (the "Confidentiality Agreement"), between Parent and the Company.

(c) No information or knowledge received or obtained pursuant to this Section 6.1 shall affect or be deemed to modify any representation or warranty in this Agreement of any party or any condition to the obligations of any of the parties.

6.2 No Solicitation.

(a) The Company shall not, and shall cause the Company Subsidiaries and the Company's and the Company Subsidiaries' respective Representatives not to, directly or indirectly:

(i) solicit, initiate, encourage, or take any action to knowingly facilitate the submission of, or any inquiries with respect to, any Acquisition Proposal by a Third Party,

(ii) participate in any discussions or negotiations with a Third Party or such Third Party's Representatives regarding, or furnish to any Third Party or Third Party's Representative, any information or data with respect to, or otherwise cooperate in any way with respect to, or assist or participate in, any Acquisition Proposal or any potential Acquisition Proposal,

(iii) enter into any letter of intent, memorandum of understanding, acquisition agreement or other agreement, arrangement, or understanding that contemplates an Acquisition Proposal by such Third Party or requiring the Company to terminate, abandon, or fail to consummate the Transactions, or

(iv) approve, adopt, endorse, or recommend to its shareholders or any other person any Acquisition Proposal;

provided, however, that

prior to the Merger being approved by the Required Shareholder Vote, the Company and its Representatives, in connection with any bona fide written Acquisition Proposal received by the Company or any of its Representatives without any material violation of clause (i) above, may furnish information and data to a Third Party or such Third Party's Representatives and take any other action referred to in clause (ii) above, if:

(A) the Company Board determines in good faith, after consultation with outside legal counsel, that failing to take such action would result in a breach by the Company Board of its fiduciary duties to the Company and its shareholders under applicable Law,

(B) the Company Board determines in good faith that the Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal,

(C) at least forty-eight (48) hours prior to initially furnishing or otherwise disclosing any such information or data or initiating or participating in any such negotiations or discussions with such Third Party or such Third Party's Representatives, the Company gives Parent written notice of such Acquisition Proposal, including a copy thereof and the identity of such Third Party, and of the Company's intention to furnish information or data to or to engage in negotiations or discussions with such Third Party or such Third Party's Representatives, and

(D) prior to providing any information or data to such Third Party or Third Party's Representatives, the Company enters into a confidentiality agreement on terms no less favorable to the Company than those contained in the Confidentiality Agreement and which shall not contain restrictions that would prevent the Company from complying with its disclosure obligations in this Section 6.2.

In addition, prior to or contemporaneously with providing any information or data (whether initially or pursuant to subsequent deliveries of information or data) to such Third Party or such Third Party's Representatives, the Company shall furnish or otherwise make available to Parent such information or data that have not been previously furnished or otherwise made available to Parent, if any. After receipt of any Acquisition Proposal, request, or inquiry by the Company, it shall promptly (and in any event within twenty-four (24) hours or, if such time is not on a Business Day, then on the next Business Day) keep Parent informed in all material respects of the status and details (including the material terms of the Acquisition Proposal and material amendments or proposed material amendments) of any such Acquisition Proposal, request, or inquiry. Unless previously provided pursuant to section (C) above, the Company shall provide Parent with forty-eight (48) hours prior notice (or such lesser prior notice as is provided to the members of the Company Board) of any meeting of the Company Board at which the Company Board is expected to consider any Acquisition Proposal or any such inquiry or to consider providing information to any person or group in connection with an Acquisition Proposal or related inquiry.

(b) Neither the Company Board nor any committee thereof shall:

(i) withdraw, modify, amend, or qualify, in any manner adverse to Parent or Merger Sub, the approval or recommendation by the Company Board or any committee thereof of this Agreement, the Merger, or any other Transaction (the "Company Board Recommendation"), or make any public statement inconsistent with the Company Board Recommendation (any of the foregoing, a "Change in Recommendation"),

(ii) fail to recommend against acceptance of a publicly announced tender or exchange offer that constitutes an Acquisition Proposal within ten (10) Business Days after the earlier of the commencement of such offer and the Company's receipt of a written request from Parent to recommend against acceptance of such offer, or

(iii) fail to reconfirm the Company Board Recommendation within ten (10) Business Days after the Company receives a written request from Parent to do so;

unless, in the case of clause (i), clause (ii), or clause (iii) of this sentence, the Company Board has received a Superior Proposal not in violation of Section 6.2(a), or there is another event that was neither known to nor reasonably foreseeable by any member of the Company Board, assuming consultation with the executive officers of the Company, as of or prior to the date of this Agreement, and did not result from or arise out of the announcement or pendency of the Merger, any action required to be taken (or to be refrained from being taken) pursuant to this Agreement, or the receipt of an Acquisition Proposal, the occurrence of which event has a material adverse effect on the Company Board's ability to recommend the consummation of the Merger without breaching its fiduciary duties to the Company and its shareholders under applicable Law (such event, an "Intervening Event"), and the Company Board, prior to the Company General Meeting, determines in good faith (after consultation with outside legal counsel and, in respect of the Intervening Event, after consulting with a financial advisor of nationally recognized reputation) that in light of the receipt of such Superior Proposal or the occurrence of the Intervening Event, failure to do so (i.e., that failing to make a Change in Recommendation, that recommending against acceptance of a tender or exchange offer in the circumstances described in clause (ii) of this sentence, or that reconfirming the Company Board Recommendation in the circumstances described in clause (iii) of this sentence) would result in a breach by the Company Board of its fiduciary duties to the Company and its shareholders in accordance with applicable Law.

(c) Neither the Company Board nor any committee thereof shall approve or recommend any Acquisition Proposal by a Third Party or cause or permit the Company to take any action contemplated by Section 6.2(a)(iii). Notwithstanding the foregoing, prior to the commencement of the Company General Meeting (which commencement shall not be deemed to have occurred if such general meeting is postponed or adjourned in accordance with Section 6.5), the Company Board and the Company may, in response to a written Acquisition Proposal received by the Company and subject to compliance with the terms of Section 6.2(a) in connection with such Acquisition Proposal (or any related Acquisition Proposal), take any of the actions described in the first sentence of this Section 6.2(c) (each a "Specified Action") if, and only if:

(i) the Company Board shall have determined in good faith (after consultation with outside legal counsel) that failing to take such Specified Action would result in a breach by the Company Board of its fiduciary duties to the Company and its shareholders under applicable Law;

(ii) the Company Board shall have determined that such Acquisition Proposal constitutes a Superior Proposal (a "Designated Superior Proposal");

(iii) the Company Board shall have provided written notice to Parent that it intends to take a Specified Action in response to such Designated Superior Proposal (a "Notice of Designated Superior Proposal"), which notice shall attach the most current form or draft of any written agreement providing for the transaction contemplated by such Designated Superior Proposal; and

(iv) Parent shall not have made, during the period commencing upon its receipt of such Notice of Designated Superior Proposal and ending five (5) Business Days thereafter (the "Matching Period"), an offer or proposal that the Company Board determines in good faith, after consultation with a financial advisor of nationally recognized reputation, is at least as favorable, from a financial point of view, to the shareholders of the Company as such Designated Superior Proposal.

During the Matching Period, the Company and its Representatives shall meet with Parent and negotiate in good faith with respect to any revisions to this Agreement Parent may propose. The Company shall deliver to Parent a new Notice of Designated Superior Proposal with respect to (1) each material revision or material modification to a Designated Superior Proposal that was the subject of a previous Notice of Designated Superior Proposal where such revision or modification is adverse to the Company or its shareholder, and (2) each other material revision or material modification to a Designated Superior Proposal that was the subject of a previous Notice of Designated Superior Proposal where such revision or modification is made during a Matching Period, and a new Matching Period of three (3) Business Days shall commence for purposes of this Section 6.2(c) under either of the circumstances described in clauses (1) and (2) above at the time Parent receives the new Notice of Designated Superior Proposal. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be entitled to take a Specified Action (excluding any non-binding letter of intent or memorandum of understanding) unless (A) any and all such Matching Periods have expired, (B) this Agreement has been, or concurrently is, terminated by its terms pursuant to Section 8.1(i) and (C) the Company has paid, or concurrently with the taking of a Specified Action, pays by wire transfer of immediately available funds, the Fee due to Parent pursuant to Section 8.3.

(d) The Company immediately shall on the date hereof, and shall cause its Representatives immediately to, cease and cause to be terminated any discussions or negotiations with any Third Parties (other than Parent and its Representatives) that may be ongoing with respect to any Acquisition Proposal, and shall immediately request the return of all confidential information regarding the Company provided to any such party prior to the date of this Agreement.

(e) Nothing contained in this Section 6.2 shall prohibit the Company from taking and disclosing to its shareholder a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act; provided that neither the Company nor the Company Board nor any committee thereof shall, except as permitted by Sections 6.2(b) and 6.2(c), withdraw or modify, or propose publicly to withdraw or modify, its position with respect to this Agreement, the Transactions or approve or recommend or enter into, or propose publicly to approve or recommend or enter into, any Acquisition Proposal, including a Superior Proposal.

(f) Unless such actions are taken in connection with a termination of this Agreement in accordance with Section 8.1(g) or 8.1(i), the Company shall not release any Third Party in connection with an Acquisition Proposal from, or waive any provision of, and shall take such steps to enforce as are requested by Parent, any confidentiality or standstill agreement entered into by the Company and such Third Party.

(g) Without limiting the generality of the foregoing, Parent, Merger Sub and the Company acknowledge and hereby agree that any material violation of the restrictions set forth in Section 6.2(a) by any Representative of the Company shall be deemed to be a breach of Section 6.2(a) by the Company. The Company shall notify its Representatives of the restrictions under Section 6.2(a) promptly (and in any event within one (1) Business Day) after the date hereof.

