



Notes to the agenda for the annual general meeting of shareholders (“General Meeting”) of Kardan N.V. (“Company”) on May 20, 2009

Agenda item 3

Adoption of the 2008 annual accounts

The annual accounts for the financial year 2008 which are proposed to be adopted are the statutory annual accounts.

The 2008 financial statements prepared in accordance with IFRS were already approved by the supervisory board and published on March 31, 2009.

Agenda item 4

Dividend Policy

The dividend policy recommends an annual distribution of between 20% to 30% of net income. This recommendation will take into consideration the level of net income, liquidity and the capital position, future financing requirements, and financial covenants of the Company, all within the limitations of the law. It should be noted that due to the nature of the Company's strategy and the structure of its earnings, dividend distributions may vary from year to year.

In light of the current global economic downturn and in line with the Company's dividend policy to take into account the liquidity, capital position and future financing requirements when determining a dividend distribution, the management board, with the approval of the supervisory board, has decided to allocate the entire profit of the financial year 2008 to the reserves and therefore no dividend will be declared for the financial year 2008.

Agenda item 5

Corporate Governance

The Company made some changes in its corporate governance structure and the General Meeting is therefore, in accordance with the Dutch Corporate Governance Code, invited to discuss its chosen approach towards the implementation of the Dutch Corporate Governance Code as specified in the chapter on corporate governance in the 2008 annual report, which is also attached to these notes as Annex I.

a. Adoption of Remuneration Policy

On June 19, 2008, the supervisory board appointed a remuneration, appointment and selection committee from amongst its members, consisting of Mr. H. Benjamins (Chairman), Mr. J. Krant and Mr. J. Pomrenze.

The remuneration, appointment and selection committee, through formal meetings, informal discussions and other ways of communication came to a proposal for the Company's remuneration policy, for which approval will be asked during the General Meeting. The supervisory board is of the opinion that the proposed Remuneration Policy follows the principles of the Dutch Corporate Governance Code. The intended



Policy provides for fixed and variable (both short and long term) components whereby the fixed part needs to be in line with market standards and the variable components will take into consideration both collective and personal targets. When recommending the remuneration of individual management board members, the supervisory board shall analyse the possible outcomes of the variable remuneration components and how they may affect the remuneration of the management board members. The level and structure of the compensation will be determined with due regard for the pay differentials within the Company. The supervisory board recommends to the General Meeting to adopt the Remuneration Policy, which is attached to these notes as Annex II.

b. Assessment Ernst & Young accountants

As announced during the annual general meeting of shareholders in 2008, the audit committee and the management board have evaluated the functioning of the Company's external auditors Ernst & Young. The main conclusions of this assessment will be communicated during the General Meeting.

Agenda item 6

Appointment of the external auditor for the financial year 2009

The proposal is to reappoint Ernst & Young Accountants, Amsterdam, the Netherlands and Ernst & Young Tel Aviv, Israel, as the external auditors responsible for auditing the annual accounts for the financial year 2009.

Agenda item 7a

Discharge of the members of the management board in respect of their management during the financial year 2008

It is proposed to the General Meeting to grant discharge to the members of the management board in relation to the exercise of their duties during the financial year 2008, to the extent that such exercise is apparent from the 2008 annual report or has been otherwise disclosed to the General Meeting prior to the adoption of the 2008 annual accounts.

Especially for the shareholders in Israel, the Company explains that this agenda item and the next one (item 7b) are standard items in an annual general meeting of shareholders in the Netherlands. A discharge ("*decharge*") granted to the members of the management board and the members of the supervisory board means a release from actual or potential liability. However, a discharge does not affect the liability of the members of the management board and of the supervisory board towards third parties. The discharge is granted for the management and supervision as described by the 2008 annual report and the information provided during the meeting, and thus does not cover facts that do not appear from these. In addition the principles of reasonableness and fairness ("*redelijkheid and billijkheid*") may prevent reliance on a discharge under certain circumstances.



Agenda item 7b

Discharge of the members of the supervisory board in respect of their supervision during the financial year 2008

It is proposed to the General Meeting to grant discharge to the members of the supervisory board in respect of their supervision during the financial year 2008, to the extent that such exercise is apparent from the 2008 annual report or has been otherwise disclosed to the General Meeting prior to the adoption of the 2008 annual accounts.

Agenda item 8

Reappointment of Mr. M.I. Groen as member of the supervisory board

The proposal is, in accordance with the nomination of the supervisory board, to reappoint Mr. Max I. Groen as member of the supervisory board for a term of four years, ending at the end of the annual general meeting of shareholders to be held in 2013.

The relevant personal details of Mr. Groen are available for inspection at the offices of the Company and are included in the 2008 annual report.

Mr. Groen does not hold shares in the capital of the Company.

The supervisory board has nominated Mr. Groen for reappointment based on his performance as member of the supervisory board in the past four years.

Agenda item 9

Reappointment of Mr. Alain Ickovics as member of the management board

The proposal is, in accordance with the nomination of the supervisory board, to reappoint Mr. Alain Ickovics as member of the management board (as chairman) for a term of three years, ending at the end of the annual general meeting of shareholders to be held in 2012. The supervisory board has nominated Mr. Ickovics for reappointment as member of the management board based on his performance in the past three years.

The relevant personal details of Mr. Ickovics are available for inspection at the offices of the Company and are included in the 2008 annual report.

Mr. Ickovics holds 179,232 option rights under the 2006 Kardán Stock Option Plan and did not exercise any of these option rights until now. Mr. Ickovics holds 3,312,975 shares in the capital of the Company.

Agenda item 10a

Determination of the remuneration of members of the management board

The General Meeting is requested to determine, in accordance with a proposal of the supervisory board, the following remunerations for the members of the management board:



	Total Kardan Group 12 months period	Kardan N.V. only 12 months period
Mr. A. Shlank (1)	EUR 248,400	EUR 75,600
Mrs. E. Oz-Gabber (2)	EUR 157,172	EUR 157,172
Mr. A. Ickovics (3)	EUR 235,440	EUR 170,100
Mr. W. van Damme (4)	EUR 179,626	EUR 179,626
Mr. J. Slootweg (5)	EUR 179,027	EUR 179,027

- (1) excluding car costs of EUR 12,000 per 12 months. The Kardan Group remuneration is higher than the Kardan N.V. only remuneration because of the remuneration Mr. Shlank receives from GTC (GTC China and GTC Real Estate Holding B.V.) and Tahal;
- (2) including holiday allowance (EUR 10,584) and pension (EUR 14,288) and excluding car costs of EUR 18,000 per 12 months;
- (3) excluding car costs of EUR 12,000 per 12 months. The Kardan Group remuneration is higher than the Kardan N.V. only remuneration because of the remuneration Mr. Ickovics receives from GTC (GTC Real Estate Holding B.V.) and Tahal;
- (4) including holiday allowance (EUR 12,096) and pension (EUR 16,330) and excluding car costs of EUR 10,800 per 12 months
- (5) including holiday allowance (EUR 12,056) and pension (EUR 16,275) and excluding car costs of EUR 16,200 per 12 months.

