



Notes to the agenda for the annual general meeting of shareholders (“General Meeting”) of Kardán N.V. (“Company”) on May 26, 2010

Agenda item 3

Adoption of the 2009 annual accounts

The annual accounts for the financial year 2009 which are proposed to be adopted are the statutory annual accounts.

The 2009 financial statements prepared in accordance with IFRS were already approved by the supervisory board and published on March 26, 2010.

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.

Taking into account the negative results during the financial year 2009 no dividend will be declared for the financial year 2009.

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 2009 annual report, which is also attached to these notes as Annex I.

Agenda item 6

Adoption of an amendment to the 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.

On May 20, 2009, the General Meeting adopted the Remuneration Policy. The Remuneration 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.

For the purpose of the long term variable remuneration a share plan has been developed which will be submitted for adoption to the General Meeting on May 26,



2010 under agenda item 7 (the “**Share Plan**”), which Share Plan will in due course replace the Kardan Stock Option Plan 2006.

The management board and supervisory board of Kardan N.V. take the view that the Share Plan is in accordance with the Dutch corporate governance code, provided that one deviation is envisaged in respect of the retention of shares. In respect of the first possible grant of shares (three years after the adoption of the targets) a retention period of two years will apply, so that this in essence complies with best practice provision II.2.5 of the Dutch corporate governance code which prescribes a retention period of five years. However, for further grants of shares under the Share Plan, which will only be granted once every three years upon the collective long term targets having been met, no further retention period will apply if at the time of grant the member of the management board has been in office for a period of at least five years. Standard good leaver/bad leaver provisions will apply. The supervisory board takes the view that with this measure the long-term character of the share remuneration and retention of management are sufficiently met. As the above will constitute a deviation from the Remuneration Policy currently applicable, the General Meeting is asked to approve an amendment to the Remuneration Policy in accordance with the draft attached to these notes as Annex II, article 5.3.4. The other proposed changes are to properly reflect the Share Plan as shares under that Plan can only be awarded to the members of the management board once every three years, upon fulfilment of the long-term targets.

For further information on the Share Plan, reference is made to the notes to agenda item 7.

Agenda item 7

Adoption of the Kardan N.V. 2010 Share Incentive Plan

Subject to adoption of agenda item 6.

The proposal is to adopt a Share Plan, which in due course will replace the Kardan Stock Option Plan 2006. A draft of the Share Plan is attached hereto as Annex III. The Share Plan is meant as an incentive plan for certain (limited) qualified key (management) employees of the Company. The management board and supervisory board of the Company believe that the Share Plan is drafted in line with the Dutch corporate governance code, with the exception of the deviation described under agenda item 6 above.

The proposed Share Plan consists of the Plan Rules and a Notice of Grant, which will be administered by the management board, provided that where it regards grants to management board members and dispute settlement with respect to the management board members the supervisory board shall be the corporate body in charge. Any grants to management board members shall be subject to prior and final determination of the General Meeting.

The mechanism of the proposed Share Plan is as follows (for an explanation of the definitions used, reference is made to the Share Plan): (1) Selected participants receive a Notice of Grant which is to be accepted within 60 days by the participant; To tailor the Notices of Grant to both the Dutch and Israeli Employees' tax situations, there is a version of the Notice of Grant for Israeli residents, and another one to be



used for non-Israeli residents; (2) The Notice of Grant will specify the Date of Grant; (3) After attainment of targets over a Performance Measurement Period of 3 years for management board members as from the Date of Grant, new Shares in Kardán N.V.'s capital will be issued against payment of the nominal value, payment to be made through a loan granted by the Company; (4) These are referred to in the Share Plan as Unreleased Shares. The Unreleased Shares will be held in custody by the Company, for risk and account of the Participant¹; (5) The Participant is entitled to receiving dividend only after Unreleased Shares are released (before that time, the dividend will be held in trust, blocked by the Company for risk and account of the Participant); (6) Until the Unreleased Shares are released, the Participant is not entitled to exercise voting rights; (7) Shares will only be released for trade at the Stock Exchange at the later of (i) the expiration of the Performance Measurement Period, or (ii) at the moment the Participant has accumulated (at least) five consecutive years of service with the Company since 1 January 2009, and after determination by the Company's general meeting of shareholders; (8) This means that for initial grants after lapse of an additional 2 years from the start of the Performance Measurement Period, the shares will be released; (9) Subsequent grants will be released as per the expiration of the Performance Measurement Period and after determination of the grants by the Company's general meeting of shareholders (provided that the Participant has accumulated (at least) five consecutive years of service with the Company since 1 January 2009); (10) Expiration of the employment will cause (a) the forfeiture of grants under which no Shares have (yet) been issued and (b) forfeiture of Shares if those had not yet been released, including accrued dividends (unless the participant qualifies as a 'Good Leaver' under the Share Plan).

The percentage of shares that is proposed to be reserved for the Share Plan shall for the period ending 31 December 2011 (recognizing that the actual Issuance may take place at a later date), not exceed 2% of the aggregate issued share capital outstanding as at the Effective Date, being $2\% * 110,976,911 = 2,219,538$ shares. For the management board a maximum of two-thirds of the aforementioned amount of shares is reserved. Therefore, each of the current five members of the management board shall be entitled to receive a maximum of 295,938 shares for the period ending 31 December 2011 (Rule 4.6 of the Share Plan).

For members of the management board, the definition of targets to be achieved as well as the parameters of the maximum incentive to be received, takes place in accordance with the general principles of the Remuneration Policy as well as the principles as applied by the remuneration, appointment and selection committee and the supervisory board (see agenda item 6 above). For other key employees, not being member of the management board, the targets will be set by the management board and may take the form of general performance targets.

For Participants in the Share Plan which are Israeli residents, the awards will be granted according to the requirements of section 102 of the Israeli Income Tax Ordinance, by election of the related capital gain tax track. All other matters related to section 102 of the Israeli Income Tax Ordinance, which need to be followed (such as

¹ For Israeli participants another custody mechanism may apply, as further described in the Share Plan.



the election of a Tax Withholding Agent etc) may be determined by the supervisory board.

Agenda item 8

Appointment of the external auditor for the financial year 2010

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 2010.

Agenda item 9a

Discharge of the members of the management board in respect of their management during the financial year 2009

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 2009, to the extent that such exercise is apparent from the 2009 annual report or has been otherwise disclosed to the General Meeting prior to the adoption of the 2009 annual accounts.

Especially for the shareholders in Israel, the Company explains that this agenda item and the next one (item 9b) 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 2009 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 9b

Discharge of the members of the supervisory board in respect of their supervision during the financial year 2009

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 2009, to the extent that such exercise is apparent from the 2009 annual report or has been otherwise disclosed to the General Meeting prior to the adoption of the 2009 annual accounts.

Agenda item 10

Reappointment of Mr. H. Benjamins as member of the supervisory board

The proposal is, in accordance with the nomination of the supervisory board, to reappoint Mr. Henk Benjamins 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 2014.



The relevant personal details of Mr. Benjamins are available for inspection at the offices of the Company and are included in the 2009 annual report.

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

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

Agenda item 11a

Determination of the remuneration of the members of the supervisory board

The General Meeting is requested to determine the following remunerations for the members of the supervisory board, and with respect to Mrs. Rechter subject to the approval by the General Meeting by applying the Special Approval Procedure as set out below under item 11b:

	Remuneration of Kardán N.V. supervisory board members for a 12 months period	Effective date
Mr. J. Krant (1)	EUR 39,000	June 1, 2010
Mr. M. Groen (2)	EUR 27,250	June 1, 2010
Mrs. K. Rechter (3)	EUR 27,250	June 1, 2010
Mr. H. Benjamins (4)	EUR 27,250	June 1, 2010
Mr. J. Pomrenze (5)	EUR 27,250	June 1, 2010
Mr. I. Fink	EUR 23,250	June 1, 2010
Mr. A. Schnur	EUR 23,250	June 1, 2010

- (1) Mr. Krant receives EUR 31,000 for being the Chairman of the supervisory board, and EUR 4,000 for his membership of the audit committee and EUR 4,000 for his membership of the remuneration, appointment and selection committee.
- (2) Mr. Groen receives EUR 23,250 for his membership of the supervisory board, and EUR 4,000 for his membership of the audit committee.
- (3) Mrs. Rechter receives EUR 23,250 for her membership of the supervisory board, and EUR 4,000 for her membership of the audit committee.
- (4) Mr. H. Benjamins receives EUR 23,250 for his membership of the supervisory board, and EUR 4,000 for his membership of the remuneration, appointment and selection committee.
- (5) Mr. J. Pomrenze receives EUR 23,250 for his membership of the supervisory board, and EUR 4,000 for his membership of the remuneration, appointment and selection committee.

The aforementioned proposal includes an increase of the remuneration of the supervisory board members (with the exception of the Chairman) from EUR 21,000 to EUR 23,250 per year and an increase of the remuneration of the Chairman of the supervisory board from EUR 27,500 to EUR 31,000.



Agenda item 11b

Approval of the remuneration of Mrs. Rechter, member of the supervisory board

As Mrs. Rechter is the spouse of a controlling shareholder and her remuneration is higher than the lowest remuneration of another member of the supervisory board², her remuneration needs to be approved by the General Meeting in accordance with the Special Approval Procedure.

Due to the listing of the Company on the Tel-Aviv Stock Exchange, the Company included in its articles of association certain clauses which give rights to minority shareholders in connection with the approval of transactions with Holders of Control (as defined in the articles of association), similar to the rights they would have under the Israeli Companies Law (“**Special Approval Procedure**”). The General Meeting is therefore requested to approve the remuneration of Mrs. Rechter as indicated above under item 11a by applying the Special Approval Procedure.

The approval (in accordance with the Special Approval Procedure) of both the supervisory board and the management board will be requested prior to the General Meeting.

Agenda item 12

Reappointment of Mr. Alon Shlank as member of the management board

The proposal is, in accordance with the nomination of the supervisory board, to reappoint Mr. Alon Shlank as member of the management board for a term of three years, ending at the end of the annual general meeting of shareholders to be held in 2013. The supervisory board has nominated Mr. Shlank for reappointment as member of the management board based on his performance in the past three years.

The relevant personal details of Mr. Shlank are available for inspection at the offices of the Company and are included in the 2009 annual report.

Mr. Shlank holds 179,232 option rights under the 2006 Kardán Stock Option Plan and did not exercise any of these option rights until now. Mr. Shlank holds 40,676 shares in the capital of the Company.

Agenda item 13

Reappointment of Mr. Walter van Damme as member of the management board

The proposal is, in accordance with the nomination of the supervisory board, to reappoint Mr. Walter van Damme as member of the management board for a term of three years, ending at the end of the annual general meeting of shareholders to be held in 2013. The supervisory board has nominated Mr. Van Damme for

² As the remuneration of Mr. Schnur, who is a controlling shareholder of the Company, does not exceed the lowest remuneration paid to another member of the supervisory board, his remuneration does not need to be approved in accordance with the Special Approval Procedure in accordance with article 8.1 under f. of the Company’s articles of association.



reappointment as member of the management board based on his performance in the past three years.

The relevant personal details of Mr. Van Damme are available for inspection at the offices of the Company and are included in the 2009 annual report.

Mr. Van Damme holds 150,000 option rights under the 2006 Kardan Stock Option Plan and did not exercise any of these option rights until now. Mr. Van Damme does not hold shares in the capital of the Company.

Agenda item 14a

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 based on a recommendation of the Company's remuneration, appointment and selection committee, the following fixed remuneration 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 79,380
Mrs. E. Oz-Gabber (2)	EUR 165,031	EUR 165,031
Mr. A. Ickovics (3)	EUR 235,440	EUR 178,605
Mr. W. van Damme (4)	EUR 188,607	EUR 188,607
Mr. J. Slootweg (5)	EUR 232,487	EUR 232,487

- (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 11,113) and pension (EUR 15,003) 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 12,701) and pension (EUR 17,146) and excluding car costs of EUR 10,800 per 12 months;
- (5) including holiday allowance (EUR 15,656) and pension (EUR 21,135) 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, 2010. Except for Mr. Slootweg, it is proposed to increase the fixed remuneration over 2010 with EUR 45,000 as he is taking up the position as deputy chairman in the management board of Kardan N.V. With respect to Mr. Van Damme the proposal is



to increase the remuneration from EUR 179,626 (as determined by the General Meeting on May 20, 2009) to EUR 188,607, with respect to Mr. Shlank the proposal is to increase the remuneration from EUR 75,600 (as determined by the General Meeting on May 20, 2009) to EUR 79,380, with respect to Mrs. Oz-Gabber the proposal is to increase the remuneration from EUR 157,172 (as determined by the General Meeting on May 20, 2009) to EUR 165,031, with respect to Mr. Ickovics the proposal is to increase the remuneration from EUR 170,100 (as determined by the General Meeting on May 20, 2009) to EUR 178,605 and with respect to Mr. Slootweg the proposal is to increase the remuneration from EUR 179,027 (as determined by the General Meeting on May 20, 2009) to EUR 232,487. The remuneration received by Messrs. Ickovics and Shlank from GTC and Tahal will also be increased with 5%.