6.3 Merger Proposal. Subject to the Israeli Companies Law, as soon as practicable after the execution and delivery of this Agreement, (a) each of the Company and Merger Sub shall cause a merger proposal (in the Hebrew language) in a form to be agreed between the Company and Parent (the "Merger Proposal") to be executed in accordance with Section 316 of the Israeli Companies Law, (b) the Company shall call the Company General Meeting no later than the third (3rd) Business Day after the date of this Agreement as set forth in Section 6.5, it being understood that the sole shareholder of Merger Sub has approved the Merger contemporaneously with the execution of this Agreement, and (c) within three (3) days from the date of notice of the Company General Meeting, each of the Company and Merger Sub shall deliver and file the Merger Proposal with the Companies Registrar in accordance with Section 317(a) of the Israeli Companies Law. Each of the Company and Merger Sub shall cause a copy of the Merger Proposal to be delivered to each of their secured creditors, if any, no later than three (3) days after the date on which the Merger Proposal is delivered to the Companies Registrar, and shall promptly inform its nonsecured creditors, if any, of the Merger Proposal and its contents in accordance with Section 318 of the Israeli Companies Law and the regulations promulgated thereunder. Subject to the Israeli Companies Law, promptly after the Company and Merger Sub shall have complied with the preceding sentence, but in any event no more than three (3) Business Days following the date on which such notice was sent to the creditors, the Company and Merger Sub shall inform the Companies Registrar, in accordance with Section 317(b) of the Israeli Companies Law, that notice was given to their respective creditors pursuant to Section 318 of the Israeli Companies Law and the regulations promulgated thereunder. In addition to the above, each of the Company and, if applicable, Merger Sub, shall (i) publish a notice to its creditors, stating that a Merger Proposal was submitted to the Companies Registrar and that the creditors may review the Merger Proposal at the office of the Companies Registrar, the Company's registered offices, or Merger Sub's registered offices, as applicable, and at such other locations as the Company or Merger Sub, as applicable, may determine, in (1) two daily Hebrew newspapers circulated in Israel, on the day that the Merger Proposal is submitted to the Companies Registrar, (2) one newspaper circulated in New York City, New York, no later than three (3) Business Days following the day on which the Merger Proposal was submitted to the Companies Registrar, and (3) in such other manner as may be required by applicable Laws, (ii) within four (4) Business Days from the date of submitting the Merger Proposal to the Companies Registrar, send a notice by registered mail to all of the "*Substantial Creditors*" (as such term is defined in the regulations promulgated under the Israeli Companies Law) of which the Company or Merger Sub, as applicable, is aware, in which it shall state that a Merger Proposal was submitted to the Companies Registrar and that the creditors may review the Merger Proposal at such additional locations, if such locations were determined in the notice referred to in subsection (i) above, and (iii) display in a prominent place at the Company's premises a copy of the notice published in a daily Hebrew newspaper (as referred to in subsection (i)(1) above), no later than three (3) Business Days following the day on which the Merger Proposal was submitted to the Companies Registrar.

6.4 Proxy Statement. As promptly as practicable after the date of this Agreement, and in any event within eight (8) Business Days after the date hereof, the Company shall prepare the Proxy Statement and cause all required filings relating thereto to be filed with the ISA, TASE, and NASDAQ. The Company shall use all reasonable efforts (i) to cause the Proxy Statement to comply with all applicable Laws, and (ii) to respond promptly to any comments of the TASE or its staff and any comments of the ISA or its staff. The Company shall provide Parent and its outside legal counsel a reasonable opportunity to review and comment on the Proxy Statement and any material related to the Company General Meeting (and any adjustment thereof), in each case, each time before either such document (or any amendment thereto) is filed with the ISA or published, and shall include in such document or response any comments reasonably proposed by Parent and its legal counsel, provided that the ultimate discretion whether or not to include any such comments shall remain with the Company. If any event relating to the Acquired Companies occurs, or if the Company becomes aware of any information, that should be disclosed in a supplement to the Proxy Statement, then the Company shall promptly inform Parent thereof and shall promptly file such supplement with the ISA and, if appropriate, promptly mail such supplement to the shareholders of the Company. Parent and Merger Sub shall use their commercially reasonable efforts to assist and cooperate with the Company in the preparation and filing of the Proxy Statement and all other required filings with the ISA, TASE, and NASDAQ.

6.5 Company General Meeting.

(a) The Company, no later than the third (3rd) Business Day after the date of this Agreement, shall establish a record date for, duly call, give notice of, take all action necessary under all applicable Law, and convene and hold a special meeting of its shareholders for the purpose of voting on the proposal to approve the Merger (the "Company General Meeting"). Subject to the notice requirements of the Israeli Companies Law and the Company Charter Documents, the Company General Meeting shall be held (on a date selected by the Company in consultation with Parent) within no less than thirty-five (35) days after delivery of the notice calling for the Company General Meeting but in any event no later than forty-five (45) days after the date of this Agreement. The Company shall ensure that all proxies solicited in connection with the Company General Meeting are solicited in compliance with all applicable Law and shall otherwise comply with all Law applicable to such meeting. The Company shall not permit the adjournment or postponement of the Company General Meeting without the prior written consent of Parent, unless otherwise ordered by an Israeli Governing Authority or required pursuant to applicable Law or the Company's organizational documents; provided, however, that if Parent so requests, the Company shall adjourn or postpone the Company General Meeting for a period of up to forty-five (45) days. Prior to the termination of this Agreement in accordance with its terms, the Company shall use its commercially reasonable efforts to obtain the Required Shareholders Vote, provided that the obligations to use commercially reasonable efforts does not derogate in any way from the rights of the Company under Section 6.2. In the event that Parent, or any person referred to in Section 320(c) of the Israeli Companies Law in connection with Parent, shall cast any votes with respect to this Agreement, the Merger, or the other Transactions, Parent shall, prior to such vote, disclose to the Company the respective interests of Parent or such person in such shares so voted.

(b) Subject to Section 6.2, the Proxy Statement shall include a statement to the effect that the Company Board recommends that the Company's shareholders vote to approve the Merger at the Company General Meeting (the recommendation of the Company Board that the Company's shareholders vote to approve the Merger being referred to as the "Company Board Recommendation") and a fairness opinion obtained by the Company Board in connection with the approval by the Company Board of the Transactions. Subject to Section 6.2, the Company Board Recommendation shall not be withdrawn or modified in a manner adverse to Parent, and no resolution by the board of directors of the Company or any committee thereof to withdraw or modify the Company Board Recommendation in a manner adverse to Parent shall be adopted or proposed.

(c) Prior to the termination of this Agreement in accordance with its terms, the Company's obligation to call, give notice of, and hold the Company General Meeting in accordance with Section 6.5(a) shall not be limited or otherwise affected by the commencement, disclosure, announcement, or submission of any Acquisition Proposal; provided that, notwithstanding the foregoing, the Company shall have no obligation to hold the Company General Meeting after the Company Board has taken a Specified Action and until the expiration of the last Matching Period.

(d) Immediately after the approval of the Merger by the Company's shareholders at the Company General Meeting, the Company shall (in accordance with Section 317(b) of the Israeli Companies Law) inform the Companies Registrar of the decision of the Company General Meeting with respect to the Merger.

6.6 Employee Benefits Matters.

(a) During the period from the Closing Date until December 31, 2013, Parent shall or shall cause its subsidiaries to, provide to each person who is employed by any of the Acquired Companies immediately prior to the Effective Time and remains in the employment of the Surviving Company and its subsidiaries immediately after the Effective Time (the "Retained Employees") with compensation (including base salary, incentive and bonus opportunities, and equity-based compensation) and employee benefits that are substantially comparable in the aggregate to those employee benefit plans provided by the Acquired Companies to the Retained Employees immediately prior to the Effective Time.

(b) With respect to each Retained Employee, Parent shall credit or cause its subsidiaries to credit, the period of employment and service recognized by the Acquired Companies or any of their subsidiaries immediately prior to the Closing Date for the purposes of eligibility and vesting under all employee benefit plans, programs, policies, or similar arrangements of Parent and its subsidiaries in which the Retained Employee is eligible to participate. Parent shall waive, or shall cause its subsidiaries to waive, any restrictions and limitations for pre-existing medical conditions of those Retained Employees or their dependents eligible to participate in a group health plan maintained by Parent or its subsidiaries, subject to insurance coverage requirements under the applicable group health plans. In addition, Parent shall credit, or shall cause its subsidiaries to credit, each Retained Employee for any co-payments and deductibles paid under the group health plan maintained by Acquired Companies prior to the Closing Date in satisfying any deductible or out of pocket requirements under the group health plan maintained by the Parent or any of its subsidiaries for the plan year in which the Closing Date occurs.

(c) Notwithstanding anything to the contrary set forth in this Agreement, nothing in this Agreement shall be construed as requiring the Surviving Company or any of its subsidiaries to employ any Retained Employee for any length of time following the Closing Date. Subject to the limitations and requirements specifically set forth in this Section 6.6 and in applicable Law, nothing in this Agreement, express or implied, shall be construed to prevent the Surviving Company or any of its subsidiaries from (i) terminating, or modifying the terms of employment of, any Retained Employee following the Closing Date, or (ii) terminating or modifying to any extent any Company employee benefit plan, Merger Sub employee benefit plan, or any other employee benefit plan, program, agreement, or arrangement that the Surviving Company or any of its subsidiaries may establish or maintain. No covenant or other undertaking in this Agreement shall constitute an amendment to any employee benefit plan, program, policy, or arrangement, and any covenant or undertaking that suggests that an employee benefit plan, program, policy or arrangement will be amended shall be effective only upon the adoption of a written amendment in accordance with the amendment procedures of such plan, program, policy, or arrangement.