The amounts to be determined by the General Meeting are the Kardan N.V. only 12 months period remuneration. With respect to all members of the Management Board, it is proposed to increase the Kardan N.V. only remuneration with 5% as per January 1, 2009. With respect to Mr. Van Damme the proposal is to increase the remuneration from EUR 171,072 (as determined by the General Meeting on June 19, 2008) to EUR 179,626, with respect to Mr. Shlank the proposal is to increase the remuneration from EUR 72,000 (as determined by the General Meeting on June 19, 2008) to EUR 75,600, with respect to Mrs. Oz-Gabber the proposal is to increase the remuneration from EUR 149,688 (as determined by the General Meeting on June 19, 2008) to EUR 157,172, with respect to Mr. Ickovics the proposal is to increase the remuneration from EUR 162,000 (as determined by the General Meeting on June 19, 2008) to EUR 170,100 and with respect to Mr. Slootweg the proposal is to increase the remuneration from EUR 170,500 (as determined by the General Meeting on June 19, 2008) to EUR 179,027. The remuneration received by Messrs. Ickovics and Shlank from GTC will also be increased with 5%.

Agenda item 10b

The 2008 bonuses for members of the management board

The General Meeting is requested to determine, in accordance with a proposal of the supervisory board, the following bonuses for the following members of the management board for their work done during 2008:

Mr. A. Ickovics: EUR 18,900



Mr. A. Shlank:	EUR 18,900
Mrs. E. Oz-Gabber:	EUR 10,500
Mr. W. van Damme	EUR 18,000
Mr. J. Slootweg	EUR 11,960

The above amounts represent a bonus equal to a one month salary for all members of the management board, with the exception of Mr. Van Damme for whom it is proposed to grant a bonus equal to one and a half month salary. The bonuses have been determined based on the personal evaluation of each of the members of the management board.

Agenda item 11 **Amendment Articles of Association**

It is being proposed to partially amend the Articles of Association of the Company in accordance with the draft deed of amendment prepared by Houthoff Buruma N.V. dated April 6, 2009, attached to these notes as Annex III, and to authorize each member of the management board and every (candidate) civil-law notary of Houthoff Buruma N.V. with the power of substitution to apply for a declaration of no-objection in relation to the draft deed of amendment to the Articles of Association and to have this deed executed. The full text of the proposed draft of the deed of amendment of the Articles of Association in Dutch and in English and a version which marks the proposed changes in Dutch and in English are made available and a summary of the proposed amendments can be found below.

Summary of the proposed amendments of the Articles of Association

The draft deed of amendment includes changes to article 20 paragraphs 1 and 2, article 31 paragraphs 2 and 5, article 36 paragraph 1 and article 47. The background for the proposed amendments is the following (definitions that are used and that are not defined herein are defined in the Articles of Association of the Company):

Agenda item 11a **Article 20, paragraph 1**

A new paragraph 1 is introduced which obliges the Company to have a management board remuneration policy. Such policy is mandatory for an N.V., and as article 2:135 of the Dutch civil code (*Burgerlijk Wetboek*) sets out, the General Meeting has to determine this remuneration policy. In addition, article 2:135 states that this policy shall include matters as described in article 2:383, subparagraphs c to e, inclusive, of the Dutch civil code, to the extent that these relate to the management. Aforementioned subparagraphs deal with specific facts and information concerning the remuneration, which also need to be provided in the explanation to the annual accounts, such as amounts of periodically paid remuneration, remuneration payable in instalments, distributions made on termination of the employment, profit shares,



bonus payments, options, loans, advances or guarantees provided by the Company, its subsidiaries and its consolidated group companies.

Article 20 paragraph 2

It is proposed to include a new article 20 paragraph 2 to such effect that the General Meeting shall, on the proposal of the supervisory board, determine the remuneration and further conditions of employment for each member of the Management Board, taking into consideration the remuneration policy determined by the General Meeting in accordance with article 20 paragraph 1. The Company has decided to keep this authority with the General Meeting and not grant this authority to the Supervisory Board, as allowed by the Dutch Civil Code and promulgated by the Dutch Corporate Governance Code, in order to create maximum transparency for and powers of the General Meeting.

Agenda item 11b

Article 31 paragraph 2 and article 36 paragraph 1

Recently, the Dutch Civil Code has changed such that companies whose shares are listed at a regulated market must prepare their annual accounts within four months after the end of each financial year. This used to be five months, with the possibility of an extension of this period by the General Meeting of a maximum period of six months.

Article 31 paragraph 2 and article 36 paragraph 1 are changed to reflect the change in the Dutch Civil Code.

Article 31 paragraph 5

The obligation to prepare semi-annual and quarterly accounts, which was previously included in article 2:103 of the Dutch Civil Code, has been deleted therefrom and has been incorporated in the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*). It is proposed to delete the reference to article 2:103 from article 31 paragraph 5 of the Articles of Association.

Agenda item 11c

Article 47

The delegation of rights to determine to issue shares or rights to acquire shares, or exclude or limit pre-emptive rights can be granted for a maximum period of five years. The delegation article 47 refers to is older than five years and therefore no longer effective. For this reason, article 47 can be deleted from the Articles of Association.

Agenda item 12a

Authorisation of the management board to resolve to issue shares and to grant rights to subscribe for shares

The proposal is to adopt the following:

The management board is authorised, subject to the approval of the supervisory board, for a period of five years as of May 20, 2009 and within the limits of the law



and the articles of association, to resolve to issue shares in the capital of the Company and to grant rights to subscribe for such shares, relating to annually 10% of the non-issued shares of the Company's authorized capital at the time of such decision.

Agenda item 12b

Authorisation of the management board to resolve to restrict or exclude pre-emptive rights

The proposal is to adopt the following:

The management board is authorised, subject to the approval of the supervisory board, for a period of five years as of May 20, 2009 and within the limits of the law and the articles of association, to resolve to restrict or exclude pre-emptive rights when issuing shares or granting rights to subscribe for shares.

Agenda item 13

Authorisation of the management board to resolve for the Company to acquire shares in its own capital

The proposal is to adopt the following:

The management board is authorised, subject to the approval of the supervisory board, up to eighteen months after May 20, 2009 and within the limits of the law and the articles of association to resolve for the Company to acquire, on the stock exchange or otherwise in return for payment, shares in the capital of the Company at a price lying between the par value of such shares and 110% of the market value, whereby market value has the following meaning: the average of the highest price per share on each of the last five trading days on the NYSE Euronext Stock Exchange in Amsterdam prior to the date of acquisition, as published in the Daily Official List of Euronext Amsterdam.