Agenda item 14b

The 2009 bonuses for members of the management board

The General Meeting is requested to determine, in accordance with a proposal of the supervisory board based on a recommendation of the Company's remuneration, appointment and selection committee, the following bonuses for the following members of the management board for their work done during 2009:

Mr. A. Ickovics:	EUR 68,866
Mr. A. Shlank:	EUR 72,657
Mrs. E. Oz-Gabber:	EUR 43,540
Mr. W. van Damme	EUR 53,888
Mr. J. Slootweg	EUR 51,267

The bonuses have been determined after evaluating the management board members' performance in 2009 by the Company's remuneration, appointment and selection committee, on the basis of measuring if and to what extent the members of the management board met the short-term individual and collective targets as adopted by the Company' supervisory board for the year 2009.

Agenda item 15

Approval of the Remuneration Report (decision)

The Remuneration Report, as included in the 2009 Annual Report and attached hereto as Annex IV, is submitted for approval, respecting the outcome of the earlier votes on the remuneration of the management board.

Agenda item 16

Amendment of the Articles of Association

It is proposed to amend the heading of Article 20, Article 24.1 (Dutch version) and Article 44 paragraph 1 of the Articles of Association of the Company in accordance with the draft deed of amendment prepared by Houthoff Buruma dated April 13, 2010, and attached to these notes as Annex V (the "**Deed**"), and to authorise each member of the management board of the Company and every (candidate) civil-law



notary of Houthoff Buruma with the power of substitution to apply for a declaration of no objection in relation to the Deed and to have this Deed executed. The full text of the Deed 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.

The background for the proposed amendments to the Company's Articles of Association has been described below (definitions that are used and that are not defined in these notes are defined in the Company's Articles of Association):

In accordance with the new corporate governance code, it is proposed to decide on each material amendment to the Articles of Association separately.

Agenda item 16a

Amendment of Article 44.1 (deletion publication requirement Official Price List Euronext) (decision)

As a result of an amendment to Dutch law, the legal requirement that all notices of General Meetings of Shareholders, all announcements concerning dividend payments and all other communications to Shareholders shall be effected by means of a notice in the Euronext Official Price List does not longer exist. Therefore, the Company proposes to change Article 44, paragraph 1 of its Articles of Association in this respect. It is expressly noted that the requirement of publication of such Shareholders communications in a Dutch national daily paper and in two Israeli papers of broad distribution will not be changed and therefore these requirements will stay in force.

The Company's management board, with approval of the supervisory board, proposes to the General Meeting of Shareholders, to resolve to amend Article 44 paragraph 1 of the Company's Articles of Association in accordance with the Deed and to authorise each member of the Company's management board and every (candidate) civil-law notary of Houthoff Buruma with the power of substitution to apply for a declaration of no objection in relation to the Deed and to have this Deed executed.

Agenda item 16b

Amendment of Article 20 (heading, correction) and Amendment of Article 24.1 (Dutch version only, correction)

In the heading of Article 20, the same word was stated twice which is proposed to be corrected in the Deed. In the Dutch version of Article 24.1 the word 'van' was missing in the sixth line, and therefore in the Deed this word has been added in the Dutch version. These are considered to be corrections of a merely technical nature.

The management board of Kardán, with approval of the supervisory board, proposes to the General Meeting of Shareholders, to resolve to amend Article 20 (heading) and Article 24 paragraph 1 of the Dutch version of the Company's Articles of Association in accordance with the Deed and to authorise each member of the Company's management board and every (candidate) civil-law notary of Houthoff Buruma with



the power of substitution to apply for a declaration of no objection in relation to the Deed and to have this Deed executed.

Agenda item 17a

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 26, 2010 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 17b

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 26, 2010 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 18

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 26, 2010 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, 2010

The management board and the supervisory board

ANNEX I

Chapter on Corporate Governance in the 2009 Annual Report

ANNEX II

Draft Amendment to Remuneration Policy



KARDAN N.V.

ANNEX III

Draft Kardan N.V. 2010 Share Incentive Plan

ANNEX IV

Remuneration Report in the 2009 Annual Report

ANNEX V

Draft Deed of Amendment Articles of Association



KARDAN N.V.

ANNEX I

Chapter on Corporate Governance in the 2009 Annual Report

Corporate Governance

Introduction

Since its incorporation, Kardan N.V. has been enhancing and improving its compliance with corporate governance standards, as set out in the applicable laws and regulations. Most notable is the Dutch Corporate Governance Code adopted on December 9, 2003, which became effective under the Dutch Civil Code in December 2004. In December 2008, the Dutch Corporate Governance Code (the Code) was amended on the recommendations of the Dutch Corporate Governance Code Monitoring Committee. The amendments came into force on January 1, 2009. This chapter describes the general corporate governance structure of Kardan N.V., the deviations from the Code and covers the items of the corporate governance statement (the Corporate Governance Statement) introduced by the ministerial decree as published in Staatsblad 2009-154. 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 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:

Best practice provision II.1.2 d) – approval of corporate social responsibility issues by the Supervisory Board: during 2009, Kardan N.V.'s Management Board started to intensify efforts towards further attention to sustainability aspects of Kardan's business and to communicate them towards its stakeholders. Reference is made to the chapter on sustainability included on page 85 of this report. In this process, and once a clearer stance will be taken, the Supervisory Board of Kardan N.V. will be involved and, in as far as it concerns matters regarding the operational and financial objectives of Kardan N.V. and the strategy designed to achieve these objectives, approval of the Supervisory Board will be sought. On matters that lie within the managing authority of the Management Board, such as operational and/or investor relations matters, the Management Board may decide on an

approach without the prior approval of the Supervisory Board;

Best practice provisions relating to principle II.2 – remuneration and composition of the remuneration: Kardan N.V. is not yet fully compliant with the best practice provisions relating to the remuneration of the members of its Management Board, especially with regard to the Stock Option Plan currently in force e.g. as granting thereunder is not subject to certain performance criteria (for more information in this respect, reference is made to the paragraph 'Remuneration and shareholdings of the Management Board' on page (21) of this chapter). In addition, the General Meeting of Shareholders (instead of the Supervisory Board) determines the remuneration amount and other remuneration components of the members of the Management Board, but this is done on a proposal of the Supervisory Board (refer to Article 20.2 of Kardan N.V.'s Articles of Association). After establishment of the Remuneration, Appointment and Selection Committee on June 19, 2008, a Remuneration Policy was adopted by the General Meeting of Shareholders during the latest Annual General Meeting of Shareholders, held on May 20, 2009. The Management Board and Supervisory Board of Kardan N.V. share the view that the Remuneration Policy follows the principles of the Code. Following the adoption of the Remuneration Policy, the Remuneration, Appointment and Selection Committee started working on introducing collective and individual targets for the members of the Management Board, determining any entitlement to long- and/or short-term variable remuneration. These targets were adopted by the Supervisory Board during 2009 and were, in summary and to the extent allowed due to their sensitive nature, published on Kardan N.V.'s website. It is envisaged that long-term variable remuneration will be awarded in shares, for which purpose a share plan has been developed that in due course will replace the Stock Option Plan and which share plan will be submitted for approval during Kardan N.V.'s AGM to be held on May 26, 2010. The Management Board and Supervisory Board of Kardan

N.V. have drawn up the share plan in accordance with the Code, provided that it contains one deviation in respect of the retention of shares. In respect of the first possible grant of shares (three years after the adoption of the targets) a retention period of two years will apply, so that this in essence complies with best practice provision II.2.5 of the Code. However, for further grants of shares, which will only be granted once every three years upon the collective long-term targets having been met, no retention period will apply if at the time of grant the member of the Management Board has been in office for a period of at least five years. The Supervisory Board takes the view that with this measure the long-term character of the share remuneration and retention of management are sufficiently met. The share plan and the related amendment to the Remuneration Policy will be submitted for approval by the shareholders during the AGM to be held on May 26, 2010. For more information in this respect, reference is made to the Remuneration Report, page 33 and to the paragraph 'Remuneration and shareholdings of the Management Board' on page 21 of this chapter;

- *Best practice provision III.2.1* – independency 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 N.V. 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 as vitally 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 number of supervisory board positions; although in practice Kardan N.V. currently complies with this best practice provision as none of the Supervisory Board members serves in more than five Supervisory Boards of 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 shall 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 its role within Kardan N.V., in which case the relevant member is requested to resign in the event of acceptance of 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.4.1(f) and III.4.4* – the election of a vice chairman by the Supervisory Board: the Supervisory Board of Kardan N.V. has not appointed a vice chairman in deviation from best practice provisions III.4.1 (f) and III.4.4 as it does not consider it necessary for a proper functioning of the Supervisory Board to have a vice chairman;
- *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.5.11* – the chairman of the Remuneration, Appointment and Selection Committee shall not be a former member of the Management Board: although Kardan N.V. is currently in compliance with the Code, as Mr. Benjamins, the current chairman of the Remuneration, Appointment and Selection 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;
 - *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' on page 24 of 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 deprives the binding character by a resolution passed with a two-thirds majority vote, representing more than half of Kardan N.V.'s issued capital;
 - *Best practice provision IV.3.1* – 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 nature of the identity of (some of) the investors, not all of these meetings are announced or can be followed in accordance with this best practice provision. In the event presentations held contain relevant information, these are posted on Kardan's website afterwards in accordance with the applicable rules;
 - *Best practice provision IV.3.4* – analyst meetings, presentations to investors and direct discussions with investors: Kardan N.V. has adopted a policy on bilateral contacts in accordance with best practice provision IV.3.13, which policy has been published on its website. Kardan N.V.'s contacts with investors will at all times be conducted with due regard to the applicable rules and regulations, in particular those concerning price-sensitive information. However, Kardan N.V. does not fully comply with best practice provision IV.3.4 as it cannot exclude that discussions with investors will take place during a closed period before the publication of regular financial information, as Kardan N.V. deems it important to be in regular contact with its investors' base, and contacts with potential new investors may be deemed necessary at any given time when opportunities arise. In addition, in Israel, where

Kardan N.V. also has a listing, there is no such restriction in place.

Each important change to Kardan N.V.'s Corporate Governance structure and any alterations in the compliance to the Code will be submitted to the Annual General Meeting of Shareholders for discussion as a separate agenda item. At the latest Annual General Meeting of Shareholders held on May 20, 2009, 'Corporate Governance' was a separate agenda item under which the Remuneration Policy was adopted and, in more general terms, the shareholders were invited to discuss Kardan N.V.'s chosen approach towards the implementation of the Code.

Further details on the extent and manner of implementation of the Code and the information to be included in the Corporate Governance Statement are found in (i) of this chapter and in the risk management chapter (page 79 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 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 design and effectiveness of the internal risk management and control systems, (iv) the financial reporting process, (v) compliance with primary and secondary regulations, (vi) the company-shareholder relationship and (vii), in as far as deemed necessary by the Management Board, corporate social responsibility issues. 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 information necessary for the exercise of the duties of the Supervisory Board. 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 that 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 reappointed following the expiration of his/her term of office. At present, there are five Management Board members; their profiles and an appointment scheme can be found on pages 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 on 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 on 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 in 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, designated to provide its employees with guidelines for the behavior and activities of the 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 principles and provisions of the Code 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

During the Annual General Meeting of Shareholders held on May 20, 2009, the General Meeting of Shareholders adopted the Kardan N.V. Remuneration Policy. Following the adoption hereof, the Remuneration, Appointment and Selection Committee started working on the introducing of collective and individual targets for the members of the Management

Board, determining any entitlement to long- and/or short-term variable remuneration. These targets were adopted by the Supervisory Board during 2009 and were, in summary and to the extent allowed due to their sensitive nature, published on Kardan N.V.'s website. It is envisaged that long-term variable remuneration will be awarded in shares, for which purpose a share plan is under development that in due course will replace the Stock Option Plan. For more details on the Remuneration Policy, the targets for the members of the Management Board and the envisaged share plan, reference is made to the Remuneration Report, page 31.

In addition, the General Meeting of Shareholders (instead of the Supervisory Board) determines the remuneration amount and other remuneration components of the members of the Management Board, but this is done on a proposal of the Supervisory Board (refer to Article 20.2 of Kardan N.V.'s Articles of Association).

Detailed information about the remuneration of the members of the Management Board can be found in the notes to the financial statements on page 268 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 Mrs. 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 Kardan Group Companies is Mr. A. Ickovics, holding 146,038 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 as 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 Mrs. 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 Ms. E. Gabber;
- 150,000 options to Mr. W. van Damme; and
- 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.

Grants under the Stock Option Plan are not 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 built-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 reasons as mentioned above 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 discounted exercise price reflects the depreciating effect of the fact that the participant can neither 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 reappointed 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 and 15 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 of and experience in business management, financial administration and accounting for listed companies and other large legal entities.

