

**Payton Planar Magnetics Ltd. ("The Company")**  
**Reporting its Annual General Extraordinary Shareholders Meeting**

This notice is to announce that an annual general extraordinary meeting of the Company's shareholders will be held on July 17<sup>th</sup>, 2017 at 3:00 PM (hereinafter: "**The Meeting**"). The meeting will be held in the Company's registered office at 3 Ha'avoda St. Ness-Ziona, Israel (hereinafter: "**The Company's registered office**").

**On the agenda**

1. Discussion and acceptance of the Company's 2016 yearly financial statements.
2. Approval of dividend distribution at the amount of \$ 0.175 per share (an aggregate amount of \$3,092,000) declared by the Company's Board of Directors on June 5<sup>th</sup>, 2017, which will be distributed on July 19<sup>th</sup>, 2017 as final dividend for the year 2016.
3. Re-nomination of KPMG Somekh-Chaikin, a member of KPMG International, as the Company's independent auditor and authorizing the Company's Board of Directors to define its fees.
4. Re-Nomination of Mrs. Rachel Komemi as an External Director for an additional period of 3 years, as of November 1<sup>st</sup> 2017, and to reconfirm her remuneration given by The Company at the same rate given to the other External Director of The Company, according to the Israeli Companies Regulations (Rules in regard to remuneration and expenses to an external director) 2000, according to The Company's rank, as defined in the regulations mentioned above, and according to the remunerations paid to the other directors of The Company and The Company's Remuneration Policy.
5. Re-nomination of Mr. David Yativ<sup>1</sup> as an Executive Chairman of the Board of Directors and the re-nomination of Mr. Doron Yativ<sup>2</sup> as the Company's C.E.O., for a period of 3 years, as of November 1<sup>st</sup>, 2017, according to rule number 121C of The Israeli Companies Law, 1999 (hereinafter: "**The Israeli Companies Law**"). **It is hereby clarified, that each re-nomination shall be voted for separately.**
6. Extension of the Management Services Agreement, between the Company and "Wichita Ltd."<sup>3</sup>, for an additional period of 3 years, as of November 1<sup>st</sup>, 2017, according to rule number 275 of the Israeli Companies Law, through which Mr. David Yativ will continue to render his services as the Company's active chairman of the board.
7. Approval of the Management Services Agreement (replacing the current employment agreement of Mr. Doron Yativ) between the Company and "Yaarh - Looking To The Future Ltd."<sup>4</sup>, a private company, fully owned by Mr. Doron Yativ, through which Mr. Doron Yativ will continue to render his services as the Company's C.E.O. for a period of 3 years, as of November 1<sup>st</sup>, 2017, according to rule 275 of the Israeli Company's Law.

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<sup>1</sup> Mr. David Yativ, current active chairman, the founder and controlling shareholder of the parent company, Payton Industries Ltd.

<sup>2</sup> Mr. Doron Yativ, the son of David Yativ, current C.E.O and a Director.

<sup>3</sup> A private company, previously named "David Yativ, Technologies and management Ltd.", fully owned by Mr. David Yativ.

<sup>4</sup> A private company in the process of being established, the name of which is subject to the Companies' Registrar confirmation.

8. Extension of the Employment Agreements of Mrs. Sharon Ozan<sup>5</sup>, Mr. Dror Ozan<sup>6</sup> and Mr. Amir Yativ<sup>7</sup> for additional periods of 3 years, as of November 1<sup>st</sup>, 2017, according to rule number 275 of The Israeli Companies Law. **It is hereby clarified, that each extension of the employment agreements shall be voted on separately.**

The terms of the extended management and employment agreements match the Company's Remuneration Policy and, except for some modifications, reflect the current terms of such agreements.

Under these circumstances and according to the Company's Remuneration Policy, the Company's remuneration committee and board of directors are not required to examine data remuneration of similar companies or of similar fields in which the company engages.