6.7 Directors' and Officers' Indemnification and Insurance.

(a) Parent agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company (each, an "Indemnified Person") acting in such capacities as provided in their respective certificates of the Company Charter Documents and any indemnification or other agreements of the Company as in effect on the date of this Agreement (to the extent that copies have been made available to Parent prior to the date of this Agreement) shall be assumed by the Surviving Company in the Merger, without further action, at the Effective Time, and shall survive the Merger and shall continue in full force and effect in accordance with their terms; provided, that such obligations shall be subject to any limitation imposed from time to time under applicable Law.

(b) For seven (7) years after the Effective Time, the Surviving Company shall maintain in effect any existing officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Indemnified Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date of this Agreement; provided, however, that, in satisfying its obligation under this Section 6.7(b), the Surviving Company shall not be obligated to pay an aggregate premium in excess of 250% of the amount per annum the Company paid in its last full fiscal year, which amount the Company has disclosed to Parent prior to the date of this Agreement. Notwithstanding the foregoing, at any time Parent or the Surviving Company may, and if so directed by Parent prior to the Effective Time the Company shall, purchase a ''tail'' directors' and officers' liability insurance policy, covering the same persons and providing the same terms with respect to coverage and amount as aforesaid, and which by its terms shall provide coverage until the seventh annual anniversary of the Effective Time, and upon the purchase of such insurance Parent's and the Surviving Company's obligations pursuant to the first sentence of this Section 6.7(b) shall cease.

(c) The rights of each Indemnified Person under this Section 6.7 shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Person.

6.8 Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) the Company or Parent, as the case may be, becoming aware that any representation or warranty made by it in this Agreement is untrue or inaccurate in any material respect, (b) the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which reasonably could be expected to cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect, (c) any failure of the Company, Parent or Merger Sub, as the case may be, to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder, (d) any notice or other communication from any person alleging that the consent of such person is required in connection with any of the Transactions, and (e) any change to the number of Company Shares issued and outstanding as set forth in Section 3.3(a) which results from anything other than actions specifically permitted by this Agreement (including the exercise of Company Options); provided, however, that the delivery of any notice pursuant to this Section 6.8 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

6.9 Litigation. Each of the parties shall promptly notify the other parties of any action, suit, proceeding, or investigation that shall be instituted or threatened against a party to restrain, prohibit, or otherwise challenge the legality of any Transaction. Each of the parties shall promptly notify the others of any action, suit, proceeding, or investigation that may be threatened or asserted in writing, brought, or commenced against the Company, any of the Company Subsidiaries, Merger Sub, or Parent, as the case may be, that would have been listed in *Section 3.9 of the Company Disclosure Schedule* or *Section 4.5 of the Parent Disclosure Schedule*, as the case may be, if such action, suit, proceeding, or investigation had arisen prior to the date hereof. The Company shall give Parent the opportunity to participate at Parent's expense in the defense or settlement of any shareholder litigation against Company and its directors relating to the Merger and the transactions contemplated by this Agreement. The Company agrees that it shall not settle or make an offer to settle any litigation commenced against the Company or any director by any shareholder relating to this Agreement or the Merger or any other Transaction, without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned, or delayed).

6.10 Consents and Approvals.

(a) The parties shall cooperate with each other and use their commercially reasonable efforts to promptly (i) prepare and file all necessary documentation, (ii) effect all applications, notices, petitions, and filings (including, to the extent necessary, any notification required by the HSR Act and any Israeli antitrust Laws, as more specifically addressed in Section 6.11), and (iii) obtain all permits, consents, approvals and authorizations of all third parties and Governmental Authorities which are necessary or advisable to consummate the Transactions. The parties shall consult with each other with respect to the obtaining of all such permits, consents, approvals, and authorizations, and each party will keep the other apprised of the status of matters relating to completion of the Transactions. Subject to Section 6.11 below, Parent and the Company shall each use its commercially reasonable efforts to resolve any objections that may be asserted by any Governmental Authority with respect to this Agreement or the Transactions. Parent and the Company, with respect to any threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation, or executive order that would adversely affect the ability of the parties to consummate the transactions contemplated hereby, shall use commercially reasonable efforts to prevent the entry, enactment, or promulgation thereof, as the case may be.

(b) Parent and the Company shall promptly advise each other upon receiving any communication from any Governmental Authority whose consent or approval is required for consummation of any of the Transactions which causes such party to believe that there is a reasonable likelihood that any such consent or approval will not be obtained or that the receipt of any such approval will be materially delayed.

6.11 HSR Act Filing and Other Antitrust Notifications.

(a) As promptly as possible after the date of this Agreement, each of Parent and the Company shall file with the Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "Antitrust Division") a pre-merger notification in accordance with the HSR Act with respect to the Merger pursuant to this Agreement, and shall file an antitrust notification in Israel. Each of Parent and the Company shall furnish promptly to the FTC, the Antitrust Division, and the Israel Antitrust Authority any additional information requested by either of them pursuant to the HSR Act or any other Israeli antitrust notification statutes or regulations; provided, however, that in the event that the FTC or the Antitrust Division or the Israel Antitrust Authority requests additional information prior to the issuance of a request for additional information or documentary material (i.e., a second request), such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. Parent and the Company shall cooperate fully with each other in connection with the making of all such filings or responses. Each of Parent and the Company shall promptly inform the other party of any communication from the Federal Trade Commission, the Department of Justice, or the Israel Antitrust Authority regarding any of the Transactions. To the extent permitted by Law, each of Parent and the Company shall permit the other party to review in advance any proposed material communication to any Governmental Authority. If Parent or the Company (or an affiliate thereof) receives a request for additional information or documentary material from any such Governmental Authority with respect to the Transactions, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance, with such request. None of the parties to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation (including any settlement of the investigation), litigation or other inquiry relating to the matters that are the subject of this Agreement unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend and participate at such meeting. Parent shall not, without the written consent of the Company (which consent shall not be unreasonably withheld), enter into any voluntary agreement between Parent and the FTC or the Antitrust Division pursuant to which Parent will agree not to consummate the Merger for a period of time that will or may potentially end after the date that is three (3) Business Days prior to the Outside Date (as such may be extended in accordance with Section 8.1(b)).

(b) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require Parent or any of its subsidiaries to, and except with the prior written consent of Parent, the Company shall not take any action to and shall not allow any of the Company Subsidiaries to, consent or proffer to divest, hold separate, or enter into any license or similar agreement with respect to, or agree to restrict the ownership or operation of, any business or assets of Parent, the Company, or any of their respective subsidiaries. Notwithstanding anything to the contrary herein, in no event shall the Company or Parent or any of their respective subsidiaries be obligated to litigate or participate in the litigation of any Action, whether judicial or administrative, brought by any Governmental Authority or appeal any order (i) challenging or seeking to make illegal, delaying materially or otherwise directly or indirectly restraining or prohibiting the consummation of the Merger or other Transactions or seeking to obtain from the Company or Parent or any of its subsidiaries any damages in connection therewith, (ii) seeking to prohibit or limit in any respect, or place any conditions on, the ownership or operation by the Company, Parent, or any of their respective affiliates of all or any portion of the business or assets of Parent or the Company or any of their respective subsidiaries or to require any such person to dispose of, license (whether pursuant to an exclusive or nonexclusive license), or hold separate all or any portion of the business or assets of Parent, the Company, or any of their respective subsidiaries, in each case as a result of or in connection with the Merger or any of the other Transactions, (iii) seeking, directly or indirectly, to impose or confirm limitations on the ability of Parent or any of its affiliates to acquire or hold, or exercise full rights of ownership of, any Company Shares or any shares of capital stock of the Surviving Company on all matters properly presented to the shareholders of the Company or the Surviving Company, respectively, (iv) seeking to require divestiture by Parent, the Company, or any of their respective subsidiaries of any Company Shares or any business or assets of the Company or the Company Subsidiaries or Parent or its subsidiaries, or (v) which would reasonably be expected to impede or prevent the Merger or that would reasonably be expected to dilute materially the benefits to Parent of the Transactions.

6.12 Delisting. Each of the parties agrees to cooperate with the other party in taking, or causing to be taken, all actions necessary to (a) delist the Company Shares from the NASDAQ and the TASE and (b) terminate the registration of the Company Shares under the Exchange Act; provided, however, that such delisting or termination shall not be effective until after the Effective Time.

6.13 Further Assurances. Each of the parties shall use its commercially reasonable efforts to effect the Transactions. Each party, at the reasonable request of another party, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting the consummation of this Agreement and the Transactions.

6.14 Public Announcements. Parent and the Company agree that no press release or public announcement, statement, or disclosure concerning the Merger or any other Transaction shall be issued by either party without the prior consent of the other party (which consent shall not be unreasonably withheld), except as such release or announcement may be required by Law, including the rules or regulations of any United States or Israeli securities exchange, in which case the party required to make the release or announcement shall use its commercially reasonable efforts to allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

6.15 Conveyance Taxes. The Company and Parent shall cooperate in the preparation, execution and filing of all applications, filings, and other documents regarding any Taxes, including any stamp, transfer, recording, registration, and other Taxes and fees, that become payable in connection with the Transactions and that are required or permitted to be filed or paid on or before the Effective Time. The Conveyance Taxes shall be borne equally by Parent and the Company. None of the parties shall be responsible for any Taxes, including capital gains Tax, payable by the holder of the Company Shares or Company Options in connection with the Transactions.

6.16 No Control of the Company's or Parent's Operations. Nothing contained in this Agreement shall give Parent or the Company, directly or indirectly, rights to control or direct the operations of the other prior to the Effective Time. Prior to the Effective Time, each of Parent and the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its operations.