The Supervisory Board can request supervisory directors to retire early 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 ensures 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 which can 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 and the same is prohibited by the Supervisory Board Regulations, unless Supervisory Board approval has been granted. Detailed information on the remuneration of the members of the Supervisory Board can be found in the notes to the financial statements on page 268 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 19,818,466 shares in Kardan N.V., Mr. J. Pomrenze currently holds 150,052 shares and, in addition, Mrs. K. Rechter can be said to hold 4,098,719 shares via Shamait Ltd, a private company incorporated in Israel, and fully owned by Mr. E. Rechter and his wife, Mrs. K. 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 of and transactions in securities other than Kardan N.V.'s financial instruments. Both policies are published on the 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.

For the work and focus of the Audit Committee during the financial year 2009, reference is made to the Supervisory Board Report 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 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.

For the work and focus of the Remuneration, Appointment and Selection Committee during the financial year 2009, reference is made to the Supervisory Board Report 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, do 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 2009, no resolutions needed to be adopted taking into account above provisions, except for the decision to enter into a new Directors & Officers liability insurance policy, which required the approvals as indicated under (i) and (ii) above on the basis of Article 8.1.h. of Kardan N.V.'s Articles of Association.

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 envisaged 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 a video conference.

Each share carries one vote. Kardan N.V. has only 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. The General Meeting of Shareholders can decide to amend Kardan N.V.'s Articles of Association with an absolute majority of the votes cast without a quorum requirement being applicable.

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 of the 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 Kardan N.V.'s 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 deem 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 must 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 fail 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 the 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 in 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 place, 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 pages 180 and 181 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 pages 182 and 183 of this 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 May 20, 2009. At the same General Meeting of Shareholders held on May 20, 2009, 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 limits 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.

Supervisory Board Report

The Supervisory Board is pleased to present the 2009 Annual Report, including the 2009 financial statements. The 2009 financial statements have been audited by Ernst & Young Accountants LLP. The auditors' report is included on pages 285 and 286 of this Annual Report.

The Annual Report for the year 2009 and the 2009 financial statements have been presented to the Supervisory Board. The 2009 financial statements and the auditors' report were discussed by the Audit Committee with the Management Board and the external auditor. On the basis of these discussions, the Supervisory Board is convinced that the Annual Report for the year 2009, including the 2009 financial statements, meet the transparency requirements, and therefore endorses this Annual Report. In the opinion of the Supervisory Board, it forms a sound basis for its reporting on the supervision exercised in the financial year 2009.

The Supervisory Board proposes to the General Meeting of Shareholders to adopt the 2009 financial statements included in this Annual Report during the Annual General Meeting of Shareholders (AGM) to be held on May 26, 2010.

Taking into account the negative results during the financial year 2009 and Kardan N.V.'s dividend policy, no dividend will be declared for the financial year 2009.

Composition of the Supervisory Board

During the Annual General Meeting of Shareholders held on May 20, 2009, Mr. M. Groen was reappointed as member of the Supervisory Board for a period of four years. At the close of the AGM to be held on May 26, 2010, Mr. H. Benjamins' term will expire. Mr. Benjamins will be available for reappointment.

The Supervisory Board currently comprises seven members, five of which can be regarded as independent under the criteria laid down in the Dutch Corporate Governance 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 N.V., while Mrs. Rechter is related by marriage to Mr. Rechter, who receives a remuneration in his position of Managing Director of Kardan Israel Ltd. For this reason, Kardan N.V. does not completely follow best practice provision III.2.1 of the Dutch Corporate Governance Code, which prescribes that all but one member of the Supervisory Board should be independent. Kardan N.V. 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 best practice provision.

The profile of the Supervisory Board is such that each member shall be capable of assessing the broad outline of the overall policy and shall have the specific expertise required for the fulfillment of the duties assigned to the role designated to him or her within the framework of the profile. Each member shall be capable of performing his or her function properly and contributing to an adequate composition of the Supervisory Board. Each member shall have an international background, whereby various nationalities shall be represented. The Supervisory Board shall consist of a mix of persons with, among others, (i) expertise in managing enterprises, in the financial administration and accounting of listed companies and other large entities, (ii) specific know-how with respect to the various aspects of the business operations of Kardan and (iii) awareness of and the skills to identify international, economic, political, and social developments that are relevant for Kardan. The Supervisory Board has ensured that its composition fits the profile and is thus as diverse as possible, and it therefore feels that with its current composition it has the expertise necessary to supervise Kardan N.V, bearing in mind the nature and character of Kardan's business.

Supervisory Board meetings

The Supervisory Board held six meetings during the year 2009 in the presence of the Management Board. Furthermore, the Supervisory Board held one meeting during the year 2009 without the presence of the Management Board. The purpose of this meeting was – inter alia – to discuss the performance of the Supervisory Board and its individual members, the functioning of the Supervisory Board committees and the performance of the Management Board and that of the individual managing directors, and the conclusions to be drawn from this. As a follow-up to this meeting, representatives of the Supervisory Board, including its chairman, held performance interviews with each of the members of the Management Board.

During the financial year concerned, the Supervisory Board devoted considerable time and attention to reviewing Kardan's strategic goals and monitoring of developments thereof. During 2009, specific attention was given to, and elaborate discussions were held on, strategic matters, such as the future development of the Water Infrastructure sector and financing thereof, further investments in the Financial Services sector in the Ukraine and the possible spin-off of a majority stake in Kardan Israel Ltd. Although this process was delayed mid November 2009 in view of transaction structure difficulties, the Supervisory Board is pleased that continuous efforts are made to ensure this envisaged transaction will improve the transparency of the Kardan Group. In addition, the Supervisory Board approved, among others, the entering into new facility agreements with Israel Discount Bank and the issuing of a guarantee on behalf of the Tahal Group for a EUR 15 million loan extended by the Israeli Bank Hapoalim. In light of the continuing economic crisis, the Supervisory Board extensively discussed Kardan N.V.'s cash position and expected developments therein with the Management Board from time to time. Furthermore, considerable time was dedicated to discussions with the Management Board on risk management tools, the monitoring thereof and various compliance-related topics such as the revised Dutch

Corporate Governance Code of December 2008 and changes to the Supervisory Board Regulations resulting therefrom. During each Supervisory Board meeting, the Management Board presented the most important recent developments, including economic and geo-political circumstances, within each of the three sectors and the countries Kardan is active in. Finally, the Supervisory Board would like to thank the Remuneration, Appointment and Selection Committee for the time and attention devoted to the development of a system of short- and long-term collective and individual targets for the members of the Management Board. On the basis of this system, which was approved by the Supervisory Board in 2009, the determination and scale of the Management Board's variable remuneration will take place in accordance with the standards of the Dutch Corporate Governance Code and will conform to market standards.

Other subjects that were discussed, acknowledged and – where necessary – approved during the Supervisory Board meetings held during the year 2009 were, among others:

- Kardan's business objectives and investment budget;
- financing and financial exposure (partly by way of updates from the Audit Committee);
- 2008 annual financial statements, the 2009 quarterly financial statements and the financial reporting process (partly by way of updates from the Audit Committee);
- Management Board targets and the development of a share plan that will, in due course, replace the current Stock Option Plan (partly by way of updates of the Remuneration, Appointment and Selection Committee);
- internal audit; and
- corporate governance and other elements of compliance.

Most of the meetings were attended by the full Supervisory Board. None of the members of the Supervisory Board were frequently absent. Kardan's external auditor attended the Supervisory

Board meeting during which the 2008 annual results were discussed.

In addition to the formal meetings, informal discussions were held frequently between the Chairman of the Supervisory Board and one or more of the members of the Management Board.

Supervisory Board committees

Audit Committee

The Supervisory Board has appointed an Audit Committee from among its members. Currently, the Audit Committee comprises three members: Mr. M. Groen (Chairman), Mr. J. Krant and Mrs. K. Rechter.

The Audit Committee met eight times in 2009 and paid special attention to the following subjects during these meetings:

- 2008 annual financial statements, the 2009 quarterly financial statements, the financial reporting process and specific accounting issues arising from the financial statements;
- the letter received from the Dutch Authority for the Financial Markets relating to the supervision of financial reporting regarding the 2007 Annual Report;
- risk management, including the introduction of the so-called Goshen regulations (Israeli Sox) in Israel on the basis whereof Kardan N.V., starting the financial year 2010, needs to include a report as to the effectiveness of its internal control over financial reporting and disclosures as part of its periodic audited or reviewed financial statements;
- internal audit;
- financing and financial exposure; and
- compliance.

Most of the meetings were attended by the full Audit Committee. None of the members of the Audit Committee was frequently absent. All meetings but one were attended by Kardan N.V.'s Chief Financial Officer, Mrs. Oz-Gabber, and most of the time also by other members of the Management Board.

Kardan's external auditor attended all Audit Committee meetings in which financial statements were discussed and Kardan's internal auditor attended the meeting during which the internal audit report was discussed. In addition to the formal meetings, informal discussions were held regularly between the chairman of the Audit Committee and the Chief Financial Officer and financial controller and/or the external auditor.

Remuneration, Appointment and Selection Committee

The Supervisory Board has appointed a Remuneration, Appointment and Selection Committee from among its members. Currently, the Remuneration, Appointment and Selection Committee comprises three members:

Mr. H. Benjamins (Chairman),
Mr. J. Krant and Mr. J. Pomrenze.

The Remuneration, Appointment and Selection Committee held six meetings in 2009, all members being present. In addition to the formal meetings, informal discussions, also with members of the Management Board, took place regularly. In the beginning of the year, the focus of the meetings was the drawing up of a Remuneration Policy. The Supervisory Board takes the view that the Remuneration Policy, which was adopted by the General Meeting of Shareholders on May 20, 2009, follows the principles of the Dutch Corporate Governance Code. The policy provides for fixed and variable (both short- and long-term) components, whereby the variable components take into consideration both collective and personal targets. When recommending the remuneration of individual Management Board members to the General Meeting of Shareholders, the Remuneration, Appointment and Selection Committee analyzes the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board members. The policy provides that the level and structure of the compensation will be determined with due regard for the pay differentials within Kardan N.V. Important topics during the meetings of the Remuneration, Appointment and Selection Committee were the discussion on and determination of the collective and individual targets of the members of the

Management Board. The Supervisory Board, on the proposal of the Remuneration, Appointment and Selection Committee, adopted the individual and collective 2009 targets as well as the collective and individual long-term targets (2009-2011). For a further description of the remuneration of the members of the Management Board, reference is made to the Remuneration Report on page 31 of this Annual Report. Finally, the Remuneration, Appointment and Selection Committee started working on a share plan which in due course will replace the Stock Option Plan. Refer to the Remuneration Report on page 33 and 34 of this Annual Report for further information on the principles underlying the envisaged share plan.

During the AGM held on May 20, 2009, the General Meeting of Shareholders adopted the individual remuneration (for the financial year 2009, starting January 1, 2009) and bonuses (for the financial year 2008) for the members of the Management Board. A specification of the remuneration of the members of the Management Board and of the members of the Supervisory Board is included in the notes to the financial statements on page 268 of this Annual Report. In prior years, Kardan N.V. granted share options under the Kardan Stock Option Plan to its managing directors and certain key employees. More details of these options can be found in the corporate governance chapter on page 21 of this Annual Report and in the notes to the financial statements on pages 182 and 268 of this Annual Report.

Corporate governance

In all the meetings with the Management Board, the Supervisory Board focused on the financial and commercial developments and management issues, such as the quality of corporate governance and the risk management policy.

As noted in the previous Annual Report, the Supervisory Board fully subscribes to the meaning and usefulness of the Dutch Corporate Governance Code

for Kardan and the ensuing changes in the law in the Netherlands. Therefore, the Supervisory Board endorses the outlines, principles, and best-practice provisions of the Dutch Corporate Governance Code with certain exceptions, which, in the view of the Supervisory Board, do not fit the character and size of Kardan.

Responsibilities

The Supervisory Board notes that its members will sign off on the statutory financial statements, pursuant to their statutory duty under article 2:101 (2) of the Dutch Civil Code.

In conclusion

Taking due note of the continuing difficult economic times with which Kardan has been confronted during 2009, the Supervisory Board expresses its special appreciation for all the effort invested by the Management Board, the Senior Management Team heading each sector, and all employees in its holding and group companies in 2009 to further strengthen Kardan.

Amsterdam, April 19, 2010

On behalf of the Supervisory Board,
Joseph Krant



KARDAN N.V.

ANNEX II

Draft Amendment to 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 three years, 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 annual remuneration for each of the three years under consideration.

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 In respect of the first possible grant of shares (three years after the adoption of the targets) a retention period of two years will apply during which the shares will be held for the Management Board member by the Company. For further grants of shares under the envisaged share plan, which will only be granted once every three years upon the long term targets having been met, no further retention period will apply if at the time of grant

Deleted: 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.

Deleted: Prior to vesting,

Deleted: a third party

the member of the Management Board has been in office for a period of at least five years. 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.



KARDAN N.V.