Amsterdam, April 29, 2009

The management board and the supervisory board

ANNEX I

Chapter on Corporate Governance in the 2008 Annual Report

ANNEX II

Draft Remuneration Policy

ANNEX III

Draft deed amendment of the Articles of Association

ANNEX I

Chapter on Corporate Governance in the 2008 Annual Report

Corporate Governance

Introduction

This chapter describes the general corporate governance structure of Kardan N.V. The Management Board and the Supervisory Board of Kardan N.V. acknowledge their responsibility for Kardan N.V.'s corporate governance and for compliance with the Dutch Corporate Governance Code (the Code).

Kardan N.V. applies the Code's principles and best practice provisions, except for the following principles and best practice provisions that are not fully applied:

- “ *The best practice provisions relating to principle II.2* – remuneration and composition of the remuneration: although Kardan N.V. is not yet fully compliant with the best practice provisions relating to the remuneration of the members of its Management Board, a Remuneration, Appointment and Selection Committee has been established on June 19, 2008. During the financial year 2008, this Committee worked on a remuneration policy that will be presented for approval to the General Meeting of Shareholders during the AGM to be held on May 20, 2009. The Management Board and Supervisory Board of Kardan N.V. share the view that the proposed remuneration policy follows the principles of the Code. For more information in this respect, reference is made to the Report of the Supervisory Board, page 30 and to the paragraph “Remuneration and shareholdings of the Management Board” on page 20 of this chapter.
- “ *Best practice provision III.2* – independence of the Supervisory Board members: five members of the Supervisory Board of Kardan N.V. can be regarded as independent under the criteria laid down in the Code. These are Mr. Krant, Mr. Fink, Mr. Pomrenze, Mr. Groen, and Mr. Benjamins. The other members, being Mr. Schnur and Mrs. Rechter, are not independent under these criteria. Mr. Schnur is holding more than ten percent of the issued share capital of Kardan, and Mrs. Rechter is related by marriage to Mr. Rechter who receives a remuneration in his position of managing director of Kardan Israel Ltd. Kardan N.V. will not follow best practice provision III.2.1 because it regards a long-term alliance with these persons important to

all the stakeholders involved in Kardan. Given the extensive provisions on conflicts of interest in its articles of association and the Supervisory Board Regulations, Kardan N.V. feels that there are – without jeopardizing the corporate governance system – good grounds for not following this provision.

- “ *Best practice provision III.3.3* – introductions and education or training program: Kardan N.V. does not consider it necessary to make an introduction program mandatory for each newly appointed Supervisory Board member. If a newly appointed Supervisory Board member considers it necessary or desirable, he or she may follow an introduction program that covers general financial and legal matters, financial reporting by Kardan, any specific aspects that are unique to Kardan and its business activities, and the responsibilities of a Supervisory Board member.
- “ *Best practice provision III.3.4* – limitation of the number of supervisory board positions: although in practice Kardan N.V. currently complies with this best practice provision since none of the Supervisory Board members serves in more than five supervisory boards of Dutch listed companies, it does not comply with the Code in a strict sense, as no numerical maximum is set. However, the Supervisory Board Regulations prescribe that the Supervisory Board should decide on a case-by-case basis whether the acceptance of another position would conflict with the ability of the Supervisory Board member to properly perform his/her role within Kardan N.V., in which case the relevant member is requested to resign should he/she decide to accept the conflicting position. Kardan N.V. believes that a case-by-case assessment better serves the principle behind this provision of the Code than applying absolute numerical criteria.
- “ *Best practice provision III.4.2* – the chairman of the Supervisory Board shall not be a former member of the Management Board: although the current Chairman, Mr. Krant, is not a former member of the Management Board, Kardan N.V. does not consider it appropriate to exclude such a situation for the

- future, taking into account the specific knowledge and experience that rest with its senior management and from which a Supervisory Board may well benefit when performing its tasks.
- “ *Best practice provision III.5.6.* – the chairman of the Audit Committee shall not be a former member of the Management Board: although Kardan N.V. is currently in compliance with the Code, as Mr. Groen, the current Chairman of the Audit Committee is not a former member of the Management Board, it considers it in the interest of Kardan not to exclude this situation for the future and has therefore enforced this vision in the Terms of Reference of the Audit Committee.
 - “ *Best practice provision III.6.4* – transactions between Kardan N.V. and legal or natural persons holding at least ten percent of the shares in the capital of Kardan N.V.: although Kardan N.V. does not regulate these transactions as provided for in this best practice provision, it takes the view that the provisions on conflicts of interest as provided for in its articles of association, the Management Board Regulations and the Supervisory Board Regulations in combination with the provisions on transactions with Holders of Control (as defined in the articles of association and as further described in the paragraph “Related Party Transactions” in this chapter) provide sufficient protection in this respect.
 - “ *Best practice provision IV.1.1* – the adoption of a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or the Supervisory Board and/or a resolution to dismiss a member of the Management Board or the Supervisory Board: Kardan N.V. considers it in its own interest that the Supervisory Board’s right of nomination shall be binding, unless the General Meeting of Shareholders rejects the binding character by means of a resolution passed with a majority of two-thirds of the votes cast, representing more than half of Kardan N.V. ’s issued capital.
 - “ *Best practice provision IV.3* – meetings with analysts, presentations to analysts and presentations to investors shall be announced in advance on the

company’s website and by means of press releases, and provision shall be made for all shareholders to follow these meetings and presentations in real time: while generally complying with the rules and regulations on fair and non-selective disclosure and equal treatment of shareholders, in view of the number of meetings and the sensitivity of the identity of (some of) the investors, not all of these meetings are being announced or can be followed in accordance with this best practice provision. In the event that presentations held contain relevant information, these are posted on Kardan’s website afterwards in accordance with the applicable rules.

Each important change to Kardan N.V.’s corporate governance structure and any alterations in the compliance with the Code will be submitted to the Annual General Meeting of Shareholders for discussion as a separate agenda item.

Further details on the extent and manner of implementation of the Code are found in (i) this chapter and in the risk management chapter (page 65 of this Annual Report), and (ii) in Kardan’s articles of association, the Supervisory Board Regulations (including profile, Audit Committee Terms of Reference and the rules governing the Remuneration, Appointment and Selection Committee) and the Management Board Regulations which have all been posted on Kardan’s website (www.kardan.nl).

Structure

Kardan N.V. has a two-tier structure with a Management Board and a Supervisory Board. The members of the Management Board are all executive directors and the members of the Supervisory Board are non-executive directors.

Kardan N.V.’s management is entrusted to the Management Board, which means, among other things, that the Management Board is responsible for the development and implementation of Kardan’s objectives, strategy and policies. Under Dutch law, the members of the Management Board hold their duties

and responsibilities collectively. The Management Board is accountable to the Supervisory Board and to the General Meeting of Shareholders. In performing its duties and responsibilities, the Management Board is guided by Kardan's corporate interests and those of its affiliated enterprises, while taking all stakeholders' interests into consideration. The Management Board is subject to the Management Board Regulations.