7. CONDITIONS TO THE MERGER

7.1 Conditions Precedent to the Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger and otherwise consummate the other Transactions are subject to the satisfaction, or waiver by Parent, at or prior to the Effective Time, of each of the following conditions:

(a) Accuracy of Representations. The representations and warranties of the Company in this Agreement (other than the Fundamental Representations (as defined below)) (as such representations and warranties would read, solely for purpose of this section, without any qualifications as to materiality or Material Adverse Effect included therein) shall have been accurate as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date (other than, in each case, those representations and warranties that address matters only as of a particular date or only with respect to a specified period of time, that need only be accurate as of such particular date or with respect to such specified period), except where the failure of such representations and warranties to be accurate, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. The representations and warranties of the Company contained in Sections 3.1, 3.3 (other than Section 3.3(e)), and 3.24 (collectively, the "Fundamental Representations") that do not contain materiality or Material Adverse Effect qualifications therein shall have been accurate in all material respects as of the date of this Agreement and shall be accurate in all material respects as of the Closing Date as if made on and as of the Closing Date (other than, in each case, those Fundamental Representations that do not contain materiality or Material Adverse Effect qualifications and that address matters only as of a particular date or only with respect to a specified period of time, that need only be accurate in all material respects as of such particular date or with respect to such specified period). The Fundamental Representations that contain materiality or Material Adverse Effect qualifications shall have been accurate in all respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date (other than, in each case, those Fundamental Representations that contain materiality or Material Adverse Effect qualifications and that address matters only as of a particular date or only with respect to a specified period of time, that need only be accurate as of such particular date or with respect to such specified period).

(b) Performance of Covenants. Each covenant or obligation (other than the covenants and obligations that are set forth in Section 6.2 and Section 6.5) that the Company is required to comply with or to perform at or prior to the Closing shall have been complied with and performed, except where any such failure to so comply or perform, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. Each covenant or obligation set forth in Section 6.2 or Section 6.5 that the Company is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) Company Shareholder Approval. The Merger shall have been duly approved by the Required Shareholder Vote.

(d) Documents. Parent shall have received a certificate executed on behalf of Company by an executive officer of Company, confirming that the conditions set forth in Sections 7.1(a) through (c) have been duly satisfied.

(e) Employees. The conditions set forth in an instrument signed by Parent and the Company on or prior to the date hereof in respect of the retention of certain employees shall be met.

(f) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

(g) HSR Act and Other Antitrust Filings. The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated and there shall not be in effect any voluntary agreement between Parent and the Federal Trade Commission or the Department of Justice entered into in accordance with Section 6.11 pursuant to which Parent has agreed not to consummate the Merger for a period of time; any similar waiting period under any applicable Israeli antitrust Laws shall have expired or been terminated or any Consent required under any Israeli antitrust Laws shall have been obtained.

(h) No Restraints. No temporary restraining order, preliminary or permanent injunction, or other order preventing the consummation of the Merger shall have been issued by any court of competent jurisdiction and remain in effect, and there shall not be any Law that makes consummation of the Merger illegal.

(i) No Governmental Litigation. There shall not be pending or threatened any Action in which a Governmental Authority is or is threatened to become a party or is otherwise involved: (i) challenging or seeking to restrain or prohibit the consummation of the Merger, (ii) relating to the Merger and seeking to obtain from Parent or any of its subsidiaries, or from the Company or any of the Company Subsidiaries, any damages or other relief that may be material, (iii) seeking to prohibit or limit in any material respect Parent's ability to vote, receive dividends with respect to or otherwise exercise ownership rights with respect to any of the shares of the Surviving Company (excluding to the extent resulting from increases in applicable tax rates on dividends or capital gain tax rates), (iv) that would materially and adversely affect the right of Parent, the Surviving Company or any subsidiary of Parent to own the assets or operate the business of the Company or any of the Company Subsidiaries, or (v) seeking to compel Parent or any subsidiary of Parent, or any of the Company or the Company Subsidiaries, to dispose of or hold separate any material assets as a result of the Merger or any of the other Transactions, in each case of (i) through (v) where each actually has a reasonable prospect of success.

(j) OCS Notification. The OCS Notification shall have been provided to the OCS.

(k) Investment Center Approval. The approval of the Investment Center with regard to the continuousness of the Tax benefits to which the Company is eligible with respect to its *Approved Enterprise Status* or *Benefited Enterprise Status* having been obtained.

(l) Israeli Statutory Waiting Periods. At least fifty (50) days shall have elapsed after the filing of the Merger Proposals with the Companies Registrar and at least thirty (30) days shall have elapsed after the approval of the Merger by the shareholders of the Company and Merger Sub.

(m) Certificate of Merger. The Company and Merger Sub shall have received the Certificate of Merger from the Companies Registrar.

(n) Withholding Certificate. The Company shall have delivered to Parent a certificate, substantially in the form provided for in Sections 1.1445-2(c)(3) and 1.897-2(h) of the Regulations, establishing that the Company is not a U.S.RPHC within the meaning of Section 897(c)(2) of the Code, and has not been such a U.S.RPHC within the five (5) year period ending on the Closing Date.

7.2 Conditions Precedent to the Obligations of the Company. The obligations of the Company to effect the Merger and otherwise consummate the other Transactions are subject to the satisfaction, or waiver by the Company, at or prior to the Effective Time, of each of the following conditions:

(a) Accuracy of Representations. The representations and warranties of Parent in this Agreement that do not contain materiality qualifications shall have been accurate in all material respects as of the date of this Agreement and shall be accurate in all material respects as of the Closing Date as if made on and as of the Closing Date. The representations and warranties of Parent in this Agreement that contain materiality qualifications shall have been accurate in all respects as of the date of this Agreement and shall be accurate in all respects as of the Closing Date as if made on and as of the Closing Date.

(b) Performance of Covenants. All of the covenants and obligations that Parent and Merger Sub are required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) Company Shareholder Approval. The Merger shall have been duly approved by the Required Shareholder Vote.

(d) Documents. The Company shall have received a certificate executed on behalf of Parent by an executive officer of Parent, confirming that the conditions set forth in Sections 7.2(a) and (b) have been duly satisfied.

(e) HSR Act and Other Antitrust Filings. The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated and any similar waiting period under any applicable Israeli antitrust Laws shall have expired or been terminated or any Consent required under any applicable Israeli antitrust Laws shall have been obtained.

(f) No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger shall have been issued by any court of competent jurisdiction and remain in effect, and there shall not be any Law that makes consummation of the Merger illegal.

(g) No Governmental Litigation. There shall not be pending or threatened any Action in which a Governmental Authority is or is threatened to become a party to or is otherwise involved in challenging or seeking to restrain or prohibit the consummation of the Merger or any of the other transactions contemplated by this Agreement, where such action has a reasonable prospect of success.

(h) OCS Undertaking. Parent shall have executed the OCS Undertaking and delivered it to the OCS.

(i) Investment Center Approval. The approval of the Investment Center with regard to the continuousness of the Tax benefits to which the Company is eligible with respect to its *Approved Enterprise Status* or *Benefited Enterprise Status* having been obtained.

(j) Israeli Statutory Waiting Periods. At least fifty (50) days shall have elapsed after the filing of the Merger Proposals with the Companies Registrar and at least thirty (30) days shall have elapsed after the approval of the Merger by the shareholders of the Company and Merger Sub.

(k) Deposit of Merger Consideration. Parent shall deposit with the Paying Agent cash in the Pre-closing Amount to pay the Merger Consideration and the Warrant Consideration.

(l) Certificate of Merger. The Company and Merger Sub shall have received the Certificate of Merger from the Companies Registrar.

8. TERMINATION, AMENDMENT, AND WAIVER

8.1 Termination. This Agreement may be terminated and the Merger and the other Transactions may be abandoned at any time prior to the Effective Time, notwithstanding any requisite approval and adoption of this Agreement and the Transactions by the Company's shareholders:

(a) By mutual written consent of Parent and the Company; or

(b) By either Parent or the Company, if the Merger shall not have been consummated by March 31, 2013 (the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure to consummate the Merger by the Outside Date, and provided further that if the only conditions that are at such time outstanding are those set out in Section 7.1(g) or, in respect of a proceeding relating to antitrust, Section 7.1(h) or Section 7.1(i), and Section 7.2(e) or, in respect of a proceeding relating to antitrust, Section 7.2(f) or Section 7.2(g), and those that are by their nature to be satisfied on Closing, then the Outside Date shall be extended until June 30, 2013; or

(c) By either Parent or the Company if any Governmental Authority shall have enacted, issued, promulgated, enforced, or entered any injunction, order, decree, or ruling or other Law that (i) makes acceptance for payment of, or payment for, the Company Shares or consummation of the Merger illegal or otherwise prohibited, or (ii) enjoins Parent and the Company from consummating the Merger and, in respect of an order, injunction, judgment, judicial decision, decree, or ruling under clause (i) or (ii) above, that shall have become final and non-appealable; or

(d) By Parent, if (i) any of the Company's representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date), such that the condition set forth in Section 7.1(a) could not be satisfied by the Outside Date (as such may be extended in accordance with Section 8.1(b)), or (ii) any of the Company's covenants contained in this Agreement shall have been breached such that the condition set forth in Section 7.1(b) could not be satisfied by the Outside Date (as such may be extended in accordance with Section 8.1(b)); provided in each case that Parent shall not be entitled to terminate this Agreement hereunder if Parent or Merger Sub is in material breach of this Agreement and provided in each case that the Company, in good faith, is seeking to promptly cure the inaccuracy of any representation and warranty, or the breach of any covenant; or