ANNEX III

Draft Kardan N.V. 2010 Share Incentive Plan

Kardan N.V. 2010 Share Incentive Plan

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Annex A – For Residents in Israel only

Rule 1 Definitions

In the Rules of this Plan, unless the context otherwise requires, the following words and expressions shall have the meanings set out below:

Accepted Broker	such bank or securities broker as is reasonably acceptable to the Company;
Articles of Association	the articles of association of the Company as amended from time to time;
Board of Management	the managing directors of the Company as defined in Chapter VIII (article 17 and further) of the Articles of Association;
Company	the public company with limited liability Kardan N.V., having its registered seat at Claude Debussylaan 30, 1082 MD Amsterdam, The Netherlands, registered with the Chamber of Commerce (' <i>Kamer van Koophandel</i> ') under registration number 34189974;
Date of Grant	the date on which Shares are granted to a Participant subject to such Participant achieving certain performance criteria all as specified in the Notice of Grant;
Effective Date	the date from which this Plan is effective, being [● 2010];
Employee	means any employee or any member of the Board of Management of the Company or any employee or any member of the board of management of a Group Company;
General Meeting	the general meeting of shareholders as mentioned in Chapter XI (article 36 and further) of the Articles of Association;
Good Leaver	a Participant whose employment expires or is terminated as a consequence of (i) such Participant's death or Total and Permanent Disability, or (ii) such Participant being made redundant as a consequence of a corporate reorganisation, or (iii) any other circumstance considered by the Supervisory Board at its sole discretion as a "good leaver" situation;
Grant	the grant of Shares to a Participant under the Plan, evidenced by a Notice of Grant;
Group	the Company and its Group Companies, as may be amended from time to time;
Group Company	any affiliated company of the Company, as may change from time to time; the expressions 'Group' and 'Group Company'

	shall be construed and interpreted in accordance with article 2:24b of the Dutch Civil Code;
Insider Trading Rules	the internal code of conduct adopted by the Company on insider trading as may be amended from time to time and/or the securities laws and regulations in the jurisdiction(s) where the underlying Shares (or rights derived thereof) are and or may be listed;
Issue	the issuance of Shares by the Company to a Participant in accordance with Chapter V (article 10 and further) of the Articles of Association; 'Issued' shall be interpreted accordingly;
Loan	the loan made by the Company to a Participant for an amount equal to the aggregate nominal value of the Shares that are to be Issued to such Participant under a Grant;
Notice of Grant	a written notice to a Participant by the Board of Management whereby the Shares under this Plan are granted, duly signed by the Participant and the Company;
Participant	an Employee, or if relevant its legal entity, who/which has received a Grant under this Plan;
Performance Measurement Period	the period over which a Participant's performance will be measured being three years for members of the Board of Management or such other period for other Participants as indicated in the relevant Notice of Grant;
Plan	the Kardan N.V. 2010 Share Incentive Plan in its present form and as set forth herein or as from time to time amended, in accordance with the provisions hereof;
Release	the termination of the custody by the Company of Unreleased Shares and the transfer of such Shares by the Company to a Participant by making the Shares so-called dematerialised Shares (' <i>Girale Aandelen</i> ') which can be traded at the stock exchange of Euronext Amsterdam N.V. or the Tel Aviv Stock Exchange in accordance with Rule 7;
Release Date	means with respect to Shares Issued under each Grant the later of (A) the expiration of the relevant Performance Measurement Period, and (B) the earlier of (i) the date on which the relevant Participant has accumulated five consecutive years of service with the relevant Group

	Company since 1 January 2009, and (ii) the date on which a Participant becomes a Good Leaver;
Remuneration Committee	such person or committee of persons and successor person or successor committee of persons appointed by the Supervisory Board to whom the Supervisory Board has delegated part of its powers in relation to this Plan, such committee may comprise persons that are not members of the Supervisory Board;
Rules	the rules governing the operation of the Plan as may be amended from time to time;
Share	an ordinary share in the capital of the Company, having a nominal value of EUR 0.20 (twenty eurocents) or any other nominal value such Share may have in the future;
Supervisory Board	the Supervisory Board of the Company as mentioned in Chapter IX (article 25 and further) of the Articles of Association;
Total and Permanent Disability	the mental or physical disability, whether occupational or non-occupational in cause, which satisfies such definition in: <ul style="list-style-type: none"> (i) any insurance policy or plan provided to the Participant by the Company or a Group Company; or alternatively; (ii) the national legislation applicable to the Participant pertaining to persons with disability;
Transfer	any assignment, transfer, charge, pledge, encumbrance or other use for the purpose of creating security title or interest of whatever nature of a Grant made under this Plan, including any Unreleased Shares;
Unreleased Share	any Shares Issued to a Participant for which the Release Date has not expired.

Rule 2 Interpretation

Words or expressions used in the Plan shall, where the context permits or requires:

- (i) when denoting the masculine gender include the feminine and neuter and vice versa;
- (ii) when denoting the singular include the plural and vice versa;
- (iii) when referring to any enactment be construed as a reference to that enactment as amended, re-enacted or replaced and shall include any regulations made there under;
- (iv) when referring to the Rules be taken to refer to the Rules of this Plan;
- (v) when a period of time is specified and starts from a given day or the day of an act or event, be calculated exclusive of that day;

- (vi) be construed such that the headings and sub-headings are for ease of reference only, and do not affect the interpretation of any Rule;
- (vii) when referring to any enactment or regulations under Dutch law be construed as a reference to other applicable laws or regulations of any other country (or region of a country);
- (viii) references to tax and/or social security contributions and/or withholding taxes shall for the avoidance of doubt include The Netherlands and any other jurisdiction to which a Participant may be subject;
- (ix) when a period of time is specified and ends on a day which is not a business day in the jurisdiction in which the issuer of a Grant is operational, the end day of such period will be extended to the next business day in such jurisdiction;
- (x) when referring to employment, or termination of employment, this includes a service agreement or termination of a service agreement under which a Participant is made available for or renders services to the Group.

Rule 3 Purpose of the Plan

The Plan serves to appropriately incentivise the Employees by providing long term variable remuneration for their services provided to the entire Group.

Rule 4 Powers of the Board of Management, Supervisory Board and General Meeting

- 4.1 The Plan shall be administered by the Board of Management.
- 4.2 The Board of Management shall have the authority and complete discretion to:
 - (i) select Employees, not being members of the Board of Management, as Participants;
 - (ii) issue on behalf of the Company Notices of Grants to such Participants; and
 - (iii) delegate to the board of management of any Group Company the authority to issue Notices of Grant to the Employees of such Group Company subject to prior individual approval per Notice of Grant and such guidelines and restrictions as the Board of Management may specify from time to time.
- 4.3 In the event of any dispute or ambiguity with respect to the application of the Plan with respect to a Participant who is not a member of the Board of Management, the Board of Management shall have absolute discretion in the interpretation and construction of any provision of the Plan, of any Grants made under the Plan and of any Notice of Grant issued under the Plan. The decision of the Board of Management shall be final and binding on all such persons claiming an interest in a Grant affected under the Plan and the Participants shall waive their rights to appeal any such determination. The Board of Management shall not be liable for any action or determination made in good faith with respect to the Plan.
- 4.4 The Supervisory Board shall upon recommendation by the Remuneration Committee make proposals to the General Meeting as to:
 - (i) the selection of members of the Board of Management as Participants; and

- (ii) the issuance on behalf of the Company of Notices of Grant to members of the Board of Management.

All Grants to members of the Board of Management shall need to be determined by the General Meeting and are conditional until such determination.

- 4.5 In the event of any dispute or ambiguity with respect to the application of the Plan with respect to a Participant who is a member of the Board of Management, the Supervisory Board or its Remuneration Committee shall have absolute discretion in the interpretation and construction of any provision of the Plan, of any Grants made under the Plan and of any Notice of Grant issued under the Plan. The decision of the Supervisory Board shall be final and binding on all persons claiming an interest in a Grant affected under the Plan and the Participants shall waive their rights to appeal any such determination. The Supervisory Board and the Board of Management respectively, shall not be liable for any action or determination made in good faith with respect to the Plan.
- 4.6 Subject to Rule 4.4, the Board of Management shall in accordance with the Articles of Association, have the authority to decide the number of Shares to be issued under this Plan, provided that the total number of Shares to be issued under this Plan shall for the period ending 31 December 2011 (recognizing that the actual Issuance may take place at a later date), not exceed 2% of the aggregate issued share capital outstanding as at the Effective Date, being $2\% * 110,976,911 = 2,219,538$ Shares. For the Board of Management a maximum of two-thirds of the aforementioned amount of Shares is reserved. Therefore, each of the current five members of the Board of Management shall be entitled to receive a maximum of 295,938 Shares for the period ending 31 December 2011.

Rule 5 Grant of Shares

- 5.1 Subject to Rule 4, the Company can offer a Grant to Participants at any time on or after the Effective Date. Participants accepting such Grant in accordance with Rule 5.5 hereof shall be subject to the applicable Insider Trading Rules.
- 5.2 Notwithstanding Rule 5.1, any Grant is offered on a strictly discretionary basis by the Company. A Grant shall not entitle nor preclude the Participant from participating in another Grant under the Plan or participation in any other plan operated by the Company or any Group Company. A Grant shall in no event be construed to give any Participant the right to future Grants.
- 5.3 Each Grant shall be evidenced by a Notice of Grant duly signed by the Participant and the Company, setting forth the terms and conditions pertaining to such Grant. The Notice of Grant shall be available in each of the countries in which the Plan is operational and shall, together and concurrently with the Rules govern the Grant. In addition to the Notice of Grant and the Rules, Participants shall also be subject to and bound by any applicable local legal and regulatory requirements.
- 5.4 The Notice of Grant shall specify:

- (a) the targets that are to be met, including their moment of fulfilment, in order to receive the Shares;
- (b) the number of Shares granted to the Participant in function of the attainment of the targets;
- (c) the Date of Grant;
- (d) the amount to be paid in respect of the Issue of Shares under the Grant which shall be equal to the nominal value of the Shares (€ 0.20 per Share, or such amount as the nominal value may be in the future) that are to be Issued to a Participant under a Grant;
- (e) the Release Date of the Shares Issued under a Grant;
- (f) if the Participant is an Israeli resident, the provisions which are applicable to such Grant in order to fulfil the provisions of section 102 of the Israeli Income Tax Ordinance (as amended from time to time) with respect to so called "capital gains route".

5.5 If the Participant wishes to participate in the Plan, the Participant is required to return a signed copy of the Notice of Grant to the Company or a party designated by the Company to complete the allocation within 60 (sixty) days from the date of the Notice of Grant. Grants that are not so accepted within the above mentioned 60 (sixty) days, will lapse automatically with immediate effect and without any consideration becoming due. By accepting a Grant the Participant accepts the Rules of the Plan, the terms of the Notice of Grant and all other regulations and documents relating to the Grant. The signed Notice of Grant will also serve as a power of attorney for the benefit of the Company in accordance with Rule 9.

5.6 Any Grant made, Notice of Grant made, Shares Issued, or Shares Released under this Plan shall cease to be subject to the Rules after the Release of the Shares has been completed in accordance with Rule 7 or upon forfeiture by the Participant in accordance with Rule 8 or Rule 10.

Rule 6 Issuance and Custody of Unreleased Shares

6.1 Subject to Rule 8, Shares will be Issued under a Grant as soon as practicable after the expiration of the Performance Measurement Period upon receipt by the Company of payment by the Participant of an amount equal to the aggregate nominal value of the Shares (€ 0.20 per Share, or such amount as the nominal value may be in the future) that are to be Issued. On the date of Issuance the Company will make a Loan to the relevant Participant for an amount equal to the nominal value of the Shares that are to be Issued to such Participant.

6.2 Upon the Issuance of Shares any Unreleased Shares will be immediately transferred by the Participant to the Company and held by the Company in custody for the risk and account of the relevant Participant, provided that the Company may permit another person to hold a Participant's Unreleased Shares in custody if such would be advisable to procure a Participant's desired tax treatment under section 102 of the Israeli Income Tax Ordinance [New Version] 1961. If such third party custodian has been appointed, any references in this

Plan to the Company shall, where applicable, be deemed to refer to such third party custodian.

- 6.3 Subject to Rule 8, the Company must keep the Unreleased Shares in such way that only the Company and the relevant Participant acting jointly can Transfer such Unreleased Shares.
- 6.4 The Company will hold any dividends and other payments on the Unreleased Shares which are held in custody by the Company, for the benefit of the relevant Participant. The Company will pay any such accrued dividends (as well as the interest accrued thereon) or other payment to the relevant Participant within five (5) business days after the Release Date of the relevant Shares.
- 6.5 The Participants will not be entitled to exercise voting rights on the Unreleased Shares which are held in custody by the Company.
- 6.6 The Company explicitly excludes any and all liability in relation to its duties as custodian under the Plan and the consequences thereof, unless there is intent or gross negligence on the part of the Company.

Rule 7 Release of Shares

- 7.1 On the Release Date the Loan, including any interest accrued thereon, made by the Company in respect of the related Shares shall be forgiven in full.
- 7.2 As soon as reasonably and practically possible after both (i) the relevant Release Date, and (ii) the first request of the Participant, the Company shall Release any Unreleased Shares to the relevant Participant by making the Shares so-called dematerialised Shares (*'Girale Aandelen'*) which can be traded at the stock exchange of Euronext Amsterdam N.V. or the Tel Aviv Stock Exchange and transferring such Shares to a securities account with an Accepted Broker.
- 7.3 The Participant shall fully cooperate to the Release of Shares Issued to such Participant and will take all such action as may be necessary or advisable, including but not limited to, the opening of a securities account with an Accepted Broker.
- 7.4 The Release is subject to applicable Insider Trading Rules and mandatory provisions regarding insider trading, if any.
- 7.5 The Participant shall not be entitled to any compensation of damages insofar as such damages arise or may arise from a delayed Release under this Rule 7.