The Supervisory Board acts separately from and independently of the Management Board. The Supervisory Board manages and advises on the actions and policies of the Management Board and determines the general course of Kardan's business activities. The supervision of the Management Board by the Supervisory Board includes the following: (i) achievement of Kardan's objectives, (ii) corporate strategy and the risks inherent in the business activities, (iii) the structure and operation of the internal risk management and control systems, (iv) the financial reporting process and (v) compliance with legislation and regulations. In its supervisory capacity, the Supervisory Board assists and advises the Management Board in the performance of its managerial duties. In performing their duties, the members of the Supervisory Board shall act in accordance with the interests of Kardan and the business connected with it, and shall take into account the relevant interests of Kardan N.V.'s stakeholders. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board is subject to the Supervisory Board Regulations.

The Management Board provides the Supervisory Board in a timely manner with all the information necessary to enable the Supervisory Board to carry out its duties. The articles of association and the Supervisory Board Regulations provide that certain important resolutions of the Management Board are subject to the prior approval of the Supervisory Board.

Appointment and composition of the Management Board

The Supervisory Board has the right to make binding nominations for candidates for the Management Board, which are subsequently appointed by the General Meeting of Shareholders. Each member of the Management Board is appointed for a period of three years, but may be re-appointed following the expiration of his/her term of office. At present, the Management Board has five members; their profiles and an appointment scheme can be found on page 12 and 13 of this Annual Report.

A member of the Management Board may not be a supervisory director of more than two listed companies. Currently, no member of the Management Board serves as a member of a supervisory board of another listed company outside the Kardan Group of Companies. Moreover, a member of the Management Board may not be the chairman of the supervisory board of a listed company. Membership of the supervisory board of another company within the Kardan Group of Companies does not count for this purpose. The acceptance by a member of the Management Board of membership of the supervisory board of a listed company outside the Kardan Group of Companies requires the approval of the Supervisory Board. Other important positions held by a member of the Management Board shall be reported to the Supervisory Board.

The Supervisory Board may elect one of the members of the Management Board as chairman of the Management Board. In the event that no chairman has been elected by the Supervisory Board, the meeting of the Management Board will itself designate a chairman for each separate meeting. The Management Board meets regularly. It also meets whenever the chairman or two other members of the Management Board or the Supervisory Board consider a meeting necessary.

Resolutions of the Management Board are adopted if an absolute majority of the votes cast are in favor.

Internal regulations and conflicts of interest regarding the Management Board

Kardan considers it important that employees are able to report in an adequate and safe manner any suspicions they may have of irregularities of a general, operational or financial nature. Since proper procedural provisions play an important part in reporting such concerns, the Management Board decided to adopt a Whistleblower Policy, which has been posted on Kardan's website (www.kardan.nl). In addition, Kardan has adopted a Code of Conduct, intended to provide its employees with guidelines for the behavior and activities of employees, and for compliance with laws, regulations and ethical standards that govern the business of Kardan, which can also be found on Kardan's website.

The articles of association of Kardan N.V. include extensive provisions on conflicts of interest between Kardan N.V. and Holders of Control (as defined in the articles of association), which are also applicable if these Holders of Control hold a position on the Management Board (for a further description of these provisions, reference is made to the paragraph "Related Party Transactions" in this chapter). In addition, Kardan N.V. endorses the Code's principles and provisions that address conflicts of interest between Kardan N.V. and one or more members of the Management Board. To this effect, provisions have also been included in the Management Board Regulations covering best practice provisions II.3.1 through II.3.4 of the Code.

Remuneration and shareholdings of the Management Board

The General Meeting of Shareholders directly determines the remuneration amount and composition of the remuneration to the members of the Management Board. During the AGM to be held on May 20, 2009, a remuneration policy will be submitted to the General Meeting of Shareholders for approval (reference is also made to the Supervisory Board Report in this Annual Report). At the AGM, the General Meeting of Shareholders will also be asked to

adopt an amendment to the articles of association, providing that (i) Kardan will have a remuneration policy to be adopted by the General Meeting of Shareholders; and (ii) the General Meeting of Shareholders will on the proposal of the Supervisory Board determine the remuneration of the individual members of the Management Board.

Detailed information about the remuneration of the members of the Management Board can be found in the notes to the financial statements on page 228 of this Annual Report.

Currently, no member of the Management Board has been granted a loan, guarantee or the like, and no member of the Management Board has been granted shares in the capital of Kardan N.V. by way of remuneration.

The members of the Management Board who hold shares in the capital of Kardan N.V. are Mr. A. Ickovics, who currently holds 3,312,975 shares in the capital of Kardan N.V., Mr. A. Shlank, who currently holds 40,676 shares in the capital of Kardan N.V. and Ms. E. Oz-Gabber who currently holds 3,290 shares in the capital of Kardan N.V. Furthermore, the only member of the Management Board holding shares in any Kardan group companies is Mr. A. Ickovics, holding 61,904 shares in Kardan Israel Ltd., an Israeli company listed on the Tel-Aviv Stock Exchange, and 225 shares in GTC Investments B.V.

Kardan N.V. granted the following number of options on shares in Kardan N.V. to the following members of the Management Board under the terms and conditions laid down in the Stock Option Plan and the individual award agreements for which approval was granted by the General Meeting of Shareholders during the Extraordinary General Meeting of Shareholders of Kardan N.V., held on October 26, 2006 (for the grants to Mr. A. Ickovics, Mr. A. Shlank and Ms. E. Oz-Gabber) and by the General Meeting of Shareholders during the Annual General Meeting of

Shareholders held on June 19, 2008 (Mr. W. van Damme and Mr. J. Slootweg):

- 179,232 options to Mr. A. Ickovics
- 179,232 options to Mr. A. Shlank
- 149,360 options to Mrs. E. Oz-Gabber
- 150,000 options to Mr. W. van Damme
- 175,000 options to Mr. J. Slootweg

Kardan believes that its senior management team is a major asset. In order to minimize the risk of management changes, Kardan considers it to be in the best interest of Kardan that incentive-based policies be applied throughout the Kardan Group. A key element of these policies is the granting of share options or shares.

The Stock Option Plan does not include specific vesting mechanisms nor is granting subject to fulfillment of certain performance criteria. This is a deviation from the Code. The allocation to the members of the Management Board is based on their current achievements, the need for further continuation, and the build-in incentive to focus on further value creation for Kardan. Furthermore, the allocation to the members of the Management Board under the Stock Option Plan is not considered best practice under the Code, as the options will vest in three equal annual installments, commencing on the first anniversary of the date of grant, and the exercise price of options can be set lower than the closing share price at the date of grant. Kardan believes that it is not necessary to completely adhere to these provisions of the Code for the above-mentioned reasons and because (i) the same Stock Option Plan rules apply to the other employees and, therefore, for the sake of unity, clarity and ease of administration, no differences are applied between the members of the Management Board and the other employees, (ii) annual vesting of options is appropriate and market practice in an international environment, and (iii) the discounting exercise price reflects the depreciating effect of the fact that the participant cannot sell nor exercise the options during the vesting period.