(e) By Parent, if following the execution and delivery of this Agreement, there shall have occurred a Material Adverse Effect; or

(f) By Parent, if, prior to the commencement of the Company General Meeting (which commencement shall not be deemed to have occurred if such general meeting is postponed or adjourned in accordance with Section 6.5), any of the following shall have occurred:

(i) the Company Board or any committee thereof shall have made a Change in Recommendation;

(ii) the Company Board shall have failed to recommend against acceptance of a publicly announced tender or exchange offer by a Third Party that constitutes an Acquisition Proposal within ten (10) Business Days after the earlier of the commencement of such offer and the Company's receipt of a written request from Parent to recommend against acceptance of such offer;

(iii) the Company Board shall have failed to reconfirm the Company Board Recommendation within ten (10) Business Days after written request from Parent to do so;

(iv) the Company shall have failed to include the Company Board Recommendation in the Schedule 14D-9 that would be filed by the Company pursuant to Rules 14d-9(g) and 14e-2(a) in response to a publicly announced tender or exchange offer that constitutes an Acquisition Proposal within ten (10) Business Days after the commencement of such offer;

(v) the Company shall have committed a material breach of the covenants set forth in Section 6.2 or 6.5(a) or (b); or

(vi) the Company Board or any committee thereof shall have resolved to, or the Company shall have publicly announced an intent to, do or not do, as appropriate, any of the foregoing actions described in clauses (i)-(v) above; or

(g) By Parent, if (i) the Company Board or any committee thereof shall have recommended or approved any Acquisition Proposal made by a Third Party, or (ii) the Company shall have taken any action specified in Section 6.2(a)(iii), or the Company Board or any committee thereof shall have resolved to do, or the Company shall have publicly announced an intent to do, any of the foregoing; or

(h) By either Parent or the Company if (i) the Company General Meeting, including any adjournments and postponements thereof, shall have been held and completed and the Company's shareholders shall have taken a final vote on the proposal to approve the Merger, and (ii) the Merger shall not have been approved at such meeting by the Required Shareholder Vote (and shall not have been approved at any adjournment or postponement thereof); or

(i) By the Company, if the Company Board or any committee thereof shall have determined, pursuant to Section 6.2(c), to enter into a definitive agreement with respect to a Superior Proposal; provided, however, that the Company shall not terminate this Agreement pursuant to this Section 8.1(i), and any purported termination pursuant to this Section 8.1(i) shall be void, unless (i) the Company Board or committee shall have made such determination in full compliance with all the procedures described in Section 6.2(c), (ii) prior to or simultaneously with such termination the Company shall have paid or shall pay to Parent the Fee as provided by Section 8.3(a)(iii), and (iii) immediately following such termination the Company enters into such definitive agreement with respect to such Superior Proposal.

(j) By the Company, if (i) any of the representations and warranties of Parent and Merger Sub contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date), such that the condition set forth in Section 7.2(a) could not be satisfied by the Outside Date (as such may be extended in accordance with Section 8.1(b)) or (ii) any of the covenants of Parent and Merger Sub contained in this Agreement shall have been breached such that the condition set forth in Section 7.2(b) could not be satisfied by the Outside Date (as such may be extended in accordance with Section 8.1(b)); provided in each case that the Company shall not be entitled to terminate this Agreement hereunder if the Company is in material breach of this Agreement, and provided in each case that Parent or Merger Sub, as applicable, in good faith, is seeking to promptly cure the inaccuracy of any representation and warranty or the breach of any covenant.

8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1, this Agreement shall be of no further force or effect, and there shall be no liability on the part of Parent, Merger Sub, the Company, or their respective officers, directors, stockholders, shareholders, or affiliates; provided, however, that (a) the provisions of Section 6.1(b) (Access to Information; Confidentiality), Section 6.14 (Public Announcements), this Section 8.2 (Effect of Termination), Section 8.3 (Fees and Expenses), and Section 9 (General Provisions) shall remain in full force and effect and survive any termination of this Agreement, and (b) nothing herein shall relieve any party from liability for any fraud or willful breach of any of its representations, warranties, or covenants hereunder. A termination of this Agreement shall not cause a termination of the Confidentiality Agreement or any other agreement between the parties.

8.3 Fees and Expenses.

(a) In the event that this Agreement is terminated:

(i) by Parent pursuant to Section 8.1(d) and an Acquisition Proposal by a Third Party shall have been received by the Company or publicly announced after the date hereof and prior to such termination and not withdrawn and within twelve (12) months after such termination the Company enters into a definitive agreement, or binding letter of intent, memorandum of understanding, or other similar binding agreement, with respect to an Acquisition Proposal or an Acquisition Proposal is consummated; or

(ii) by Parent pursuant to Section 8.1(f) or 8.1(g); or

(iii) by the Company pursuant to Section 8.1(i);

then, in any such event, the Company shall pay Parent a fee of $22,500,000 (the "Fee"), which amount shall be payable by wire transfer of immediately available funds. The Fee shall be paid (x) in the circumstances described in clause (i) above, promptly (but in no event later than one (1) Business Day) following the first to occur of the entry into of such definitive agreement or binding letter of intent, memorandum of understanding, or similar binding document and consummation of such Acquisition Proposal, (y) in the circumstances described in clause (ii) above, promptly (but in no event later than one (1) Business Day) following termination, and (z) in the circumstances described in clause (iii) above, prior to and as a condition to the termination.

(b) Except as set forth in this Section 8.3, all costs and expenses incurred in connection with this Agreement, the Voting and Support Agreements and the Transactions shall be paid by the party incurring such expenses, whether or not any Transaction is consummated.

9. GENERAL PROVISIONS

9.1 Amendment. This Agreement may be amended by the parties by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time; provided, however, that, after the approval and adoption of this Agreement and the Transactions by the shareholders of the Company, no amendment may be made that would reduce the amount or change the type of consideration into which each Company Share shall be converted upon consummation of the Merger. This Agreement may not be amended except by an instrument in writing signed by each of the parties.

9.2 Waiver. At any time prior to the Effective Time, any party may (a) extend the time for the performance of any obligation or other act of any other party, (b) waive any inaccuracy in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any agreement of any other party or any condition to its own obligations contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. No failure on the part of any party to exercise any power, right, privilege, or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege, or remedy under this Agreement, shall operate as a waiver of such power, right, privilege, or remedy; and no single or partial exercise of any such power, right, privilege, or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege, or remedy.

9.3 No Survival of Representations. The representations and warranties of the Company, Parent, and Merger Sub contained in this Agreement shall terminate at the Effective Time.

9.4 Notices. All notices, requests, claims, demands, and other communications hereunder shall be in writing and shall be given and shall be deemed to have been duly given if delivered personally (notice deemed given upon receipt), emailed (notice deemed given upon confirmation of receipt), sent by a nationally recognized overnight courier service such as Federal Express (notice deemed given upon receipt of proof of delivery), or mailed by registered or certified mail, return receipt requested (notice deemed given upon receipt) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.4):

if to Parent or Merger Sub:

NCR Corporation
3097 Satellite Boulevard
Duluth, Georgia 30096
Email: law.notices@ncr.com
Attention: General Counsel/Notices, 2nd Floor

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

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Email: bmann@mofo.com
Attention: Bruce Mann

and to:

Amit, Pollak, Matalon & Co
NYP Tower, 19th Floor
17 Yitzhak Sadeh St.
Tel Aviv 6777, Israel
Email: d_marcus@apm-law.com
Attention: Daniel Marcus, Adv.

if to the Company:

Retalix Ltd.
10 Zarhin Street
Ra'anana 4300, Israel
Email: sarit.sagiv@retalix.com
Attention: Sarit Sagiv

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

Meitar Liquornik Geva & Leshem Brandwein, Law Offices
16 Abba Hillel Silver Rd.
Ramat Gan 52506, Israel
Email: dan@meitar.com & aoz@meitar.com
Attention: Dan Geva, Adv. & Assaf Oz, Adv.

9.5 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the fullest extent possible.

9.6 Entire Agreement; Assignment. This Agreement and the Voting and Support Agreements constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned (whether pursuant to a merger, by operation of Law, or otherwise), except that Parent and Merger Sub may assign all or any of their rights and obligations hereunder to any affiliate of Parent, provided, however, that no such assignment shall relieve the assigning party of its obligations hereunder if such assignee does not perform such obligations.

9.7 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement, other than Section 6.7 (which is intended to be for the benefit of the persons covered thereby and may be enforced by such persons).

9.8 Specific Performance. The parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that, without derogating from the applicable court's general discretion to decline granting any equitable relief, the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms hereof, in addition to any other remedy at Law or equity.

9.9 Governing Law. This Agreement shall be solely governed by, and construed in accordance with, the Laws of the State of New York, without giving effect to any other choice of Law or conflict of Law provision or rule that would cause the application of the Laws of any other jurisdiction; provided, however, that the form and content of the Merger and consequences thereof shall be governed by the Israeli Companies Law. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any New York state or federal court sitting in New York City, New York. The parties hereby (a) submit to the exclusive jurisdiction of any state or federal court sitting in the County of New York for the purpose of any Action arising out of or relating to this Agreement brought by any party, and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the Transactions may not be enforced in or by any of the above-named courts.

9.10 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS. Each of the parties (a) certifies that no representative, agent, or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce that foregoing waiver and (b) acknowledges that it and the other hereto have been induced to enter into this Agreement and the Transactions, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.10.

9.11 General Interpretation.

(a) The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(b) Unless otherwise indicated, all references herein to Sections, Articles, Annexes, Exhibits, or Schedules shall be deemed to refer to Sections, Articles, Annexes, Exhibits, or Schedules of or to this Agreement, as applicable.

