



**STATE OF ISRAEL
MINISTRY OF INDUSTRY, TRADE & LABOR
OFFICE OF THE CHIEF SCIENTIST**

UNOFFICIAL TRANSLATION

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23 January 2007

To whom it may concern,

Subject: Escrow Agreement's Principals

An escrow agreement will be approved only if the escrow agent will hold Israeli citizenship, the agreement will be subject to Israeli law, and will conform to the following principles:

1. In case of activation of the provision in the escrow agreement as to the release of documents, the escrow agreement will not confer to the receiver any ownership in the manufacturing documents and/or in the source code or any rights whatsoever (hereinafter the "**Documents**"). The receiver will be granted a temporary right to use it for the following needs only: manufacturing (in case of manufacturing documents), or maintenance and support (if the documents concern source code documents for the maintenance or supports purposes).
2. The provision as to the release of Documents is subject to:
 - A. Reasonable periods for declaration that the violation is sufficient to request a release of the Documents.
 - B. An application for receivership or "winding-up" (the "**Application**") does not constitute a sufficient cause for the activation of the escrow agreement, upon the occurrence of one of the following events: the Application was rejected or nullified within a reasonable period of time; there is no interference in the supply of the products and/or in the provision of the maintenance and support services; or if an Israeli third party takes upon itself the responsibility for the provision of the abovementioned service.
 - C. Any transfer of other know-how documents not for manufacturing purposes (in an event of a manufacturing and supply transaction), and/or not for the purpose of maintenance and support, requires the receipt of prior written

approval from the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor (the "OCS").

- D. Upon any activation of the escrow agreement, the escrow agent and the Israeli company are obligated to inform the OCS.
3. Any fundamental changes in the escrow agreement following its signature such as replacement of the escrow agent, requires the prior approval of the OCS.
 4. Upon the submission of the request, one should specify, an existence, if any, of ownership relations between the company and the costumer.
 5. For approval of the escrow agreement, the company's lawyer should deliver to the OCS a document stating that the agreement conforms to the abovementioned principals.

Sincerely,

**Amos Ephrati
Deputy Chief Scientist**