Until now, none of the aforementioned options that were granted to the members of the Management Board have been exercised.

The members of the Management Board are subject to the insider trading policy of Kardan N.V. which, among other stipulations, contains rules of conduct to prevent trading in Kardan N.V.'s securities when holding inside information. In addition, the members of the Management Board are subject to a policy on the ownership of and transactions in securities other than Kardan N.V.'s financial instruments. Both policies are published on the website.

Appointment and composition of the Supervisory Board

The Supervisory Board itself has the right to make binding nominations for the candidates for the position of supervisory director, which are subsequently appointed by the General Meeting of Shareholders. Each member of the Supervisory Board is appointed for a period of four years and may be re-appointed for a maximum of two more terms. The Supervisory Board itself determines the number of supervisory directors, but there must always be at least three members. At present, the Supervisory Board consists of seven members; their profiles and an appointment scheme can be found on pages 14-16 of this Annual Report. Furthermore, the Supervisory Board Regulations include a profile of the Supervisory Board's size and composition.

Each supervisory director must be capable of assessing the broad outline of Kardan's overall policy and must have the specific expertise required for the fulfillment of the duties assigned to the role designated to the supervisory director in the Supervisory Board profile. It is considered desirable for the Supervisory Board to represent, if possible, a wide range of expertise, so that it has relevant knowledge and experience of business management, financial administration and accounting for listed companies and other large legal entities.

The Supervisory Board can request supervisory directors to retire prematurely in the event of inadequate performance or a structural incompatibility of interests.

The Supervisory Board can elect a chairman from its members. The chairman of the Supervisory Board sets the agenda, chairs the Supervisory Board meetings, monitors the proper functioning of the Supervisory Board, the Audit Committee, the Remuneration, Appointment and Selection Committee, and arranges for the adequate provision of information to the supervisory directors. Furthermore, the chairman ensures that there is sufficient time for decision-making, and acts on behalf of the Supervisory Board as the main point of contact for the Management Board. The chairman of the Supervisory Board is also the chairman of the General Meeting of Shareholders. The chairman of the Supervisory Board may arrange for the Supervisory Board to discuss its own functioning and that of its individual members, and the conclusions to be drawn. The desired profile, composition and competence of the Supervisory Board may also be discussed.

Adoption of resolutions by the Supervisory Board requires an absolute majority of the votes cast. Supervisory directors, who are frequently absent from the meetings, may be asked by the Supervisory Board to account for their absence.

Conflict of interest and remuneration of the Supervisory Board

The articles of association of Kardan N.V. include extensive provisions on conflicts of interest between Kardan N.V. and Holders of Control (as defined in the articles of association), which are also applicable if these Holders of Control hold a position in the Supervisory Board (for a further description of these provisions, reference is made to the paragraph "Related Party Transactions" in this chapter). In addition, Kardan N.V. endorses the principles and provisions of the Code that address conflicts of interest between Kardan and one or more members of the Supervisory Board. To this effect, provisions have been included in the Supervisory Board

Regulations covering best practice provisions III.6.1 through III.6.3 of the Code.

The General Meeting of Shareholders determines the remuneration of each supervisory director. The remuneration of a supervisory director is currently not dependent on the results of Kardan. Shares and rights to shares are currently not granted to supervisory directors as remuneration. Kardan has not granted personal loans, guarantees or the like to supervisory directors. Detailed information on the remuneration of the members of the Supervisory Board can be found in the notes to the financial statements on page 228 of this Annual Report.

There are three members of the Supervisory Board who hold shares in the capital of Kardan. Mr. A. Schnur currently holds 19,818,465 shares in Kardan N.V., Mr. J. Pomrenze currently holds 150,052 shares and, in addition, Mrs. K. Rechter holds 4,098,719 shares through Shamait Ltd., a private company incorporated in Israel, and fully owned by Mrs. K. Rechter and her husband, Mr. E. Rechter.

The members of the Supervisory Board are subject to the insider trading policy of Kardan N.V. which, among others, contains rules of conduct in preventing trade in Kardan N.V.'s securities when holding inside information. In addition, the members of the Supervisory Board are subject to a policy on the ownership and transactions in securities other than Kardan N.V.'s financial instruments. Both policies are published on Kardan's website.

Audit Committee

The Supervisory Board has elected three of its members to form an Audit Committee, without in any way derogating from its primary responsibilities. The Audit Committee is subject to the Terms of Reference which form part of the Supervisory Board Regulations.

The Audit Committee has the general task of evaluating and advising the Supervisory Board on

matters concerning financial administrative control, financial reporting and internal and external auditing. The Audit Committee shall act as the principal contact for the external auditor, should the auditor discover irregularities in the content of the financial reports. The Audit Committee is authorized to request advice from outside experts if it considers such necessary. If possible, the Audit Committee should comprise at least one financial expert. The chairman of the Supervisory Board does not chair the Audit Committee. If and to the extent practically feasible, a maximum of one member may be not independent.

With regard to the work and focus of the Audit Committee during the financial year 2008, reference is made to the Report of the Supervisory Board, as included in this Annual Report.

Remuneration, Appointment and Selection Committee

The Supervisory Board has elected three persons from among its members to form a Remuneration, Appointment and Selection Committee, without in any way derogating from its primary responsibilities. The Remuneration, Appointment and Selection Committee is subject to the rules governing the Remuneration, Appointment and Selection Committee.

The tasks of this committee include, among others, (i) preparing a remuneration policy, for adoption by the General Meeting of Shareholders, (ii) preparing the Supervisory Board's remuneration report for inclusion in the Kardan N.V.'s annual report, (iii) preparing the selection criteria and appointment procedures for members of the Supervisory Board and the Management Board, (iv) periodically evaluating the scope and composition of the Management Board and Supervisory Board and (v) periodically evaluating the functioning of individual members of the Management Board and Supervisory Board.

With regard to the work and focus of the Remuneration, Appointment and Selection Committee during the financial year 2008, reference is made to

the Report of the Supervisory Board as included in this Annual Report.

Related party transactions

Articles 7, 8 and 9 of the articles of association of Kardan N.V. contain rules on the corporate resolution process in the case of dealings between Kardan N.V. and one or more Holders of Control, as defined in the articles of association. Holders of Control are deemed to be any person (as defined in the articles of association) who holds twenty-five percent or more of the voting rights in the General Meeting of Shareholders, if there is no other person holding more than fifty percent of the voting rights. Certain transactions as described in Kardan N.V.'s articles of association between Kardan N.V. and a Holder of Control require special approval, as follows: (i) Management Board approval, (ii) Supervisory Board approval with an absolute majority of the votes cast, including the affirmative vote of at least one independent supervisory director (as defined in Kardan N.V.'s articles of association) and (iii) approval of the General Meeting of Shareholders with an absolute majority of the votes cast, providing that either (a) such a majority includes the affirmative votes of at least one third of all the votes of such shareholders who are present at the meeting and who do not have a personal interest (as defined in Kardan N.V.'s articles of association), or (b) the opposition votes of those shareholders who are present at the meeting and who do not have a personal interest does not constitute more than one percent of the total number of votes that can be cast in a General Meeting of Shareholders.