(c) Unless otherwise indicated, the words "include," "includes," and "including," when used herein, shall be deemed in each case to be followed by the words "without limitation."

(d) The parties 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.

(e) Except as otherwise indicated, (i) all references in this Agreement to dollar amounts and to "$" are intended to refer to U.S. dollars, and (ii) all references in this Agreement to "NIS" are intended to refer to New Israeli Shekels.

(f) The English language version of this Agreement shall be controlling (and any translation of this Agreement into the Hebrew language shall be for the convenience of the parties only and shall not be taken into account in connection with the construction or interpretation of this Agreement).

(g) Any reference herein to any Law or legal requirement (including to any statute, ordinance, code, rule, regulation, or any provision thereof) shall be deemed to include reference to such Law or to such legal requirement, as amended, and any legal requirements promulgated thereunder or successor thereto. It is understood and agreed that, in the absence of compelling legal authority in Israel to the contrary, the Company, the Company Board and the Company's outside legal counsel shall be entitled to rely on and deem applicable to the Company and the Company Board the Law applicable to corporations incorporated in Delaware for purposes of making the conclusions contemplated by Section 6.2 (and providing advice with respect thereto) relating to the fiduciary duties of such person for purposes of this Agreement, and that references to the "fiduciary duties" of the Company Board and other terms of similar import shall, for purposes of this Agreement, include reference to such Delaware Law. The immediately preceding sentence is intended only to govern the contractual rights of the parties to this Agreement; it being understood and agreed that nothing in this Agreement is intended to modify any fiduciary duties of the Company Board under applicable Law or give rise to any breach or violation of this Agreement on the part of the Company by reason of the fact that the Company Board has complied with the Law of the State of Israel, rather than the Delaware Law, governing the duties owed by a director of a company formed under the Laws of the State of Israel to such company, its shareholders, or any other person.

(h) Where a document is described as having been, or is required to be, provided or made available by the Company to another party, such document shall be deemed to have been so provided where it has been delivered in any manner by or on behalf of the Company to Parent, its counsel, or any of its other Representatives, including where it is delivered in electronic form by email or through the Project Moon Virtual Data Room operated by Intralinks, or where it is otherwise available publicly including through EDGAR or the Companies Registrar.

9.12 Counterparts. This Agreement may be executed and delivered (including by facsimile or other form of electronic transmission) in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NCR Corporation

By /s/ John G. Bruno
Name: John G. Bruno
Title: Chief Technology Officer and
Executive Vice President

Moon S.P.V. (Subsidiary) Ltd.

By /s/ John G. Bruno
Name: John G. Bruno
Title: Director

Retalix Ltd.

By /s/ Avinoam Naor
Name: Avinoam Naor
Title: Director

[Signature Page to Merger Agreement]

Exhibit 99.1(b)

EXECUTION COPY

VOTING AND SUPPORT AGREEMENT

VOTING AND SUPPORT AGREEMENT (this "Agreement"), dated as of November 28, 2012, by and among NCR CORPORATION, a company formed under the laws of the State of Maryland, U.S.A ("Parent"), MOON S.P.V. (SUBSIDIARY) LTD., a private company formed under the laws of the State of Israel and a wholly owned subsidiary of Parent ("Merger Sub"), and the undersigned shareholder(s) (each, a "Shareholder" and together (if there is more than one undersigned Shareholder), the "Shareholders") of RETALIX LTD., a public company formed under the laws of the State of Israel (the "Company"). Each of Parent, Merger Sub and each Shareholder is referred to as a "party" and collectively as the "parties." Capitalized terms used but not defined in this Agreement have the meanings ascribed to them in the Merger Agreement (defined below).

RECITALS

A. Concurrently with the execution of this Agreement, the Company, Parent and Merger Sub propose to enter into an Agreement and Plan of Merger as of the date hereof (the "Merger Agreement").

B. As of the date hereof, each Shareholder is the record and beneficial owner of such number of ordinary shares, par value NIS 1.00 per share, of the Company, as set forth opposite its name on Schedule I hereto ("Company Shares", and together with any other Company Shares owned or acquired (including, after the date hereof) by Shareholder, being collectively referred to herein as the "Shareholder Shares").

C. As a condition to their willingness to enter into the Merger Agreement, Parent and Merger Sub have required that the Shareholders enter into this Agreement.

D. In order to induce Parent and Merger Sub to enter into the Merger Agreement, the Company asked for the Shareholders to vote in favor of, or consent to, the Merger and the other transactions contemplated by the Merger Agreement and to enter into this Agreement, and each Shareholder has agreed to vote in favor of, or give its consent to, the Merger and is willing to enter into this Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

1. Agreements of Shareholders.

(a) Voting. From the date hereof until any termination of this Agreement in accordance with its terms, at the Company General Meeting and any other meeting of the shareholders of the Company however called (or any action by written consent in lieu of a meeting) or any adjournment thereof, each Shareholder shall vote all of its Shareholder Shares (or cause them to be voted), in person or by proxy, or, as applicable, execute written consents in respect thereof, (i) in favor of the adoption of the Merger Agreement and the approval of the Merger and the other transactions contemplated by the Merger Agreement, (ii) against any action or agreement (including, without limitation, any amendment of any agreement) that would result in a breach of any representation, warranty, covenant, agreement or other obligation of the Company in the Merger Agreement, (iii) against any Acquisition Proposal or any transaction that is the subject of an Acquisition Proposal, (iv) against any agreement (including, without limitation, any amendment of any agreement), amendment of the memorandum of association or articles of association of the Company or other action that is intended or could reasonably be expected to (x) result in any of the conditions set forth in Article 7 of the Merger Agreement not being fulfilled or satisfied on a timely basis and in any event on or prior to the Outside Date or (y) prevent, impede, interfere with, delay or postpone the consummation of the Merger or the other transactions contemplated by the Merger Agreement, and (v) in favor of any adjournment or postponement of the Company General Meeting or other meeting recommended by the Board of Directors of the Company if there are not sufficient votes for adoption of the Merger Agreement and the approval of the Merger on the date on which such meeting is initially held or scheduled, as applicable. Any such vote shall be cast, or consent shall be given, as applicable, by each Shareholder in accordance with such procedures relating thereto so as to ensure that it is duly counted, including for purposes of determining that a quorum is present and for purposes of recording the results of such vote or consent.

(b) Restriction on Transfer; Proxies; Non-Interference; etc. From the date hereof until any termination of this Agreement in accordance with its terms, each Shareholder shall not directly or indirectly (i) sell, transfer, give, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, gift, pledge, encumbrance, assignment or other disposition of, any of its Shareholder Shares (or any right, title or interest thereto or therein), (ii) deposit any of its Shareholder Shares into a voting trust or grant any proxies or enter into a voting agreement, power of attorney or voting trust with respect to any of its Shareholder Shares, (iii) take any action that would make any representation or warranty of such Shareholder set forth in this Agreement untrue or incorrect or have the effect of preventing, disabling or delaying such Shareholder from performing any of its obligations under this Agreement or (iv) agree (whether or not in writing) to take any of the actions referred to in the foregoing clauses (i), (ii) or (iii) of this Section 1(b). Notwithstanding the foregoing, a Shareholder may make transfers of its Shareholder Shares by will, gift, operation of Laws, for estate planning purposes, to an affiliate of such Shareholder or to another Shareholder, in each case, in which the transferee (other than another Shareholder, for whom such transferred Company Shares shall constitute additional Shareholder Shares of the Shareholder to whom such Company Shares were transferred) agrees to be bound by all terms of this Agreement.

(c) No Solicitation. Each Shareholder agrees that such Shareholder is a "Representative" of the Company for purposes of Section 6.2 of the Merger Agreement, and that such Shareholder shall not, directly or indirectly, through any Representative of such Shareholder authorized by it to act on its behalf, take any action prohibited by Section 6.2 of the Merger Agreement, including, without limitation, making any Acquisition Proposal.

(d) Information for Proxy Statement; Publication. Each Shareholder hereby authorizes Parent and Merger Sub to publish and disclose, in the Proxy Statement and any filing with the SEC or other Governmental Authority in connection with the Merger or the transactions contemplated by the Merger Agreement, such Shareholder's identity and ownership of Company Shares and the nature of such Shareholder's commitments, arrangements and understandings under this Agreement. The Shareholder represents and warrants to Parent and Merger Sub that none of the information relating to the Shareholder and his, her or its affiliates provided in writing by or on behalf of the Shareholder or his, her or its affiliates specifically for inclusion in any such filing will, at the time that such filing is first made or distributed, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each Shareholder shall not issue any press release or make any other public statement with respect to this Agreement, the Merger Agreement, the Merger or the other transactions contemplated by the Merger Agreement, without the prior written consent of Parent, except as may be required by applicable Law (including as may be required for such Shareholder to comply with its obligations under the Exchange Act, the Israeli Securities Law or the Israeli Companies Law) and in case any such requirement under applicable Law arises, after giving Parent reasonable opportunity to comment on any such press release or statement and including all reasonably requested comments of Parent, provided that the ultimate discretion whether or not to include any such comments shall remain with the Shareholder.

(e) Alpha Group Oral Arrangement. Each Shareholder that is a member of the Alpha Group (as such term is defined below) hereby agrees that the oral arrangements amongst them as referred to in Item 7A of the Form 20F filed by the Company for the fiscal year ended December 31, 2011 shall not apply or have any effect for the purposes of this Agreement, and shall not in any way restrict the performance by the Shareholder(s) of their obligations hereunder.

2. Representations and Warranties of Shareholders. Each Shareholder hereby represents and warrants to Parent and Merger Sub as follows in respect of such Shareholder:

(a) Authority. Such Shareholder has all necessary power and authority to execute and deliver this Agreement and to perform such Shareholder's obligations under this Agreement. This Agreement has been duly executed and delivered by such Shareholder and, assuming due and valid authorization, execution and delivery hereof by Parent and Merger Sub, constitutes a valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.