Rule 8 Leaver Circumstances

- 8.1 If a Participant's employment with the relevant Group Company expires or is terminated any Grants made to such Participant under which no Shares have been Issued shall immediately lapse.
- 8.2 Unless a Participant is a Good Leaver, the expiration or duly termination of a Participant's employment with the relevant Group Company shall cause such Participant's right to the

Release of any Unreleased Shares including any dividends in respect thereof, to immediately lapse and consequently the Company's obligation to Release any Unreleased Shares shall terminate, whereupon the Company will hold full legal and beneficial title to such Shares.

- 8.3 A Participant shall not be entitled to any compensation or damages as a consequence of its forfeiture of Grants or Unreleased Shares under Rule 8.1 or 8.2, provided that the Company shall forgive any Loans made to the Participant in respect of such forfeited Unreleased Shares.
- 8.4 The Board of Management may decide on a case by case basis that Rule 8.1 or Rule 8.2 will not apply, or will only apply in respect of part but not all of the Grants made to, or Unreleased Shares Issued in respect of, Participants which are not a member of the Board of Management. With respect to Participants which are members of the Board of Management such authority shall reside with the Supervisory Board.

Rule 9 Power of Attorney

By signing the Notice of Grant, the Participant irrevocably and unconditionally authorizes the Company as its attorney with full power of substitution, to give effect to the Plan including without limitation, Rule 6, Rule 8 and Rule 10 in its name and on its behalf, and to take any and all measures necessary to procure the proper and expedient execution of a Grant, including but not limited to the Issue and transfer of the Shares, the making of the Loan, the custody by the Company of Unreleased Shares and the subsequent Release of such Shares to a securities account with an Accepted Broker opened by the Participant or, in the absence of such account having been opened by the Participant, into a such account opened by the Board of Management for the Participant with **[include name share broker]**. The Company shall be empowered to exercise this power of attorney also in the case the Company is also acting in the name of one or more other parties involved in the acts concerned or the Company is a party to such act itself.

Rule 10 Non-transferability and Nature of the Grants

- 10.1 Grants made to, or Unreleased Shares Issued under this Plan, are strictly personal and shall not be Transferred.
- 10.2 With the exception of a Transfer which the Company shall have pre-approved in writing on the basis of an ad hoc decision, any attempted Transfer of Grants or Unreleased Shares by a Participant shall be deemed to be null and void and shall cause such Grant or right to receive any Unreleased Shares to lapse with immediate effect.
- 10.3 Grants made and Unreleased Shares Issued to a Participant under this Plan, are conditional rights which rights only become unconditional upon Release of the Shares in accordance with Rule 7.

Rule 11 Loss of Office or Employment

- 11.1 The Plan does not form part of the Participant's employment agreement or service agreement with the Company or with any Group Company, and shall not be construed to give any Participant the right to remain in the employ of or provide services to the Company or any Group Company.
- 11.2 A Grant under this Plan cannot be considered a guarantee to the Participant that the employment or service agreement of the Participant with the Company or with any other Group Company will continue.
- 11.3 Any benefits derived by the Participant under this Plan shall not be taken into account for the purposes of determining the Participant's contribution or entitlement to benefits under any retirement arrangement or for the purposes of determining any other claim for compensation the Participant may have against the Company or against any other Group Company.
- 11.4 Where the employment or service agreement of the Participant terminates for whatever reason, the Participant shall not be entitled to any compensation or damages including damages following unfair dismissal, any other form of breach of contract or any claim for compensation for the loss of employment or services insofar as such compensation or damages arise or may arise from the Participant ceasing to have rights under this Plan as a result of such termination.

Rule 12 Tax and Social Security

- 12.1 All applicable personal tax and social security levies as a result of a Grant or in respect of the implementation of the Plan shall be borne by the Participant. Participants are expected to be liable for the payment of such taxes and social security levies at the Release Date of Shares, provided however that they may become liable at an earlier date.
- 12.2 The Participant shall permit the Company or any Group Company to withhold and account for an amount equal to any wage or income tax, social security levies liability and any other liabilities for which the Company or a Group Company as the case may be, has an obligation to withhold and account. In case a Grant is cancelled, expires or lapses for whatever reason, the Participant will not be compensated for any taxes and social security levies (to be) paid in connection therewith unless the Participant is a Good Leaver.
- 12.3 The Plan is governed by the tax and social security legislation and regulations' prevailing as at the date a certain taxable event occurs. If any tax and/or social security legislation or regulations are amended and any tax or social security levies become payable as a result of such legislative amendment, the costs and the risks related thereto shall be borne by the Participant.
- 12.4 For the avoidance of doubt, the provisions of Rules 12.1 to 12.3 shall apply to a Participant's liabilities that may arise on a taxable event in more than one (1) jurisdiction respectively on more than one occasion.

Rule 13 Variation of Capital, Rights Issues and Significant Corporate Events

- 13.1 Subject to the Articles of Association, in the event of a share split, reverse share split, any capitalisation issue, rights issue, issue of benefit shares, or rights offer or any reduction, sub-division, consolidation or other variation of the capital of the Company (including any change in the currency in which Shares are denominated) or in the event of a share exchange or a change of control of the Company which the Supervisory Board considers to be significant and not of a temporary nature, the Grant will be adjusted in such manner as the Company considers to be in its opinion fair and reasonable, or take what ever other reasonable steps the Supervisory Board considers appropriate to achieve a Grant which is similar as the Grant before the occurrence of any such event.
- 13.2 Participants affected by such adjustment shall be notified by the Company. The Participant shall receive such a notice within one month following the date the amendment has been made.

Rule 14 Plan Amendments and Special Provisions

- 14.1 Subject to the Articles of Association, the Supervisory Board may upon a request of the Board of Management amend any of the Rules of the Plan and/or the Notice of Grant to, inter alia, take account of a change in legislation or to obtain or maintain a favourable tax, exchange control, legal, accounting or regulatory treatment for Participants and/or the Group.
- 14.2 No amendment, waiver or replacement to or of this Plan, any rules or regulations for the administration of this Plan shall be made to the extent to which it would have a detrimental effect on any of the subsisting rights of Participants except with such consent on their part unless such amendment is required to comply with any applicable laws or regulations.
- 14.3 Notwithstanding Rule 14.1, material changes to the Rules of the Plan shall be submitted to the General Meeting for approval.
- 14.4 The Supervisory Board may, at its absolute discretion, issue written guidance setting out the procedures whereby the Plan shall be operated.

Rule 15 Notification

- 15.1 Any notice or other document required to be given to any Participant with respect to the operation of this Plan shall be delivered to such Participant at his or her home address or such other address as may appear to the Company to be appropriate. Any notice or other document required to be given to the Company shall be addressed to the Company at the Company's business address for attention of the Legal Department and carrying reference "Kardan N.V. 2010 Share Incentive Plan". The Participant shall be responsible for providing up to date information and contact details to the Company (Legal Department) for the purposes of this Plan.
- 15.2 Notices shall be given by post or by e-mail message or in any other format agreed in advance between the Participant and the Company. Notices shall be deemed given on the

day of confirmed receipt. If confirmation of receipt cannot be obtained, such notice shall be deemed given on the fifth day following the day of posting.

Rule 16 Insider Trading

Participants of the Plan shall be subject to and bound by the terms and conditions of the Insider Trading Rules adopted by the Company and/or applicable statutory provisions as regards insider trading. This may restrict the rights of the Participants under the Plan.

Rule 17 Release of Obligations

The obligations of the Participants under this Plan and any Notices of Grant, including for the avoidance of doubt, the repayment obligation under any Loans made or issued in connection therewith shall immediately lapse and terminate without any further action being required upon the (voluntary) suspension of payments or bankruptcy of the Company.

Rule 18 Disputes

The decision of the Board of Management or the Supervisory Board, as the case may be, in any dispute or question relating to any Grant shall be final and conclusive subject to the terms of this Plan, provided that any decisions affecting the rights of members of the Board of Management under the Plan shall need to have been approved by the General Meeting. The provisions of the Rules shall govern and prevail in the event of any conflict with a Notice of Grant.

Rule 19 Costs of the Plan

The costs of introducing, operating and administering this Plan shall be borne by the Company. The Company may, where appropriate, recharge the costs of operating the Plan to Group Companies if and to the extent that Participants are employed by these Group Companies. The Participant shall bear all costs incurred by him or her in connection with this Plan including, but not limited to, any taxes, costs for legal advice and opening of a securities account.

Rule 20 Governing Law

This Plan shall be governed by and shall be construed in accordance with the law of The Netherlands. The Company and the Participant hereby irrevocably submit, in respect of any suit, action or proceeding related to the implementation or enforcement of this Plan, to the exclusive jurisdiction of the courts of The Netherlands. Any provisions of the Plan, its annexes or in any Notice of Grant issued hereunder that refer to the laws of a jurisdiction other than The Netherlands shall be interpreted and applied in accordance with the laws of such other jurisdiction.

Rule 21 Additional Regulations

For certain Participants, additional regulations may apply. Such additional regulations will be attached to this Plan in the form of an Annex.

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ANNEX A – FOR RESIDENTS IN ISRAEL ONLY

Kardan N.V. 2010 Share Incentive Plan

Definitions

For purposes of this Annex and the Notice of Grant, the following definitions shall apply:

Affiliate	any “employing company” within the meaning of Section 102(a) of the Ordinance.
Approved 102 Awards	an Award granted pursuant to Section 102(b) of the Ordinance and held in trust by a Tax Withholding Agent for the benefit of the Participant.
Award	a grant under the Plan of any equity related award, including but not limited to (i) a promise delivered by the Company to an Employee in the Notice of Grant to be received with Shares under the Plan assuming the terms and conditions of the Plan and/or the Notice of Grant have been fully met by such Employee, among others the Performance Measurement Period; (ii) Unreleased Shares; (iii) Shares.
Awarding Date	the date of grant of an Award to an Israeli Participant under the Plan including this Annex and as specified in the Notice of Grant. Upon the Awarding Date, any Approved 102 Awards is to be deposited with the Tax Withholding Agent for such period of time as required by Section 102.
Capital Gain Award (CGA)	an Approved 102 Award elected and designated by the Company to qualify under the capital gain tax treatment in accordance with the provisions of Section 102(b)(2) of the Ordinance.
Controlling Shareholder	shall have the meaning ascribed to it in Section 32(9) of the Ordinance.
Employee	a person who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding any Controlling Shareholder, all as determined in Section 102 of the Ordinance.
ITA	the Israeli Tax Authorities.
Ordinary Income Award (OIA)	an Approved 102 Award elected and designated by the Company to qualify under the ordinary income tax treatment in accordance with the provisions of Section 102(b)(1) of the Ordinance.
102 Award	any Award granted to Employees pursuant to Section 102 of the Ordinance.
Ordinance	the Israeli Income Tax Ordinance [New Version] 1961 as now in effect or as hereafter amended.

Section 102

Section 102 of the Ordinance and any regulations, rules, orders or procedures promulgated thereunder as now in effect or as hereafter amended and any rulings that may be obtained from the ITA in respect of the Awards.

Tax Withholding Agent

any individual appointed by the Company to serve as a Tax Withholding Agent and approved by the ITA, all in accordance with the provisions of Section 102(a) of the Ordinance.

Unapproved 102 Award

an Award granted pursuant to Section 102(c) of the Ordinance and not held in trust by a Tax Withholding Agent.

For the avoidance of any doubt, it is hereby clarified that any capitalized terms not specifically defined in this Annex shall be construed according to the interpretation given to it in the Plan.

1. General

- 1.1. This Annex (the: "**Annex**") shall apply only to Participants who are residents of the state of Israel at the date of deliverance of the Notice of Grant to the Participant and have received a Notice of Grant which references to this Annex or those who are deemed to be residents of the state of Israel for the payment of tax at such date and have received a Notice of Grant which references to this Annex. The provisions specified hereunder shall form an integral part of the 2010 Share Incentive Plan of Kardan N.V. (hereinafter: the "**Plan**"), which applies to the issuance of Awards under the Plan.
- 1.2. This Annex is effective with respect to Awards granted following Amendment no. 132 of the Ordinance, which entered into force on January 1, 2003.
- 1.3. This Annex is to be read as a continuation of the Plan and only modifies Awards granted to Israeli Participants so that they comply with the requirements set by the Israeli law in general, and in particular with the provisions of Section 102 (as specified herein), as may be amended or replaced from time to time. For the avoidance of doubt, this Annex does not add to or modify the Plan in respect of any other category of Participants.
- 1.4. The Plan and this Annex are complimentary to each other and shall be deemed as one. In any case of contradiction, whether explicit or implied, between the provisions of this Annex and the Plan, the provisions set out in the Annex shall prevail.