During the financial year 2008, the resolutions to enter into a new Directors & Officers liability insurance policy, as well as the increase in remuneration of Mr. Schnur and Mrs. Rechter, were approved taking into account above provisions.

Kardan N.V. believes that the provisions on conflicts of interest as laid down in the Management Board Regulations and Supervisory Board Regulations, together with the provisions regarding related party

transactions as described above, provide sufficient protection regarding these types of transactions, as envisioned by the Code in best practice provision III.6.4.

General Meeting of Shareholders and shareholders' rights

The General Meeting of Shareholders is the forum in which the Management Board and the Supervisory Board give their account with regard to the manner in which they have performed their duties. Kardan N.V. considers it to be in its own interest that the majority of shareholders take part as much as possible in the decision-making process in the General Meeting of Shareholders.

Each shareholder has the right to attend General Meetings of Shareholders, either in person or represented by proxy, to address the General Meeting of Shareholders and to exercise voting rights, subject to the provisions of the articles of association of Kardan N.V. If and to the extent practically feasible, investors in Israel may participate in General Meetings of Shareholders by means of a conference call or video conference.

Each share carries one vote. Kardan N.V. has one class of shares, being ordinary shares with a nominal value of EUR 0.20 each. Kardan N.V. may set a record date for the exercise of the voting rights and the rights relating to General Meetings of Shareholders. Unless otherwise required by its articles of association or Dutch law, resolutions of the General Meeting of Shareholders require the approval of an absolute majority of the votes validly cast. Unless provided otherwise by Dutch law or Kardan N.V.'s articles of association, there are no quorum requirements.

General Meetings of Shareholders are held at least once a year in order to, among other things, discuss the report by the Management Board and the report by the Supervisory Board, to adopt the statutory financial statements, to appoint the external auditor, to adopt any proposal concerning dividends, to, if applicable, appoint members of the Supervisory Board and Management Board, and to consider any other

matters proposed by the Supervisory Board, the Management Board or the shareholders in accordance with the articles of association of Kardan N.V. and Dutch law. Pursuant to both Dutch law and the articles of association, the General Meeting of Shareholders discusses and passes, under a separate agenda item, resolutions discharging the members of the Management Board and the Supervisory Board from their responsibilities for the performance of their respective duties in the preceding financial year. This discharge only covers the matters that are known to Kardan N.V. and the shareholders at the time the resolution is adopted.

Other General Meetings of Shareholders may be held as often as the Management Board or the Supervisory Board deems necessary. Such a meeting must be held if requested in writing by one or more shareholders holding shares representing at least 10% of Kardan N.V.'s issued share capital. The request has to be made to the Management Board or the Supervisory Board and must specify in detail the business to be dealt with. If the Management Board or the Supervisory Board fails to convene and hold a meeting within four weeks of receipt of this request, the requesting shareholder(s) may call the meeting.

One or more shareholders holding shares representing at least 1% of Kardan N.V.'s issued share capital or representing a value of EUR 50 million according to the Official Price List of Euronext Amsterdam has/have the right to request the Management Board or the Supervisory Board to place items on the agenda of a General Meeting of Shareholders. The Management Board or Supervisory Board shall add the item to the agenda of the meeting, provided that Kardan N.V. does not have a serious interest in not adding it to the agenda, and that the request is received by the Management Board or Supervisory Board in writing at least fourteen days before the notice of the meeting will be given. Notice of a General Meeting of Shareholders shall be given no later than on the fifteenth day prior to the date of the meeting.

The external auditor will attend and be entitled to address the General Meeting of Shareholders.

Shareholders' rights, such as dividend rights, liquidation rights and rights in respect of amendments of the articles of association and reduction and increase of share capital are all described in the articles of association of Kardan N.V., which have been posted on Kardan's website.

Kardan does not have anti-takeover measures in the sense that such measures exclusively or almost exclusively have the purpose of frustrating an actual or attempted hostile takeover.

Information on the European Takeover Directive

In accordance with Article 10 of the European Takeover Directive, companies with securities that are admitted to trading on a regulated market are obligated to disclose certain information in their annual report. This obligation has been implemented in Dutch law through Article 10 Takeover Directive Decree. Kardan N.V. must disclose certain information that might be relevant to companies considering making a public offer with respect to Kardan N.V. In addition to the information described in the previous paragraph of this chapter, the following information is provided in connection with Article 10 Takeover Directive Decree:

- a. An overview of Kardan N.V.'s capital structure is included on page 155 of this Annual Report.
- b. Shares in the capital of Kardan N.V. are freely transferable.
- c. Substantial shareholdings within Kardan N.V. are included on page 10 of this Annual Report.
- d. There are no special control rights attached to the Kardan N.V. shares.
- e. A stock option plan for members of the Management Board of Kardan N.V. and other Kardan key employees has been approved by the shareholders during the Extraordinary General Meeting of Shareholders held on October 26, 2006. The options can only be granted in accordance with the underlying stock option plan rules and with the approval of the Supervisory Board and – in respect of the Management Board – with the approval of the General Meeting of Shareholders. Further information regarding the options granted under the stock option plan can be found on page 156 and 157 of the Annual Report.
- f. There are no limitations to voting rights on the shares in the capital of Kardan N.V.
- g. Kardan N.V. is unaware of any agreements that might result in a limitation of the transferability of or the voting rights on shares in the capital of Kardan N.V.
- h. The provisions regarding the appointment and dismissal of members of the Management Board and the Supervisory Board, and the provisions regarding amendments of the articles of association, are described in Kardan N.V.'s articles of association which can be viewed on Kardan's website (www.kardan.nl).
- i. The General Meeting of Shareholders may authorize the Management Board (i) to purchase shares by Kardan N.V. in its own capital, and (ii) to issue and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders in the event of issuing and granting rights to subscribe for shares. Further information can be found in the articles of association of Kardan N.V. and the minutes of the relevant General Meetings of Shareholders of Kardan N.V. in respect of the authorizations that have been granted to the Management Board. Authorization for Kardan N.V.'s purchase of its own shares has been granted for a period of eighteen months during the General Meeting of Shareholders of June 19, 2008. At the same General Meeting of Shareholders held on June 19, 2008, the authorization to issue and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders in the event of issuing and granting rights to subscribe for shares was granted for a period of five years, taking into account the limitations provided by the law and the articles of association and provided

that no more than 10% of the issued share capital can be issued annually.

- j. There are no important agreements to which Kardan N.V. is a party and that will come into force, be amended or be terminated under the condition of a change of control over Kardan N.V. as a result of a public offer.
- k. There are no agreements of Kardan N.V. with members of the Management Board or with other employees that entitle them to any compensation rights upon termination of their employment after completion of a public offer on Kardan N.V. shares.