(b) Consents and Approvals; No Violations. Except as specified in the Merger Agreement, other than filings under the Exchange Act, the Israeli Securities Law or the Israeli Companies Law, no notices, reports or other filings are required to be made by such Shareholder with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by such Shareholder from, any Governmental Authority or any other Person or entity, in connection with the execution and delivery of this Agreement by such Shareholder. The execution, delivery and performance of this Agreement by such Shareholder does not, and the consummation by such Shareholder of the transactions contemplated hereby will not, result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, modification or acceleration) (whether after the giving of or the passage of time of both) under any Contract to which such Shareholder is a party or which is binding on such Shareholder or such Shareholder's assets or properties (other than pursuant to the agreement entered into by and among Ronex Holdings, Limited Partnership ("Ronex") and Avinoam Naor, Boaz Dotan, Nehemia Lemelbaum, Eli Gelman and Mario Segal (the "Alpha Group") on 3 September 2009 (the "2009 Shareholders Agreement") and will not result in the creation of any Lien on any of the assets or properties of such Shareholder.

(c) Ownership of Shares. Such Shareholder owns, beneficially and of record, all of its Shareholder Shares. Such Shareholder owns all of its Shareholder Shares free and clear of any proxy, voting restriction, adverse claim or other Lien (other than proxies and restrictions in favor of Parent and Merger Sub pursuant to this Agreement, transfer restrictions under the applicable securities Laws, and the 2009 Shareholders Agreement). Without limiting the foregoing, except for proxies and restrictions in favor of Parent and Merger Sub pursuant to this Agreement, transfer restrictions under applicable securities laws, and the provisions of the 2009 Shareholders Agreement, such Shareholder has sole voting power and sole power of disposition with respect to all of its Shareholder Shares, with no restrictions on such Shareholder's rights of voting or disposition pertaining thereto and no Person other than such Shareholder has any right to direct or approve the voting or disposition of any of its Shareholder Shares. As of the date hereof, such Shareholder does not own, beneficially or of record, any voting securities of the Company other than the Company Shares which constitute its Shareholder Shares and (i) with respect to each member of the Alpha Group, the Company Shares which are owned (beneficially or of record) by all of the other members of the Alpha Group and the Company Shares which are owned (beneficially or of record) by Ronex and/or Ishay Davidi, and (ii) with respect to Ronex, the Company Shares which are owned (beneficially or of record) by the members of the Alpha Group.

(d) Brokers. Except for the engagement by the Company of Jefferies & Company, Inc. pursuant to an engagement letter dated 27 November 2012, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission that is payable by the Company, Parent or any of their respective subsidiaries in connection with the Merger or the other transactions contemplated by the Merger Agreement based upon arrangements made by or on behalf of such Shareholder.

3. Termination. This Agreement shall terminate on the first to occur of (a) in respect of each Shareholder, the mutual written agreement of Parent, Merger Sub and such Shareholder, (b) the termination of the Merger Agreement in accordance with its terms, (c) either (i) there is a Change in Recommendation, or (ii) the Board is entitled to take a Specified Action pursuant to and in accordance with Section 6.2(c) of the Merger Agreement (it being clarified in each case for the avoidance of doubt that from the commencement of a Matching Period until the lapse of all Matching Periods, this Agreement shall not be terminated but that the obligations of the Shareholders hereunder shall be temporarily suspended), (d) the election of a Shareholder (with respect to that Shareholder only) if there is any amendment, waiver or modification to or of any provision of the Merger Agreement that reduces the aggregate amount of proceeds that such Shareholder would receive thereunder disproportionately as compared to the other Shareholders, or (e) the Effective Time. Notwithstanding the foregoing, (x) nothing herein shall relieve any party from liability for any breach of this Agreement, and (y) the provisions of this Section 3 and Section 4 of the Agreement shall survive any termination of this Agreement.

4. Miscellaneous.

(a) Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with the transactions contemplated by this Agreement shall be paid by the party incurring such costs and expenses.

(b) Additional Shares. Until any termination of this Agreement in accordance with its terms, each Shareholder shall promptly notify Parent of the number of Company Shares, if any, as to which such Shareholder acquires record or beneficial ownership after the date hereof. Any Company Shares as to which a Shareholder acquires record or beneficial ownership after the date hereof and prior to termination of this Agreement shall be Shareholder Shares of such Shareholder for purposes of this Agreement. Without limiting the foregoing, in the event of any share split, share dividend or other change in the capital structure of the Company affecting the Company Shares, the number of Company Shares constituting Shareholder Shares shall be adjusted appropriately and this Agreement and the obligations hereunder shall attach to any additional shares of Company Shares or other voting securities of the Company issued to the Shareholders in connection therewith.

(c) Definition of "Beneficial Ownership". For purposes of this Agreement, "beneficial ownership" with respect to (or to "own beneficially") any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act), including pursuant to any agreement, arrangement or understanding, whether or not in writing.

(d) Further Assurances. From time to time, at the reasonable request of Parent and without further consideration, each Shareholder shall execute and deliver such additional documents and take all such further action as may be reasonably required to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

(e) Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. This Agreement is not intended to and shall not confer upon any Person other than the parties any rights hereunder.

(f) Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties (whether by operation of law or otherwise) without the prior written consent of the other parties, except that Parent or Merger Sub may assign its rights and interests hereunder to Merger Sub or Parent, respectively, or to any wholly-owned subsidiary of Parent. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. Any purported assignment not permitted under this Section 4(f) shall be null and void.

(g) Amendments; Waiver. This Agreement may not be amended or supplemented, except by a written agreement executed by the parties. Any party may (A) waive any inaccuracies in the representations and warranties of any other party or extend the time for the performance of any of the obligations or acts of any other party or (B) waive compliance by the other party with any of the agreements contained herein. Notwithstanding the foregoing, no failure or delay by any party hereto in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

(h) Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(i) No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in Parent or Merger Sub any direct or indirect ownership or incidence of ownership of or with respect to any Shareholder Shares. All rights, ownership and economic benefits of and relating to the Shareholder Shares shall remain vested in and belong to the applicable Shareholder, and neither Parent nor Merger Sub shall have any authority to exercise any power or authority to direct Shareholder in the voting of any of the Shareholder Shares, except as otherwise specifically provided herein, or in the performance of a Shareholder's duties or responsibilities as a shareholder of the Company.

(j) Capacity as Shareholders. Each Shareholder has entered into this agreement solely in its capacity as the owner of the Shareholder Shares. Notwithstanding anything to the contrary herein, nothing herein shall limit or affect any actions taken by the Shareholders or their Representatives and affiliates or any other person in their capacity as a director of the Company or any other Acquired Company, and no action taken in such capacity shall constitute a breach of this Agreement by the Shareholder.

(k) Counterparts. This Agreement may be executed in two or more separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement shall become effective when each party shall have received counterparts hereof signed by the other parties.

(l) Descriptive Headings. Headings of Sections and subsections of this Agreement are for convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever. Except as otherwise indicated, all references in this Agreement to "Sections," and "Schedules" are intended to refer to Sections of this Agreement and Schedules to this Agreement.

(m) Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to Parent or Merger Sub, to:

NCR Corporation
3097 Satellite Boulevard
Duluth, Georgia 30096
Email: law.notices@ncr.com
Attention: General Counsel/Notices, 2nd Floor

with copy to:

Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105
Email: bmann@mofo.com
Attention: Bruce Mann

if to the Shareholders, as stated in Schedule I hereto

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 P.M. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

(n) Drafting. The parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(o) Governing Law; Enforcement; Jurisdiction.

(i) The internal laws of the State of Israel, without regard to its choice of law rules, shall govern the validity, the construction of its terms and the interpretation of the rights and duties of the parties hereunder. The appropriate courts in Tel Aviv, Israel shall have exclusive jurisdiction over any dispute or claim in connection with this Agreement.

(ii) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled, without derogating from the applicable court's general discretion to decline granting equitable relief, to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the appropriate courts in Tel Aviv, Israel, this being in addition to any other remedy to which they are entitled at law or in equity.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

NCR CORPORATION

By: /s/ John G. Bruno
Name: John G. Bruno
Title: Chief Technology Officer and
Executive Vice President

MOON S.P.V. (SUBSIDIARY) LTD.

By: /s/ John G. Bruno
Name: John G. Bruno
Title: Director

BOAZ DOTAN

By: /s/ Boaz Dotan

ELI GELMAN

By: /s/ Eli Gelman

NEHEMIA LEMELBAUM

By: /s/ Nehemia Lemelbaum

AVINOAM NAOR

By: /s/ Avinoam Naor

MARIO SEGAL

By: /s/ Stephen Provisor, as attorney in fact

M.R.S.G. (1999) LTD.

By: /s/ Stephen Provisor
Name: Stephen Provisor
Title: CFO

RONEX HOLDINGS, LIMITED PARTNERSHIP

By: /s/ Ishay Davidi
Name: Ishay Davidi
Title: Director

/s/ Gillon Beck
Name: Gillon Beck
Title: Director

Schedule I

Name of Shareholder	Number of Outstanding Company Shares	
Boaz Dotan	776,806	
Boaz and Varda Dotan	273,377	
Eli Gelman	603,167	
Nehemia Lemelbaum	1,050,183	
Avinoam Naor	1,050,183	
Mario Segal	525,092	
M.R.S.G. (1999) Ltd.	525,092	
Ronex Holdings, Limited Partnership	4,471,591	

Address for the above:
c/o Meitar Liquornik Geva & Leshem Brandwein
16 Abba Hillel Road
Ramat Gan 52506
Israel

Exhibit 99.1(c)

Jefferies

Jefferies & Company, Inc.