2. Issuance of Awards

- 2.1. The persons eligible for participation in the Plan as Participants shall include any Employees of the Company or of any Affiliate and shall only be granted 102 Awards.
- 2.2. The Company may designate Awards granted to Employees pursuant to Section 102 as Unapproved 102 Awards or Approved 102 Awards.

- 2.3 The grant of Approved 102 Awards shall be made under this Annex adopted by the Board of Management, and shall be conditioned upon the approval of this Annex by the ITA.
- 2.4 Approved 102 Awards may either be classified as Capital Gain Awards (“**CGAs**”) or Ordinary Income Awards (“**OIAs**”).
- 2.5 No Approved 102 Awards may be granted under this Annex to any eligible Employee, unless and until the Company’s election of the type of Approved 102 Awards as CGA or OIA granted to Employees (the: “**Election**”) is appropriately filed with the ITA. Such Election shall become effective beginning the first date of grant of an Approved 102 Award under this Annex and shall remain in effect at least until the end of the year following the year during which the Company first granted Approved 102 Award. The Election shall obligate the Company to grant *only* the type of Approved 102 Award it has elected, and shall apply to all Participants who were granted Approved 102 Awards during the period indicated herein, all in accordance with the provisions of Section 102(g) of the Ordinance. For the avoidance of doubt, such Election shall not prevent the Company from granting Unapproved 102 Awards simultaneously.
- 2.6 All Approved 102 Awards must be held in trust by a Tax Withholding Agent, as described in Section 3 below.
- 2.7 For the avoidance of doubt, the designation of Unapproved 102 Awards and Approved 102 Awards shall be subject to the terms and conditions set forth in Section 102.

3. Tax Withholding Agent

- 3.1 Approved 102 Awards which shall be granted under this Annex and/or any Shares allocated or issued upon exercise of such Approved 102 Awards and/or other shares received subsequently following any realization of rights, including without limitation bonus shares, shall be allocated or issued to the Tax Withholding Agent and held for the benefit of the Participants for such period of time as required by Section 102 (the: “**Holding Period**”). In the case the requirements for Approved 102 Awards are not met, then the Approved 102 Awards may be regarded as Unapproved 102 Awards, all in accordance with the provisions of Section 102.
- 3.2 Notwithstanding anything to the contrary, the Tax Withholding Agent shall not release any Shares allocated or issued upon exercise of Approved 102 Awards prior to the full payment of the Participant’s tax liabilities arising from such Approved 102 Awards which were granted to him and/or any Shares allocated or issued upon exercise of such Awards.
- 3.3 With respect to any Approved 102 Award, subject to the provisions of Section 102, a Participant shall not sell or release from trust any Share received upon the exercise of an Approved 102 Award and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Ordinance. Notwithstanding the above, if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance shall apply to and shall be borne by such Participant.

- 3.4 Upon receipt of Approved 102 Award, the Participant will sign an undertaking in which he or she will give his or her consent to the grant of the Award under Section 102, and will undertake to comply with the terms of Section 102 and the trust agreement between the Company and the Tax Withholding Agent.

4. Fair Market Value

Without derogating from the Rules of the Plan and solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Ordinance, if at the Date of Grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within ninety (90) days following the date of grant of the CGAs, the fair market value of the Shares at the Date of Grant shall be determined in accordance with the average value of the Company's shares on the thirty (30) trading days preceding the Date of Grant or on the thirty (30) trading days following the date of registration for trading, as the case may be.

5. Assignability and Sale of Awards

- 5.1 Notwithstanding any other Rules of the Plan including Rule 10 of the Plan, and in addition thereto, no Award or any right with respect thereto, purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral or any right with respect to them given to any third party whatsoever, and during the lifetime of the Participant each and all of such Participant's rights to purchase Shares hereunder shall be exercisable only by the Participant. Any such action made directly or indirectly, for an immediate validation or for a future one, shall be void.
- 5.2 As long as Awards or Shares purchased pursuant thereto are held by the Tax Withholding Agent on behalf of the Participant, all rights of the Participant over the Shares are personal, can not be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

6. Integration of Section 102 and tax assessing officer's permit

- 6.1 With regards to Approved 102 Awards, the provisions of the Plan and/or the Annex and/or the Notice of Grant shall be subject to the provisions of Section 102 and the Tax Assessing Officer's permit, and the said provisions and permit shall be deemed an integral part of the Plan and of the Annex and of the Notice of Grant.
- 6.2 Any provision of Section 102 and/or the said permit which is necessary in order to receive and/or to keep any tax benefit pursuant to Section 102, which is not expressly specified in the Plan or the Annex or the Notice of Grant, shall be considered binding upon the Company and the Participants.

7. Release of Shares

Without derogating from Rule 7 of the Plan and for the avoidance of any doubt it is hereby clarified that with respect to any Unreleased Shares underlying Approved 102 Awards the Release of such shares as defined in the Plan is only by making such shares dematerialised Shares ("*Girale Aandelen*") which can be traded at the stock exchange of Euronext Amsterdam N.V. or the Tel Aviv Stock Exchange.

8. Dividend

Without derogating from the Rules of the Plan including Rule 6.4 of the Plan and subject to the Company's Articles of Association, with respect to all Shares allocated or issued under the Plan and/or this Annex and held by the Participant or by the Tax Withholding Agent as the case may be, the Participant shall be entitled to receive dividends (including, if applicable, the interest accrued thereon) in accordance with the quantity of such shares, and subject to any applicable taxation on distribution of dividends, and when applicable subject to the provisions of Section 102.

9. Voting Rights

Without derogating from the Rules of the Plan including Rule 6.5 of the Plan and in addition thereto, with respect to Approved 102 Awards, any voting rights exercised with respect to Shares allocated or issued to the Employee under the Plan and/or this Annex, shall be voted in accordance with the provisions of Section 102.

10. Tax consequences

- 10.1 Notwithstanding the Rules of the Plan including Rule 12 of the Plan and for the purpose of this Annex, any tax consequences arising from the grant or release of any Award, from the allocation or issuance or payment for Shares covered thereby or from any other event or act (of the Company, and/or its Affiliates, and the Tax Withholding Agent or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Affiliates, and/or the Tax Withholding Agent shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Participant shall agree to indemnify the Company and/or its Affiliates and/or the Tax Withholding Agent and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Participant.
- 10.2 The Company and/or, when applicable, the Tax Withholding Agent shall not be required to release any share to a Participant until all required payments have been fully made.
- 10.3 With respect to Unapproved 102 Award, if the Participant ceases to be employed by the Company or any Affiliate, the Participant shall extend to the Company and/or its Affiliate a

security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102.

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Follows:

- Notice of Grant
- Notice of Grant for Israeli residents

Notice of Grant

This Notice of Grant is made on **[date]**

BY AND BETWEEN:

1. **[name Participant]**, residing at **[address, (0000 XX) Place]**, **[country of residence]**, hereinafter referred to as the **"Participant"**; and
2. Kardan N.V., a limited liability company incorporated in the Netherlands having its official seat in Amsterdam, The Netherlands, hereinafter referred to as the **"Company"**.

Together hereinafter referred to as **"Parties"**;

WHEREAS:

- The Company has implemented the Kardan N.V. 2010 Share Incentive Plan (hereinafter referred to as the **"Plan"**);
- The Company wishes to offer the Participant the opportunity to receive Shares under the Plan;
- Parties now wish to lay down in this Notice of Grant (hereafter referred to as **"Notice"**) the terms and conditions under which this opportunity is offered.

THE PARTIES HERETO AGREE AS FOLLOWS:

Article 1 Definitions and interpretation

Capitalised terms used and not otherwise defined in this Notice shall have the meanings given thereto in the Plan. All terms and conditions of the Plan are deemed to be incorporated in this Notice by reference and accepted by the Participant by countersigning this Notice.

Article 2 Grant of Shares

¹Subject to the terms and conditions of the Plan and this Notice, the Company hereby grants to the Participant a maximum of **[number]** of Shares in the capital of the Company, with a nominal value of **€ 0.20** each.

¹ If the Participant is not a member of the Board of Management

²Subject to the terms and conditions of the Plan and this Notice, the Company hereby grants to the Participant the maximum number of Shares as may be Issued on the basis of an available amount equal to 50% of such member's average fixed annual salary from the Date of Grant upto and including the date of Issue of the Shares and the Average Share Price. The "**Average Share Price**" shall be calculated as the average of the daily quoted closing price of the Shares (Euronext) from the Date of Grant upto and including the date of Issue of the Shares.³

Article 3 Conditions

3.1 The actual number of Shares to be issued to the Participant will be determined by reference to the following targets to be achieved in the following period of time (the "**Performance Measurement Period**"):

[Insert the targets to be met plus moment when fulfilment of targets will be determined]

3.2 The actual number of Shares will be determined as follows:

[Maximum number of shares x % achievement targets = actual number of Shares]

3.3 At the end of the period mentioned in article 3.1 of this Notice, and subject to the fulfilment of the targets to the reasonable opinion of the Board of Management respectively the Supervisory Board in the case of a Participant who is a member of the Board of Management, the actual number of Shares to be Issued to the Participant will be confirmed in writing to the Participant by the Board of Management respectively by the Supervisory Board in case the Participant is a member of the Board of Management.

Article 4 Date of Grant

The Date of Grant is **[date]**.

Article 5 Issuance of Shares

5.1 Subject to Rule 8, the Shares will be Issued as soon as practicable after the expiration of the Performance Measurement Period upon receipt by the Company of payment by the

² If the Participant is a member of the Board of Management

³ Reference is made to Rule 4.6 of the Plan: "Subject to Rule 4.4, the Board of Management shall in accordance with the Articles of Association, have the authority to decide the number of Shares to be issued under this Plan, provided that the total number of Shares to be issued under this Plan shall for the period ending 31 December 2011 (recognizing that the actual Issuance may take place at a later date), not exceed 2% of the aggregate issued share capital outstanding as at the Effective Date, being 2% * 110,976,911=2,219,538 Shares. For the Board of Management a maximum of two-thirds of the aforementioned amount of Shares is reserved. Therefore, each of the current five members of the Board of Management shall be entitled to receive a maximum of 295,938 Shares for the period ending 31 December 2011."

Participant of an amount equal to the aggregate nominal value of the Shares (€ 0.20 per Share) that are to be Issued.

- 5.2 The Company shall inform the Participant at least ten (10) business days prior to the date of Issuance of the Company's bank account details and the exact amount to be paid.

Article 6 Custody by the Company

Upon the Issuance of Shares prior to the Release Date the Company will hold such shares in custody for the Participant in accordance with Rule 6 and Rule 9 of the Plan.

Article 7 Release of Shares

- 7.1 The Shares will be Released to the Participant as soon as practicable after **[date]** being the later of (i) the date on which the Participant has accumulated five consecutive years of service with the Group since January 1, 2009 and (ii) the expiration of the Performance Measurement Period.
- 7.2 The Company shall Release Shares by making the Shares so-called dematerialised Shares (*'Girale Aandelen'*) which can be traded at the stock exchange of Euronext Amsterdam N.V. or the Tel Aviv Stock Exchange and transferring such Shares to a securities account with an Accepted Broker.

Article 8 Power of Attorney

By signing this Notice of Grant, the Participant irrevocably and unconditionally authorises the Company to act as its attorney on his behalf with full power of substitution, to take any and all measures required to procure the proper and expedient execution of the Grant in accordance with the Plan, including but not limited to execution of share transfer instruments and the opening of a securities account in the name of the Participant with a broker reasonably acceptable to the Company. This Notice of Grant furthermore constitutes and can be used as a power of attorney in accordance with Rule 9 of the Plan. The Company shall be empowered to exercise this power of attorney also in the case the Company is also acting in the name of one or more other parties involved in the acts concerned or the Company is a party to such act itself.

Article 9 Notices

- 9.1 Any notice or other document required to be given to any Participant with respect to this Notice of Grant or the operation of the Plan shall be delivered to the Participant at his or her home address or such other address as may appear to the Company to be appropriate. Any notice or other document required to be given to the Company shall be addressed to the Company at the Company's business address for attention of the Legal Department and carrying reference "Kardan N.V. 2010 Share Incentive Plan". The Participant shall be responsible for providing up to date information and contact details to the Company (Legal Department) for the purposes of this Plan.

9.2 Notices shall be given by post or by e-mail message or in any other format agreed in advance between the Participant and the Company. Notices shall be deemed given on the day of confirmed receipt. If confirmation of receipt cannot be obtained, such notice shall be deemed given on the fifth day following the day of posting.

Article 10 Taxes and social security premiums

All applicable personal tax and social security levies as a result of a Grant or in respect of the implementation of the Plan, including the Issuance and Release of Shares, shall be borne by the Participant. The Participant shall permit the Company or any Group Company to withhold and account for an amount equal to any wage or income tax, social security contributions liability and any other liabilities for which the Company or a Group Company as the case may be, has an obligation to withhold and account. In case a Grant is cancelled, expires or lapses for whatever reason, the Participant will not be compensated for any taxes and social security levies (to be) paid in connection therewith.