ANNEX II

Draft Remuneration Policy

Remuneration Policy

1. Remuneration principles

1.1 The Supervisory Board shall, on a proposal of the Remuneration Committee, recommend to the Company's general meeting of shareholders the remuneration of the individual members of the Management Board. This proposal shall be drawn up after consultation with the Chairman of the Management Board and shall be within the scope of the Remuneration Policy adopted by the Company's general meeting of shareholders.

1.2 The objective of the Remuneration Policy is to attract, motivate and retain qualified directors.

1.3 The basic elements of the remuneration granted to the Company's Management Board are (i) a fixed remuneration, (ii) a short term variable remuneration, and (iii) a long term variable remuneration.

1.4 The fixed remuneration is benchmarked against a peer group set of companies that will from time to time be identified as relevant to the Company.

2. The peer group used for reference with respect to the fixed remuneration

2.1 The peer group will reflect the markets most relevant with respect to the recruitment and retention of top management for the Company. Although in view of the Company's profile and varied activities it is difficult to determine peer group companies, peer group companies will be selected on the basis of their Dutch domicile, international character, size and public listing (in the Netherlands and/or abroad).

3. Total remuneration

3.1 The remuneration needs to fit within the pay differentials within the Company, especially in terms of the height of the remuneration.

3.2 When recommending the remuneration of individual Management Board members to the Company's general meeting of shareholders, the Supervisory Board shall analyse the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board members.

4. Fixed remuneration

4.1 The Supervisory Board aims to recommend a fixed remuneration level consistent with levels established by companies in the peer group. In addition, the complexity, scale and risks of the Company's activities as well as personal factors, such as education and level of experience, are factors which are taken into account when determining the fixed part of the remuneration. Each year, the Supervisory Board considers whether the circumstances justify a reconsideration of the individual fixed remunerations.

5. Variable remuneration

5.1 The level and structure of the variable remuneration shall be determined by reference to, among other things, the results, the share price performance, and non-financial indicators that are relevant to the Company's long term value creation. The variable remuneration can be earned based on the achievement of specific and challenging individual and collective targets. The targets shall be annually determined by the Supervisory Board, on a proposal by the Remuneration Committee. The annual growth in the Company's net asset value and net profit before tax shall be taken into account when determining the collective targets.

5.2 Short term variable remuneration

5.2.1 Each year, a variable cash incentive can be earned, based on the achievement of targets as set out in article 5.1 above.

5.2.2 The maximum variable cash incentive is set at 50% of the fixed remuneration, provided that in case of extraordinary achievements the Supervisory Board, on a proposal by the Remuneration Committee, may recommend to grant a higher variable cash incentive provided that the variable cash incentive shall not amount to more than 75% of the fixed remuneration.

5.2.3 Whether a variable cash incentive shall be awarded and to what extent shall depend for 70% on whether collective targets are achieved, and for 30% on whether individual targets are achieved.

5.2.4 Irrespective of meeting the predetermined targets, the Supervisory Board, on the basis of a proposal of the Remuneration Committee, may decide to recommend a variable cash incentive equal to 1/3 of the maximum variable cash incentive at its discretion.

5.3 Long term variable remuneration: shares

5.3.1 Each year, a variable incentive consisting out of shares, taking into account article 5.3.5 below, can be earned. This will be based on the achievement of targets as set out in article 5.1 above.

5.3.2 The maximum amount of value of the shares is set at 50% of the fixed remuneration.

5.3.3 Whether shares shall be awarded and to what extent shall depend for 70% on whether collective targets are achieved, and for 30% on whether individual targets are achieved.

5.3.4 The shares vest at the end of a period of five years and will be freely disposable after 5 years of retention, provided that the Management Board member is still employed by the Company. Prior to vesting, the shares will be held for the Management Board member by a third party. Standard good leaver /bad leaver provisions will apply.

5.3.5 With the approval of the Supervisory Board, a Management Board member can choose to receive part of this remuneration component in cash, provided that the cash component cannot be higher than 50%.

6. Loans

6.1 No personal loans, guarantees or the like will be granted to members of the Management Board, unless in the normal course of business and on terms applicable to the personnel as a whole and after approval by the Supervisory Board. No remission of loans may be granted.

7. Pensions

7.1 Pension premiums will be for the account of the Management Board members and will be deemed to be included in the fixed remuneration.

8. Tax consequences

8.1 Any and all tax consequences related to the remuneration will be for the account of the Management Board members.

9. Deviations from the Remuneration Policy: Clawback

9.1 The Supervisory Board reserves the right to deviate from the Remuneration Policy in case of extraordinary circumstances. This includes, but is not limited to, the power of the Supervisory Board to adjust the value of a variable remuneration component upwards or downwards in case such variable remuneration component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined personal targets have been or should have been achieved. In addition, the Supervisory Board may recover from the Management Board members any variable remuneration awarded on the basis of incorrect financial or other data.

10. Dismissal

10.1 The remuneration in the event of dismissal may not exceed one year's fixed remuneration component. This provision does not detract from the principle that failing policy (mismanagement or fraud) on the part of a Management Board member should not be awarded. Shares that have not vested on dismissal will return to Company, unless the Supervisory Board, on the proposal of the Remuneration Committee, decides to (partially) apply these in the payment on dismissal.

11. Evaluations

11.1 Every year, the Chairman of the Supervisory Board together with one other member of the Supervisory Board shall evaluate the functioning of the Chairman of the Management Board. The Chairman of the Supervisory Board shall discuss his findings with the Remuneration Committee and the Supervisory Board, prior to the evaluation meeting with the Chairman of the Management Board. The Chairman of the Management Board yearly drafts an evaluation of the other members of the Management Board taking into account evaluations of co-members of the Management Board and other employees. Only after a pre-discussion of the draft evaluations with the Chairman of the Supervisory Board (who may decide, at his discretion, to also pre-discuss the evaluations with the Remuneration Committee and the Supervisory Board) who may provide his feedback to the draft evaluations, the Chairman of the Management Board and the Chairman of the Supervisory Board (or two members of the Supervisory Board) together will have the evaluation meetings with the members of the Management Board.

12. Revaluation Remuneration Policy

12.1 At least once every three years, on a proposal of the Remuneration Committee, the Remuneration Policy will be tested by the Supervisory Board on actuality. If necessary, one or more elements will be changed. If such review would lead to a revised Remuneration Policy, such changes would be brought for approval to the Company's general meeting of shareholders.

13. Remuneration Report

13.1 The Supervisory Board shall endeavor to annually publish a Remuneration Report in line with the Dutch corporate governance requirements.

ANNEX III

Draft deed amendment of the Articles of Association

STATUTENWIJZIGING

Concept de dato 6 april 2009

Op []

tweeduizend negen, verschijnt voor mij,
mr. Martine Bijkerk, notaris te Amsterdam:

[].