In light of the above, the members of the Company's audit committee and board of directors have approved the above mentioned employment and management agreements and have resolved that their terms are reasonable and appropriate.

Copies of the external director's declaration (clause 4) (according to rules number 224B and 241 of The Israeli Companies Law), the management services agreements (clause 6 and 7), and the employment agreements (clause 8) are available at the Company's registered office and shall be delivered by e-mail to any shareholder at his request, accompanied by an authenticated certificate of ownership, to be sent by registered mail to the Company's registered office.

The agenda, instructions for attendance and voting procedures in the meeting as well as other information, will be available on the Company's website [www.paytongroup.com](http://www.paytongroup.com) from June 6<sup>th</sup>, 2017.

### **Adding a subject on the agenda**

One shareholder or more who holds at least one percent (1%) of the Company's voting rights in the meeting, may request, within 7 days after this notice, from the Company's Board of Directors to include any additional issue on the agenda, as long as the additional issue is suitable to be discussed at the Meeting.

In any case in which the Board of Directors finds that the additional issue is suitable to be discussed at The Meeting, The Company will prepare an updated agenda and an amended voting letter, if necessary, and will publish an updated notice no later than 7 days after the deadline for submitting the request to include another issue on the agenda as mentioned in this section above.

It is hereby clarified that, if The Company will publish an updated notice, it will have no effect on the determine date of shares ownership as determined in this notice below.

### **The Majority needed for passing the matters on the agenda**

1. The resolutions in matters 4, 6, 7, and 8 on the agenda, shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting, conditional upon the existence of one of the terms as follows:
  - a. The total majority votes shall include at least a majority of the votes of shareholders

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<sup>5</sup> Mrs. Sharon Ozan is a Director and Mr. David Yativ's daughter, serves during the past 16 years as Payton's Quality Assurance Manager.

<sup>6</sup> Mr. Dror Ozan is Mr. David Yativ's son-in-law, serves during the past 15 years as Purchasing Manager .

<sup>7</sup> Mr. Amir Yativ, David Yativ's son holds a M.Sc. in applied physics and a B.Sc. in Physics, serves as of April 2012 as a developing engineer and as of April 2016 as the R&D and Engineering Manager.

who do not have personal interest in the approval of the subjects of the agenda, who participate in the voting; and with respect to the resolution in clause 3 above, the total majority of the votes shall include at least a majority of the votes of shareholders who are not controlling shareholders in the Company and who do not have personal interest in the nomination, other than personal interest which is not as a result of relation with the controlling shareholder. The votes of the abstainers will not be taken into account. Rule number 276 of the Companies Israeli Law shall apply with regard to shareholders who have personal interest.

- b. The total of the objecting votes, from the said shareholders mentioned in section (a) above, will not exceed two percent (2%) of the total voting rights in the company.
2. The resolution in matter 5 on the agenda, shall be deemed to have been passed, by majority votes of the shareholders, voting in the meeting, conditional upon the existence of one of the terms as follows:
  - a. The total majority votes shall include at least a majority of the votes of shareholders who are not controlling shareholders in the Company and who do not have any personal interest in the approval of the resolution, participating in the voting. The votes of the abstainers will not be taken into account. Rule 276 of the Companies Israeli Law shall apply with regard to shareholders who have personal interest.
  - b. The total of the objecting votes, from the said shareholders mentioned in section (a) above, will not exceed two percent (2%) of the total voting rights in the company.
3. The resolutions in matters 2 and 3 on the agenda, shall be deemed to have been passed, by majority votes of the shareholders, present in the Meeting.

It is noted that, to the best of The Company's knowledge, Payton Industries Ltd, the controlling shareholder of The Company, will hold, on the determine date of shares ownership as determined in this notice below, a percentage of shares required to decide on matters 2 and 3 on the agenda.