Article 11 Governing law

This Notice of Grant and the Plan shall be governed by and shall be construed in accordance with the law of The Netherlands. The Company and the Participant hereby irrevocably submit, in respect of any suit, action or proceeding related to the implementation or enforcement of this Notice of Grant or the Plan, to the exclusive jurisdiction of the courts of The Netherlands. Any provisions of the Plan, its annexes or in any Notice of Grant issued hereunder that refer to the laws of a jurisdiction other than The Netherlands shall be interpreted and applied in accordance with the laws of such other jurisdiction.

Article 12 Acceptance

The Participant hereby declares to accept the Rules of the Plan, Notice of Grant and the Shares offered, granted to him including the conditions stipulated in the Notice of Grant and to do all such things and take all such actions as may be reasonably necessary or advisable to implement the Grant and Issuance of the Shares as contemplated under the Plan. Furthermore, the Participant hereby explicitly declares to accept the discretionary authority of the Supervisory Board and the Board of Management under the Plan. The Participant declares that by signing this Notice, he will be subject to the Insider Trading Rules and that he has received a copy of the currently prevailing Insider Trading Rules.

Duly signed in [place], on [date]

Kardan N.V.

Name:

Name:

Title:

Title:

Please sign and return to Kardan NV legal department, at least within 60 (sixty) days from the date of this Notice of Grant.

Participant

Notice of Grant for Israeli Residents only

This Notice of Grant is made on [date]

BY AND BETWEEN:

[name Participant], residing at [address, (zip code) Place], Israel, hereinafter referred to as the "Participant"; and

Kardan N.V., a limited liability company incorporated in the Netherlands having its official seat in Amsterdam, The Netherlands, hereinafter referred to as the "Company".

Together hereinafter referred to as "Parties";

WHEREAS:

The Company has implemented the Kardan N.V. 2010 Share Incentive Plan including the Annex thereto (hereinafter referred to as the "Plan");

The Company wishes to offer the Participant the opportunity to receive Shares under the Plan;

Parties now wish to lay down in this Notice of Grant (hereafter referred to as "Notice") the terms and conditions under which this opportunity is offered.

THE PARTIES HERETO AGREE AS FOLLOWS:

Article 1 Definitions and interpretation

Capitalised terms used and not otherwise defined in this Notice shall have the meanings given thereto in the Plan and/or the Annex thereto. All terms and conditions of the Plan and the Annex thereto are deemed to be incorporated in this Notice by reference and accepted by the Participant by countersigning this Notice.

Article 2 Grant of Shares

⁴Subject to the terms and conditions of the Plan including the Annex thereto and this Notice, the Company hereby grants to the Participant a maximum of [number] of Approved 102 Capital Gain Awards to purchase Shares in the capital of the Company, with a nominal value of € 0.20 each. For the avoidance of any doubt and with respect to the Holding Period as required under Section 102, the Awarding Date of any Approved 102 Award granted under

⁴ If the Participant is not a member of the Board of Management

the Plan including the Annex and this Notice is [**date** – needs to be at least 30 days following the date of submission of the Plan and Annex with the ITA for approval].

⁵Subject to the terms and conditions of the Plan including the Annex thereto and this Notice, the Company hereby grants to the Participant the maximum number of Shares as may be Issued on the basis of an available amount equal to 50% of such member's average fixed annual salary from the Date of Grant up to and including the date of Issue of the Shares and the Average Share Price. The "**Average Share Price**" shall be calculated as the average of the daily quoted closing price of the Shares (Euronext) from the Date of Grant up to and including the date of Issue of the Shares.⁶

Article 3 Conditions

3.1 The actual number of Shares to be issued to the Participant will be determined by reference to the following targets to be achieved in the following period of time (the "**Performance Measurement Period**"):

[Insert the targets to be met plus moment when fulfillment of targets will be determined]

3.2 The actual number of Shares will be determined as follows:

[Maximum number of shares x % achievement targets = actual number of Shares]

3.3 At the end of the period mentioned in article 3.1 of this Notice, and subject to the fulfillment of the targets to the reasonable opinion of the Board of Management respectively the Supervisory Board in the case of a Participant who is a member of the Board of Management, the actual number of Shares underlying the Approved 102 Capital Gain Awards to be Issued to the Participant will be confirmed in writing to the Participant by the Board of Management respectively by the Supervisory Board in case the Participant is a member of the Board of Management.

Article 4 Date of Grant

⁶ Reference is made to Rule 4.6 of the Plan: "Subject to Rule 4.4, the Board of Management shall in accordance with the Articles of Association, have the authority to decide the number of Shares to be issued under this Plan, provided that the total number of Shares to be issued under this Plan shall for the period ending 31 December 2011 (recognizing that the actual Issuance may take place at a later date), not exceed 2% of the aggregate issued share capital outstanding as at the Effective Date, being $2\% * 110,976,911 = 2,219,538$ Shares. For the Board of Management a maximum of two-thirds of the aforementioned amount of Shares is reserved. Therefore, each of the current five members of the Board of Management shall be entitled to receive a maximum of 295,938 Shares for the period ending 31 December 2011."

The Date of Grant is **[date]**.

Article 5 Issuance of Shares

- 5.1 Subject to Rule 8, the Shares underlying the Approved 102 Capital Gain Awards will be Issued as soon as practicable after the expiration of the Performance Measurement Period upon receipt by the Company of payment by the Participant of an amount equal to the aggregate nominal value of the Shares (€ 0.20 per Share) that are to be Issued.
- 5.2 The Company shall inform the Participant at least ten (10) business days prior to the date of Issuance of the Company's bank account details and the exact amount to be paid.

Article 6 Special provisions under Section 102

- 6.1 Approved 102 Awards which shall be granted under this Notice of Grant and/or any Shares allocated or issued upon exercise of such Approved 102 Awards and/or other shares received subsequently following any realization of rights, including without limitation bonus shares, shall be allocated or issued to the Tax Withholding Agent and held for the benefit of the Participants for such period of time as required by Section 102 (the: "**Holding Period**"). In the case the requirements for Approved 102 Awards are not met, then the Approved 102 Awards may be regarded as Unapproved 102 Awards, all in accordance with the provisions of Section 102.
- 6.2 With respect to Approved 102 Awards, the Participant hereby acknowledges that he is familiar with the provisions of Section 102 and the regulations and rules promulgated thereunder, including without limitations the type of Award granted to him hereunder and the tax implications applicable to such Grant. The Participant accepts the provisions of the trust agreement signed between the Company and the Tax Withholding Agent, attached as Exhibit A hereto, and agrees to be bound by its terms.
- 6.3 Should any Unapproved 102 Awards be granted to the Participant, the Participant hereby agrees that should he cease to be employed by the Company or any Affiliate, he shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares, all in accordance with the provisions of Section 102.

Article 7 Release of Shares

- 7.1 The Unreleased Shares will be Released to the Participant as soon as practicable after **[date]** being the later of (i) the date on which the Participant has accumulated five consecutive years of service with the Group since January 1, 2009 and (ii) the expiration of the Performance Measurement Period.
- 7.2 The Company shall Release Shares by making the Shares so-called dematerialised Shares ('*Girale Aandelen*') which can be traded at the stock exchange of Euronext Amsterdam N.V. or the Tel Aviv Stock Exchange and transferring such Shares to a securities account with an Accepted Broker.

Article 8 Power of Attorney

By signing this Notice of Grant, the Participant irrevocably and unconditionally authorizes the Company to act as its attorney on his behalf with full power of substitution, to take any and all measures required to procure the proper and expedient execution of the Grant in accordance with the Plan, including but not limited to execution of share transfer instruments and the opening of a securities account in the name of the Participant with a broker reasonably acceptable to the Company, all subject to and in accordance with the provisions of Section 102. This Notice of Grant furthermore constitutes and can be used as a power of attorney in accordance with Rule [9](#) of the Plan. The Company shall be empowered to exercise this power of attorney also in the case the Company is also acting in the name of one or more other parties involved in the acts concerned or the Company is a party to such act itself.

Article 9 Notices

- 9.1 Any notice or other document required to be given to any Participant with respect to this Notice of Grant or the operation of the Plan and/or the Annex thereto shall be delivered to the Participant at his or her home address or such other address as may appear to the Company to be appropriate. Any notice or other document required to be given to the Company shall be addressed to the Company at the Company's business address for attention of the Legal Department and carrying reference "Kardan N.V. 2010 Share Incentive Plan". The Participant shall be responsible for providing up to date information and contact details to the Company (Legal Department) for the purposes of this Plan and the Annex thereto.
- 9.2 Notices shall be given by post or by e-mail message or in any other format agreed in advance between the Participant and the Company. Notices shall be deemed given on the day of confirmed receipt. If confirmation of receipt cannot be obtained, such notice shall be deemed given on the fifth day following the date of posting.

Article 10 Tax consequences

- 10.1 Any tax consequences arising from the grant or release of any Award, from the allocation or issuance or payment for Shares covered thereby or from any other event or act (of the Company, and/or its Affiliates, and the Tax Withholding Agent or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Affiliates, and/or the Tax Withholding Agent shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Participant shall agree to indemnify the Company and/or its Affiliates and/or the Tax Withholding Agent and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Participant.
- 10.2 The Participant will not be entitled to receive from the Company and/or the Tax Withholding Agent any Shares allocated or issued upon the exercise or Release of his/her Awards and

any Unreleased Shares underlying such Awards, prior to the full payments of his tax liabilities arising from Awards which were granted to the Participant and/or Shares issued upon the exercise or Release of Awards. For the avoidance of doubt, neither the Company nor the Tax Withholding Agent shall be required to release any share certificate to the Participant until all payments required to be made by the Participant have been fully satisfied.

- 10.3 Please note that the receipt of the Awards and the acquisition of the Shares to be issued upon the exercise or Release of the Awards and Unreleased Shares underlying such Awards, may result in tax consequences. THE PARTICIPANT IS ADVISED TO CONSULT A TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING HIS AWARDS OR DISPOSING OF THE SHARES.

Article 11 Governing law

This Notice of Grant and the Plan and the Annex thereto shall be governed by and shall be construed in accordance with the law of The Netherlands. The Company and the Participant hereby irrevocably submit, in respect of any suit, action or proceeding related to the implementation or enforcement of this Notice of Grant or the Plan or the Annex thereto, to the exclusive jurisdiction of the courts of The Netherlands. Any provisions of the Plan, its annexes or in any Notice of Grant issued hereunder that refer to the laws of a jurisdiction other than The Netherlands shall be interpreted and applied in accordance with the laws of such other jurisdiction.

Article 12 Acceptance

The Participant hereby declares to accept the Rules of the Plan including the Annex thereto, Notice of Grant and the Shares offered, granted to him including the conditions stipulated in the Notice of Grant and to do all such things and take all such actions as may be reasonably necessary or advisable to implement the Grant and Issuance of the Shares as contemplated under the Plan and the Annex thereto. Furthermore, the Participant hereby explicitly declares to accept the discretionary authority of the Supervisory Board and the Board of Management under the Plan and/or Israeli Annex. The Participant declares that by signing this Notice, he will be subject to the Insider Trading Rules and that he has received a copy of the currently prevailing Insider Trading Rules.

Kardan N.V.

Name:
Title:

Name:
Title:

Please sign and return to Kardan NV legal department, at least within 60 (sixty) days from the date of this Notice of Grant.

Participant

Exhibit A: Trust Agreement



KARDAN N.V.

ANNEX IV

Remuneration Report in the 2009 Annual Report

Remuneration Report

The first part of this chapter outlines the responsibilities of Kardan N.V.'s Remuneration, Appointment and Selection Committee. The second part outlines the remuneration policy of Kardan N.V. and gives some further insight as to how the Management Board's remuneration is composed.

Remuneration Committee

The main responsibilities of Kardan N.V.'s Remuneration, Appointment and Selection Committee include, inter alia:

- preparing proposals for the Supervisory Board concerning the remuneration policies for the Management Board members to be adopted by the General Meeting of Shareholders;
- preparing proposals for the Supervisory Board concerning the individual remuneration of members of the Management Board;
- preparing the yearly Remuneration Report;
- preparing the selection criteria and appointment procedures for members of the Management Board and the Supervisory Board;
- periodically evaluating the scope and composition of the Management Board and Supervisory Board;
- proposing the (re)-election of members of the Management Board and Supervisory Board.

The Remuneration, Appointment and Selection Committee consisted during the entire year 2009 of three members, being Mr. H. Benjamins (Chairman), Mr. J. Krant, and Mr. J. Pomrenze.

During 2009, the Remuneration, Appointment and Selection Committee met six times. For a specification of the main matters discussed during these meetings, reference is made to the Supervisory Board Report on page 29 and 30 of this Annual Report.

The Remuneration, Appointment and Selection Committee prepares its proposals for targets and remuneration (fixed and variable) for individual members of the Management Board after careful consideration, of which feedback by the Management

Board may be part. While doing this, the Remuneration, Appointment and Selection Committee, takes into account the advice of several external and internal advisors.