De comparant verklaart dat:

- de statuten van de naamloze vennootschap: **Kardan N.V.**, statutair gevestigd te Amsterdam, laatstelijk zijn gewijzigd bij akte op zestien december tweeduizend acht, verleden voor mr. M. Bijkerk, notaris te Amsterdam;
- de raad van commissarissen van voormelde vennootschap heeft, met inachtneming van het bepaalde in de statuten van de vennootschap, een voorstel gedaan tot de onderhavige statutenwijziging;
- de algemene vergadering van aandeelhouders van voormelde vennootschap heeft besloten tot de onderhavige statutenwijziging;
- voorts werd besloten om de comparant te machtigen de betreffende akte van statutenwijziging te doen verlijden;
- van voormeld voorstel van de raad van commissarissen blijkt uit een - aan deze akte te hechten - exemplaar van het besluit van de raad van commissarissen;
- van voormeld besluit blijkt uit de notulen van de algemene vergadering van aandeelhouders van de vennootschap.

Vervolgens verklaart de comparant ter uitvoering van voormelde besluiten de navolgende wijziging in de statuten van de vennootschap aan te brengen:

Artikel 20 komt te luiden als volgt:

Artikel 20. Bezoldigingsbeleid; bezoldiging.

- 20.1. De Vennootschap heeft een beleid op het terrein van bezoldiging van de Raad van Bestuur. Het beleid wordt vastgesteld door de Algemene Vergadering. In het bezoldigingsbeleid komen tenminste de in artikel 2:383c tot en met e van het Burgerlijk Wetboek omschreven onderwerpen aan de orde, voor zover deze het bestuur betreffen.
- 20.2. De bezoldiging en de verdere arbeidsvoorwaarden van ieder lid van de Raad van Bestuur worden, met inachtneming van het in het vorige lid bedoelde beleid, vastgesteld door de Algemene Vergadering op voorstel van de Raad van Commissarissen.

Artikel 31 lid 2 komt te luiden als volgt:

- 31.2. Jaarlijks, binnen vier maanden na afloop van het boekjaar, maakt de Raad van Bestuur een jaarrekening op en legt deze voor de Aandeelhouders ter inzage ten kantore van de Vennootschap en zolang de Aandelen zijn geno-

teerd aan de effectenbeurs in Tel Aviv, ten kantore van de Vennootschap of haar Dochtermaatschappij in Israël. Binnen deze termijn legt de Raad van Bestuur ook het jaarverslag ter inzage voor de Aandeelhouders.

Artikel 31 lid 5 komt te luiden als volgt:

31.5. Op de jaarrekening en het jaarverslag zijn voorts de artikelen 2:101 en 2:102 alsmede Titel 9 van het Burgerlijk Wetboek van toepassing.

Artikel 36 lid 1 komt te luiden als volgt:

36.1. Jaarlijks, binnen zes maanden na afloop van het boekjaar wordt de Jaarvergadering gehouden.

Artikel 47 komt te vervallen.

Slotverklaring

Ten slotte verklaart de comparant dat de ministeriële verklaring van geen bezwaar is verleend op [] tweeduizend negen onder nummer N.V. 1.239.114, waarvan blijkt uit een aan deze akte te hechten beschikking.

SLOT

De bij deze akte betrokken comparant is mij, notaris, bekend en de identiteit van de comparant is door mij, notaris, aan de hand van het hiervoor gemelde en daartoe bestemde document vastgesteld.

WAARVAN AKTE

wordt verleden te Amsterdam op de datum als in het hoofd van deze akte is vermeld. Na zakelijke opgave van de inhoud van deze akte en het geven van een toelichting daarop aan de comparant, heeft deze verklaard van de inhoud van deze akte te hebben kennisgenomen en met beperkte voorlezing in te stemmen.

Na beperkte voorlezing overeenkomstig de wet is deze akte door de comparant en door mij, notaris, ondertekend.

AMENDMENT OF THE ARTICLES OF ASSOCIATION
Draft d.d. 6 April 2009

On the []
two thousand and nine, appearing before me,
Martine Bijkerk, a civil-law notary in Amsterdam, is:
[]

The person who appeared before me, declares that:

- the latest amendment to the articles of association of the limited liability company: **Kardan N.V.** with registered office in Amsterdam has been executed on the sixteenth day of December two thousand and eight before M. Bijkerk, civil-law notary in Amsterdam;
- the supervisory board of said company has, in compliance with the provisions of the articles of association, proposed to amend the articles of association;
- the general meeting of shareholders of said company has resolved to amend the articles of association;
- furthermore it is resolved to authorize the person appearing to sign the deed of amendment of the Articles of association;
- evidence of said proposal is by means of a supervisory board resolution to be attached to this document;
- evidence of said resolution of the general meeting is by means of the minutes of the general meeting of shareholders of the company.

In order to carry out said resolutions the person appearing subsequently declared to amend the Articles of association as follows:

Article 20 will read as follows:

Article 20. Remuneration; remuneration.

- 20.1. The company shall have a management remuneration policy. The policy shall be determined by the General Meeting. The remuneration policy shall include matters as described in article 2:383, subparagraphs c to e, inclusive, of the Dutch Civil Code, to the extent that these relate to the management.
- 20.2. The General Meeting shall, on the proposal of the Supervisory Board and with due observance of the policy referred to in paragraph 1, determine the remuneration and further conditions of employment for each member of the Board of Management.

Article 31 paragraph 2 will read as follows:

- 31.2. Annually, the Board of Management shall prepare annual accounts and shall deposit these at the Company's office and for as long as Shares are listed on the Tel Aviv Stock Exchange, at the offices of the Company or its Subsidiary in Israel, for inspection by Shareholders, not later than four months after the end of the financial year. Within this period, the Board of Management shall

also deposit the annual report for inspection by the Shareholders.

Article 31 paragraph 5 will read as follows:

31.5. The annual accounts and the annual report shall furthermore be subject to Sections 2:101, 2:102 and Title 9, Book 2 of the Dutch Civil Code.

Article 36 paragraph 1 will read as follows:

36.1. The AGM shall be held annually, within six months of the end of the financial year.

Article 47 will be deleted.

Final statement

Finally the person appearing declared that according to a ministerial order which is to be attached to this instrument, the ministerial declaration of no-objection has been granted on the [] day of [] two thousand and nine under number N.V. 1.239.114.

CONCLUSION

The person appearing in connection with this deed is known to me, a civil-law notary, and the identity of the person appearing has been established by me, a civil-law notary, on the basis of the above-mentioned document which is designated for such purpose.

THIS DEED

is executed in Amsterdam on the date stated at the head of the deed.

The substance of this deed and an explanation of the deed have been communicated to the person appearing, who has expressly taken cognisance of its contents and has agreed to its limited reading.

After a limited reading in accordance with the law, this deed was signed by the person appearing and by me, a civil-law notary.