### **Voting letter**

The shareholders may vote with regard to the resolutions in matters 4, 5, 6, 7, and 8 on the agenda above, also by a Voting Letter. The form of the Voting Letter is available at the company's registered office and can be delivered at request sent by mail to Mrs. Michal Lichtenstein (michal@paytongroup.com). The latest date to deliver the Voting Letter is July 17<sup>th</sup> 2017 at 11:00 AM.

### **Legal Quorum**

If within half an hour of the above mentioned time no quorum is present (at least two members present personally or by proxy who together hold at least thirty three percent (33%) of the issued shares of the Company), the meeting shall stand adjourned to July 18th, 2017 at the same place and hour (hereinafter: "**The Adjourned Meeting**").

If no quorum is present at The Adjourned Meeting within half an hour of the above mentioned time, the present member(s) shall be deemed a quorum.

### **The Determine Date of Shares Ownership**

The persons and/or entities that are entitled to participate and to vote in the meeting are the shareholders of The Company on June 18th, 2017 (hereinafter: "**the determine date of shares ownership**"). In order to validate their participation, the shareholders are kindly requested to

deposit with The Company, forty-eight (48) hours prior to the meeting, a certificate of ownership issued by a financial institution. Such certificate is to be sent to Mrs. Michal Lichtenstein, at The Company's registered office (fax: +972-3-9517571 or e-mail: [michal@paytongroup.com](mailto:michal@paytongroup.com)) or to Beatrijs Wouters Citigate, at Grayling – Avenue des Arts 46, B-1000, Brussels ( Tel + 32 (0) 2 738 17 80 or E-mail:[beatrijs.wouters@citigate.be](mailto:beatrijs.wouters@citigate.be)).

An instrument appointing a representative, a proxy, a power of attorney, other certificate, or a copy of the above mentioned documents attested by a notary, should be delivered to the Company's registered office, at least forty-eight (48) hours prior to the time of the meeting, or the adjourned meeting, where the person mentioned in the instrument is to vote. If the above conditions were not fulfilled, the appointing document shall be void.

A detailed description of the employment terms of the 5 Company's office holders, that have received the highest remuneration in the financial year of 2016, as required according to regulation 4(d)(1) of the Companies' Regulations (an announcement and a note of a general meeting and a type meeting in a public company and including a matter on the agenda), 2000, is attached to this notice.

### **The Company's Representative**

The Company's Representative in regard to this Shareholders Meeting is Mrs. Michal Lichtenstein, at Payton Planar Magnetics 3 Ha'avoda st. Ness-Ziona, Israel (tel: +972-3-9611164, fax:+972-3-9612394 or: [michal@paytongroup.com](mailto:michal@paytongroup.com)).

### **The Board of Directors.**

**Details of remuneration regarding each of the five highest earners among senior corporate officers in thousands of dollars, for the year ended on 31/12/2016**  
**According to Israeli's Companies' Regulations**

Information about Beneficiary		Remunerations (in term of costs to the corporation) for services <sup>(1)</sup>					
Name	Position	Scope of Position	Holding in Equity %	Salary in US\$ thousands	Bonus in US\$ thousands <sup>(2)</sup>	Total in US\$ thousands	
1	Mr. David Yativ through "Wichita Ltd." (formerly: "David Yativ technologies and management Ltd")	Executive Chairman of the Board	100%	51%	467	193	660
2	Mr. Doron Yativ	CEO	100%	-	247	78	325
3	Mr. Haim Elgamil	Vice President of Operations	100%	-	164	-	164
4	Mrs. Michal Lichtenstein	V.P. Finance & C.F.O	100%	-	149	-	149
5	Mrs. Ravit Shreim	Comptroller	100%	-	71	-	71
Total					1,098	271	1,369

(1) It is hereby clarified, that the remunerations which detailed in above, includes bonuses which were not yet to be paid as of the day of signing The Company's 2016 financial reports and not includes the bonuses for the year of 2015 (which were actually paid during the year of 2016).

(2) An executive bonus derived from Company profit (pre-tax) to the year of 2016.