520 Madison Avenue
New York, NY 10022
tel 212.284.2300
Jefferies.com

November 28, 2012

The Board of Directors
Retalix Ltd.
10 Zarhin Street
Ra'anana 43000, Israel

Members of the Board:

We understand that Retalix Ltd. (the "Company"), NCR Corporation ("Parent"), and Moon S.P.V. (Subsidiary) Ltd., a wholly-owned subsidiary of Parent ("Merger Sub"), propose to enter into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into the Company (the "Merger") in a transaction in which each outstanding ordinary share, nominal value NIS 1.00 per share, of the Company (the "Company Shares"), other than Company Shares owned by Merger Sub, Parent or any direct or indirect wholly owned subsidiary of Parent or of the Company, all of which shares will be canceled, will be converted into the right to receive US$30.00 in cash (the "Consideration"). The terms and conditions of the Merger are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Consideration to be received by the holders of Company Shares pursuant to the Merger Agreement is fair, from a financial point of view, to such holders.

In arriving at our opinion, we have, among other things:

(i) reviewed a draft dated November 28, 2012 of the Merger Agreement;

(ii) reviewed certain publicly available financial and other information about the Company;

(iii) reviewed certain information furnished to us by the Company's management, including financial forecasts and analyses, relating to the business, operations and prospects of the Company;

(iv) held discussions with members of senior management of the Company concerning the matters described in clauses (ii) and (iii) above;

(v) reviewed the share trading price history and valuation multiples for the Company Shares and compared them with those of certain publicly traded companies that we deemed relevant;

(vi) compared the proposed financial terms of the Merger with the financial terms of certain other transactions that we deemed relevant; and

(vii) conducted such other financial studies, analyses and investigations as we deemed appropriate.

In our review and analysis and in rendering this opinion, we have assumed and relied upon, but have not assumed any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by the Company or that was publicly available (including, without limitation, the information described above), or that was otherwise reviewed by us. We have relied on assurances of the management of the Company that it is not aware of any facts or circumstances that would make such information inaccurate or misleading. In our review, we did not obtain any independent evaluation or appraisal of any of the assets or liabilities of, nor did we conduct a physical inspection of any of the properties or facilities of, the Company, nor have we been furnished with any such evaluations or appraisals, nor do we assume any responsibility to obtain any such evaluations or appraisals.

With respect to the financial forecasts provided to and examined by us, we note that projecting future results of any company is inherently subject to uncertainty. The Company has informed us, however, and we have assumed, that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of the Company as to the future financial performance of the Company. We express no opinion as to the Company's financial forecasts or the assumptions on which they are made.

Our opinion is based on economic, monetary, regulatory, market and other conditions existing and which can be evaluated as of the date hereof. We expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our opinion of which we become aware after the date hereof.

We have made no independent investigation of any legal or accounting matters affecting the Company, and we have assumed the correctness in all respects material to our analysis of all legal and accounting advice given to the Company and its Board of Directors, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the Merger Agreement to the Company and its stockholders. In addition, in preparing this opinion, we have not taken into account any tax consequences of the transaction to any holder of Company Shares. We have assumed that the final form of the Merger Agreement will be substantially similar to the last draft reviewed by us. We have also assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, Parent or the contemplated benefits of the Merger.

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the Consideration, or any other aspects of the Merger, or to provide services other than the delivery of this opinion. We were not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction. We did not participate in negotiations with respect to the terms of the Merger and related transactions. Consequently, we have assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be negotiated among the parties to such transactions, and no opinion is expressed whether any alternative transaction might result in consideration more favorable to the Company's stockholders than that contemplated by the Merger Agreement.

It is understood that our opinion is solely for the use and benefit of the Board of Directors of the Company in its consideration of the Merger, and our opinion does not address the relative merits of the transactions contemplated by the Merger Agreement as compared to any alternative transaction or opportunity that might be available to the Company, nor does it address the underlying business decision by the Company to engage in the Merger or the terms of the Merger Agreement or the documents referred to therein. Our opinion does not constitute a recommendation as to how any holder of Company Shares should vote on the Merger or any matter related thereto. In addition, you have not asked us to address, and this opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company, other than the holders of Company Shares. We express no opinion as to the price at which Company Shares will trade at any time. Furthermore, we do not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable or to be received by any of the Company's officers, directors or employees, or any class of such persons, in connection with the Merger relative to the Consideration to be received by holders of Company Shares. Our opinion has been authorized by the Fairness Committee of Jefferies & Company, Inc.

We have been engaged by the Company to act as financial advisor to the Company in connection with the Merger and will receive a fee for our services, a portion of which is payable upon delivery of this opinion and a portion of which is payable contingent upon consummation of the Merger. We also will be reimbursed for expenses incurred. The Company has agreed to indemnify us against liabilities arising out of or in connection with the services rendered and to be rendered by us under such engagement. We maintain a market in the securities of the Company, and in the ordinary course of our business, we and our affiliates may trade or hold securities of the Company or Parent and/or their respective affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold long or short positions in those securities. In addition, we may seek to, in the future, provide financial advisory and financing services to the Company, Parent or entities that are affiliated with the Company or Parent, for which we would expect to receive compensation. Except as otherwise expressly provided in our engagement letter with the Company, our 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.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof, the Consideration to be received by the holders of Company Shares pursuant to the Merger Agreement is fair, from a financial point of view, to such holders.

Very truly yours,

JEFFERIES & COMPANY, INC.

Exhibit 99.2

RETALIX LTD.

PROXY FOR THE SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 7, 2013

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints SHUKY SHEFFER, SARIT SAGIV and VERED BEN JACOB and each of them, the true and lawful attorneys, agents and proxies of the undersigned, with full power of substitution to each of them, to represent and to vote, on behalf of the undersigned, all of the Ordinary Shares of Retalix Ltd. (the "**Company**"), held of record in the name of the undersigned at the close of business on December 10, 2012, at the Special General Meeting of Shareholders (the "**Meeting**") to be held at the executive offices of the Company, 10 Zarhin Street, Ra'anana, 43000, Israel on Monday, January 7, 2013 at 10:00 a.m. (Israel time), and at any and all adjournments or postponements thereof on the following matters, which are more fully described in the Notice of Special General Meeting of Shareholders of the Company and Proxy Statement relating to the Meeting.

The undersigned acknowledges receipt of the Notice of Special General Meeting of Shareholders and Proxy Statement of the Company relating to the Meeting.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned. If no direction is made with respect to any matter, this Proxy will be voted FOR each such proposal and in such manner as the holder of the proxy may determine with respect to any other business as may properly come before the Meeting or any and all adjournments or postponements thereof (including voting on the adjournment or postponement of such meetings). Any and all proxies heretofore given by the undersigned are hereby revoked.

(Continued and to be signed on the reverse side)

SPECIAL GENERAL MEETING OF SHAREHOLDERS OF

RETALIX LTD.

January 7, 2013

Please date, sign and mail your proxy card in the envelope provided as soon as possible.

↓Please detach along perforated line and mail in envelope.↓

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE MERGER AND MERGER AGREEMENT DESCRIBED IN PROPOSAL 1 AND "FOR" THE OTHER PROPOSAL DESCRIBED BELOW.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ☒

Directions (Proposal 1)

If you are Merger Sub, NCR or a person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates (as described in the Proxy Statement) and wish to vote "For" or "Against" Proposal 1, you should not fill out this proxy card but should instead contact Sarit Sagiv (our Investor Contact) at investors@retalix.com, telephone: 1-877-573-7193 in the U.S. or +972-9-776-6600 in Israel, who will advise you as to how to submit your vote. If you hold your shares in "street name" (i.e., shares that are held through a bank, broker or other nominee) and believe that you possess a Personal Interest, you may also contact the representative managing your account, who could then contact our Investor Contact on your behalf.

		FOR	AGAINST	ABSTAIN
1.	Approval, pursuant to Section 320 of the Companies Law, of the merger of the Company with Merger Sub, an indirect, wholly-owned subsidiary of NCR, including approval of: (i) the Merger; (ii) the Merger Agreement; (iii) the Merger Consideration, without any interest thereon, subject to the withholding of any applicable taxes, for each Ordinary Share held as of immediately prior to the effective time of the Merger; (iv) the conversion of each outstanding option, and each warrant, to purchase one Ordinary Share into the right to receive an amount of cash equal to the excess, if any, of the Merger Consideration over the applicable exercise price of such option or warrant (the receipt of such cash is subject, in the case of (a) an unvested option, to the subsequent vesting, and the fulfillment of the existing conditions related to vesting, of such option, and (b) an option subject to the capital gains route of Section 102 of the Israeli Income Tax Ordinance [New Version] 1961, to the requirements of such Section 102); and (v) all other transactions and arrangements contemplated by the Merger Agreement.(All capitalized terms are defined in the accompanying proxy statement.)	☐	☐	☐
	By filling out and returning this proxy card with respect to the above proposal, the undersigned hereby confirms (whether voting "For" or "Against" such proposal) that he, she or it is not Merger Sub, NCR or a person holding at least 25% of the means of control of either of them, or anyone acting on behalf of either of them, including any of their affiliates. If you are one of the above described persons or entities and wish to vote "For" or "Against" this proposal, you should not fill out this proxy card but should instead follow the "Directions" opposite.			
2.	To act upon such other matters as may properly come before the Meeting or any adjournment or adjournments thereof.	☐	☐	☐

Signature of shareholder _____ Date _____ Signature of shareholder _____ Date _____

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each owner should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by a duly authorized officer, giving full title as such. If the signer is a partnership, please sign in partnership name by authorized person.