Although the Remuneration, Appointment and Selection Committee makes proposals to the Supervisory Board regarding the fixed and variable remuneration of the individual members of the Management Board, the final determination of the remuneration amount and composition of the remuneration of the members of the Management Board lies, in accordance with the Kardan N.V. Articles of Association, with the General Meeting of Shareholders of Kardan N.V. The Remuneration, Appointment and Selection Committee proposes individual and collective targets for each member of the Management Board; the Supervisory Board in its turn determines the final targets for each member of the Management Board.

The fixed remuneration over 2009 has already been approved by the General Meeting of Shareholders during the AGM on May 20, 2009.

The Supervisory Board, on proposal of the Remuneration, Appointment and Selection Committee, and in accordance with the remuneration policy (as specifically explained hereinafter), proposes that the variable remuneration over 2009 shall be as follows:

Bonus 2009 (in EUR)

Alain Ickovics	68,866
Alon Shlank	72,657
Jan Slootweg	51,267
Walter van Damme	53,888
Einat Oz-Gabber	43,540

Furthermore the Supervisory Board, on proposal of the Remuneration, Appointment and Selection Committee, proposes that the fixed remuneration over 2010 for Mr. Slootweg increases with EUR 45,000 as he is

taking up the position as deputy Chairman in the Management Board of Kardan N.V. For the other members of the Management Board in 2010, an increase of 5%, compared to the fixed remuneration for 2009, is proposed.

The above proposals shall be submitted to the General Meeting of Shareholders during the AGM to be held on May 26, 2010.

Remuneration policy

The Supervisory Board of Kardan N.V. takes the view that Kardan N.V.'s remuneration policy, adopted during the AGM held on May 20, 2009, follows the principles and the best practice provisions of the Dutch corporate governance code.

The objective of the Kardan N.V. remuneration policy is to attract, motivate, and retain qualified directors.

The remuneration policy aims to compensate based on both balanced short-term and long-term performance of Kardan N.V. and value creation for its shareholders. The policy provides that the level and structure of the compensation will be determined with due regard for the pay differentials within Kardan N.V.

The remuneration of the members of the Management Board consists of the following three elements:

- (i) a fixed remuneration;
- (ii) a short-term variable remuneration; and
- (iii) a long-term variable remuneration,

whereby the variable components will take into account both collective and individual targets.

The Remuneration, Appointment and Selection Committee measures whether and to what extent set targets have been met, by means of applying measuring methods, depending on the nature of the target. Measuring methods may include: reports by external parties, discussions with evaluators or other Management Board members, written notes and

(progress) reports, and measurable perceptions of the market.

(i) Fixed remuneration

The fixed remuneration is benchmarked against a peer group of companies that are from time to time identified as relevant to Kardan N.V., based on their Dutch domicile, international character, size, and public listing (in the Netherlands and/or abroad).

Annually, when drawing up a proposal for the fixed part of the remuneration, the Remuneration, Appointment and Selection Committee takes into account the complexity, scale and, risks of Kardan N.V.'s activities, as well as personal factors of each individual member of the Management Board, such as education and level of experience.

In recommending the remuneration of individual Management Board members to the General Meeting of Shareholders, the Supervisory Board, upon recommendation by the Remuneration, Appointment and Selection Committee, analyzes the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board members.

Variable remuneration

The level and structure of the variable remuneration shall be determined taking into account, among other things, the results, the share price performance, and non-financial indicators that are relevant to Kardan N.V.'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, following the recommendation of the Remuneration, Appointment and Selection Committee.

The short- and long-term variable remuneration, taking into account certain exceptions as provided for in the remuneration policy, each amount to a maximum of 50% of the annual fixed salary, so that

the maximum variable yearly remuneration amounts to a Management Board member's annual fixed salary.

During 2009 and following the adoption of the remuneration policy, the Remuneration, Appointment and Selection Committee started working on introducing collective and individual targets for the members of the Management Board, determining any entitlement to long- and/or short-term variable remuneration. These targets were adopted by the Supervisory Board during 2009. The long-term collective targets are formulated for a period of three years. The targets relate to an increase of the value of Kardan Group, realization of profit, share price outperforming the market, and further focus on debt and equity markets outside of Israel. The short-term collective targets also relate to value and profit creation, share price increase, and specific targets to increase transparency. Because of the sensitive nature of the specific collective targets, the Supervisory Board has adopted the policy not to disclose specific details of these targets. The same holds for the publication of individual targets.

(ii) Short-term variable remuneration: cash

Each year, a variable cash incentive can be earned, based on the achievement of certain targets. The maximum variable cash incentive is set at 50% of the fixed remuneration, provided that in case of extraordinary achievements, the Supervisory Board, upon recommendation by the Remuneration, Appointment and Selection Committee, may advise to grant a higher variable cash incentive provided that the variable cash incentive shall not amount to more than 75% of the fixed remuneration. 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. The Supervisory Board may, upon recommendation by the Remuneration, Appointment and Selection Committee, irrespective of meeting the predetermined targets and at its discretion, decide to recommend a variable cash

incentive equal to 1/3 of the maximum variable cash incentive.

(iii) Long-term variable remuneration: shares

Once every 3 years, a variable incentive in the form of shares in Kardan N.V. can be earned. 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. The maximum amount of the value of the shares is set at 50% of the fixed annual remuneration. 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%.

For the purpose of the long-term variable remuneration, a share plan is being developed which in due course will replace the Stock Option Plan. The Management Board and Supervisory Board of Kardan N.V. take the view that the share plan is in accordance with the Dutch corporate governance code, provided that one deviation is envisaged in respect of the retention of shares. With respect to the first possible grant of shares (three years after the adoption of the targets) a retention period of two years will apply, so that this in essence complies with best practice provision II.2.5 of the Dutch corporate governance code. However, for further grants of shares under the envisaged share plan, which will only be granted once every three years, providing the long-term targets have been met, no further retention period will apply if at the time of grant the member of the Management Board has been in office for a period of at least five years. Standard good leaver/bad leaver provisions will apply. The Supervisory Board takes the view that with this measure the long-term character of the share remuneration and retention of management are sufficiently met. As the above will constitute a deviation from the remuneration policy, approval for this will be sought during the AGM to be held on May 26, 2010.

Set out in a scheme, the maximum remuneration to be earned by each member of the Management Board annually is composed as follows:

Elements of remuneration	Remuneration	Explanation and reference
Fixed		
Fixed remuneration	1 X	Benchmarked against a peer group of companies, as well as set pursuant to Kardan N.V. targets and individual factors of the relevant member of the Management Board (see paragraph above entitled 'Fixed')
Variable		
Short-term variable remuneration	0.5 X	Taking into account indicators that are relevant to Kardan N.V. Only in case of extraordinary achievements, the Remuneration, Appointment and Selection Committee may decide to increase this to 0.75 of the fixed remuneration (see paragraph above entitled 'Variable'/short-term variable)
Long-term variable remuneration	0.5 X	Taking into account indicators that are relevant to Kardan N.V. (see paragraph above entitled 'Variable'/long-term variable)
Total maximum remuneration to be earned	2 X	(whereby X is the fixed annual salary in EUR)

Reference is made to the notes to the financial statements on page 268 of this Annual Report, where the exact amounts of fixed remuneration for the year 2009 per individual member of the Management Board are set out. Reference is also made to the scheme above, where both the fixed and the variable remuneration for the year 2009 has been set out. The variable remuneration for the year 2009 and the proposed fixed remuneration for the year 2010 will be submitted for shareholders' approval to the AGM to be held on May 26, 2010.

The remuneration policy and the remuneration over 2009 has been established after careful consideration and taking into account various relevant aspects and developments in the market. The Remuneration, Appointment and Selection Committee will see to continuance of this record for the future by performing checks and balances on a regular basis.

Loans

The remuneration policy of Kardan N.V. includes that 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 currently be granted. At the date hereof, 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: in view of the share plan to be established, the foregoing is likely to change in the coming years.

Other

Pension premiums will be for the account of the Management Board members and will be deemed to be included in the fixed remuneration. There are no specific arrangements in place with any of the members of the Management Board with respect to dismissal compensations.

Final authority to adjust remuneration with the Supervisory Board

On the basis of the remuneration policy, the Supervisory Board has the right to deviate (upwards or downwards) from the remuneration policy in case of extraordinary circumstances 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 in view of 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.

Employment contracts and additional arrangements

For further details on employment agreements, individual remuneration per member of the Management Board, options, and other interests of the members of the Management Board, reference is

also made to the notes to the financial statements on pages 182 and 268 of this Annual Report.

In addition to the remuneration allocated to the members of the Management Board, a number of additional arrangements may apply per individual member. These include liability insurances and, in an individual case, a company lease car. These arrangements are at arm's length and in line with standard Dutch practice.

Website

This Remuneration Report shall be posted on Kardan N.V.'s website.

Remuneration Supervisory Board

The remuneration of the Supervisory Board members has not been changed since 2008. In accordance with the policy adopted in this respect in 2007, the Supervisory Board will evaluate its remuneration once every two years and in case on the basis of such evaluation, based on comparisons made with other companies, the Supervisory Board takes the view that its remuneration needs to be amended a proposal for such amendment will be put forward to the general meeting of shareholders. Such evaluation of the Supervisory Board members' remuneration will take place in 2010.

Amsterdam, April 19, 2010

Mr. H. Benjamins

Chairman of the Remuneration, Appointment and Selection Committee



KARDAN N.V.

ANNEX V

Draft Deed of Amendment Articles of Association

AMENDMENT OF THE ARTICLES OF ASSOCIATION

Draft dated 13 April 2010

On [●]

two thousand and ten, appearing before me,
Martine Bijkerk, a civil-law notary in Amsterdam, is:

[●].

The person who appears 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 twenty-seventh day of May two thousand and nine 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 of the supervisory board is by means of a copy of the 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 declares to amend the articles of association as follows:

The heading of article 20 will be: Remuneration; remuneration policy.

Article 24 paragraph 1 will read as follows:

24.1. If a seat on the Board of Management is vacant (*'ontstentenis'*) or a member of the Board of Management is unable to perform his duties (*'belet'*), the remaining members or member of the Board of Management shall be temporarily entrusted with the entire management of the Company. If all seats in the Board of Management are vacant or all members or the sole member of the Board of Management, as the case may be, are unable to perform their duties, the management of the Company shall be temporarily entrusted to the Supervisory Board which shall then be authorised to temporarily entrust the management to one or more persons, whether or not from among its members.

Article 44 paragraph 1 will read as follows:

44.1. All notices of General Meetings of Shareholders, all announcements concerning dividends and other payments and all other communications to Shareholders shall be effected by means of a notice in a Dutch national daily

paper, in two Israeli papers of broad distribution and via the Tel Aviv Stock Exchange, without prejudice to the provisions of Section 2:96a, subsection 4, of the Dutch Civil Code.

Simultaneously with the issuance of the notice, the Company shall provide Euronext Amsterdam N.V., if so required, with the information included in the notice, announcement or other communication as well as with the documents which by law, the Articles of Association or agreement must be available to or for inspection by Shareholders or other persons entitled to such information.

Final statement

Finally the person appearing declares that according to a ministerial order which is to be attached to this document, the ministerial declaration of no-objection has been granted on [●] 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.

STATUTENWIJZIGING

Concept d.d. 13 april 2010

Op [●]

tweeduizend tien, 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 zeventwintig mei tweeduizend negen, 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 - kopie 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:

De kop boven artikel 20 komt te luiden als volgt: Bezoldiging; bezoldigingsbeleid.

Artikel 24 lid 1 komt te luiden als volgt:

- 24.1 Ingeval van ontstentenis of belet van een lid van de Raad van Bestuur zijn de andere leden of is het andere lid van de Raad van Bestuur tijdelijk met het besturen van de Vennootschap belast. Ingeval van ontstentenis of belet van alle leden of van het enige lid van de Raad van Bestuur is de Raad van Commissarissen tijdelijk met het besturen van de Vennootschap belast, met de bevoegdheid het besturen van de Vennootschap tijdelijk aan één of meer personen, al dan niet uit zijn midden, op te dragen.

Artikel 44 lid 1 komt te luiden als volgt:

- 44.1. Alle oproepingen voor de Algemene Vergaderingen van Aandeelhouders, alle bekendmakingen omtrent dividend en andere uitkeringen en alle andere kennisgevingen aan Aandeelhouders geschieden door aankondiging in een Nederlands landelijk verspreid dagblad, in twee algemeen verspreide

Israëlische kranten en via de effectenbeurs in Tel Aviv, onverminderd het bepaalde in artikel 2:96a lid 4 van het Burgerlijk Wetboek. Tegelijkertijd met zodanige aankondiging verstrekt de Vennootschap, voor zover vereist, aan Euronext Amsterdam N.V. de inhoud van de oproeping, bekendmaking of kennisgeving alsmede de stukken welke krachtens de wet, statuten of overeenkomst voor Aandeelhouders of andere daartoe gerechtigden ter inzage moeten liggen.

Slotverklaring

Ten slotte verklaart de comparant dat de ministeriële verklaring van geen bezwaar is verleend op [●] 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.