



# 2010

ANNUAL REVIEW



TEL-AVIV STOCK EXCHANGE





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# MAIN INDICATORS 2008-2010

## THE TEL-AVIV STOCK EXCHANGE

	2008	2009	2010*
<b>ANNUAL DOLLAR YIELD</b>			
TA-25 Index	(45.6%)	76.1%	17.0%
TA-100 Index	(50.6%)	90.1%	16.0%
Tel-Tech 15 Index	(63.9%)	85.4%	7.0%
Finance-15 Index	(55.7%)	128.5%	11.0%
Real Estate-15 Index	(79.5%)	126.8%	17.0%
General Bond Index	0.5%	16.4%	13.0%
Government Bond Index - "SHAHAR"	13.8%	3.2%	10.5%
Corporate Bond Index - Tel-Bond 20	(2.1%)	22.5%	16.5%
<b>DAILY TURNOVER (US \$ millions)</b>			
Shares and Convertibles (Including ETNs)	547	432	545
Bonds (Including ETNs)	1,120	1,035	870
Treasury Bills	219	163	320
TA-25 Index Options (Thousands of contracts)	332	252	292
Dollar Options (Thousands of contracts)	43	33	33
<b>Capital Raised (US \$ billions)</b>			
Shares and Convertibles	5.0	2.0	3.5
Thereof: Capital raised in Israel	1.8	1.7	3.4
Government Bonds - Net	8.9	7.6	3.2
Non-Government Bonds	6.6	9.3	10.5
Thereof: Issues to Institutionals	1.3	0.9	0.8
<b>Market Capitalization (US \$ billions)</b>			
Shares and Convertibles (Excluding ETNs)	106.7	189.4	215.0
Government Bonds	84.3	97.3	108.0
Non-Government Bonds (Excluding ETNs)	60.2	77.1	90.0
ETN Assets Under Management	6.1	11.9	14.0
Treasury Bills	18.9	22.6	38.0
<b>Number of Shares Listed Companies</b>	<b>642</b>	<b>622</b>	<b>616</b>

## MAJOR WORLD STOCK EXCHANGES' INDICES

	2008	2009	2010*
<b>ANNUAL DOLLAR YIELD</b>			
S&P 500 Index	(38.5%)	23.5%	10.0%
NASDAQ 100 Index	(41.9%)	53.5%	18.0%
DOW-JONES Index	(33.8%)	18.8%	9.0%
DJ Euro STOXX 50 Index	(46.8%)	24.5%	(14.0%)
FTSE 100 Index	(50.0%)	35.4%	4.0%
DAX Index	(43.5%)	28.1%	8.0%
NIKKEI 225 Index	(28.4%)	16.7%	8.0%
MSCI EM Index	(51.7%)	74.5%	13.0%
<b>TA-25 Index</b>	<b>(45.6%)</b>	<b>76.1%</b>	<b>17.0%</b>

\* Estimate.

# TABLE OF CONTENTS

**6**

**Prof. Stanley Fischer:**  
Looking Back at 2010

**8**

**2010 in Review**  
Saul Bronfeld, Chairman  
Ester Levanon, CEO

**11**

**TASE 2010 by  
the Numbers**

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**12**

**What We were  
Up To in 2010**

**15**

**Year Summary**

**26**

**Events**

---

**28**

**Data Tables**

**32**

**TASE Members**

**34**

**Board & Management**

Prof. Stanley Fischer,  
Governor of the Bank of Israel



## Looking back at 2010 with a sense of satisfaction

**Policy makers in Israel, as well as the private sector, can look back at 2010 with a sense of satisfaction. Despite the global crisis, Israel's recession lasted only two quarters, growth projections for 2010 stand at 4%, and unemployment - currently at 6.6% - has all but returned to its pre-crisis level.**

The economy's resilience was due in large part to its strong starting position, as well as to policy measures undertaken during the crisis. From mid-2003 to mid-2008, the economy grew at an annual rate of over 5%. Fiscal policy was disciplined, and the debt-to-GDP ratio declined rapidly from 100% in 2003 to under 80% by the end of 2008.

As in most of the countries that were relatively mildly hit by the crisis, the financial system, and especially the banking system, remained intact and continued to operate smoothly throughout the crisis. Previous crises have made our banking system conservative, and most of the banks did not hold significant amounts of the assets that proved to be so harmful in other countries. Mortgages are given at relatively low LTV ratios, and capital adequacy ratios are high, the result of prudent regulation by the Supervisor of Banks. Moreover, household debt is relatively low, so households were able to continue to consume throughout the recession. Externally, the current account has been in surplus for several years, and the net external debt is negative.

Several months before the collapse of Lehman Brothers and in the face of a rapid appreciation of the shekel, the Bank of Israel began to intervene in the foreign exchange market, significantly increasing the level of its reserves. The high level of reserves contributed to Israel's financial soundness, and through 2009 the shekel weakened against a basket of currencies of Israel's trading partners, supporting exports and employment throughout the recession.

As the crisis escalated in October 2008, the Bank responded by an aggressive expansionary monetary policy, reducing the interest rate from 4.25% to 0.5% in just six months. Fiscal policy was limited in its ability to respond to the crisis, as the government went into a transition phase following the Prime Minister's resignation in September, so the government was unable to pass a budget for 2009. Therefore, fiscal reaction was limited to automatic stabilizers, thus limiting the increase in the budget deficit and the government debt ratio.

As the economy returned to growth in mid 2009, the Bank of Israel began a gradual process of returning the interest rate to a normal level, so far raising it by 1.5 percentage points to 2%. With growth renewed and unemployment decreasing, inflation expectations have risen, also because housing prices have surged, rising so far by 48% since the beginning of 2008, in response to the low interest rate and a slow down in building starts which has led to supply constraints in the housing market.

The Bank of Israel's main challenge is to balance the need to maintain a policy that will continue to support growth, against the need to keep inflation within the target range and prevent risks to the banking and financial system which could stem from the rapid increase in housing prices. Therefore, the gradual increase in the Bank's policy rate has been accompanied by complementary measures: first, discretionary interventions in the foreign exchange market continue, acting to moderate changes in the exchange rate; and second, the Bank has implemented macroprudential measures in the mortgage market with the aim of increasing the cost and reducing the riskiness of mortgage financing, with the goal of cooling the housing market. The government has recently announced several measures, mostly in the area of taxation, which are intended to operate in the same direction.

The short term macroeconomic outlook is positive. The economy is expected to grow by 3.8% in 2011, and the government budget deficit is likely to decline to less than 4 percent of GDP. The government is committed to fiscal rules that will contribute to continued decreases of the deficit and debt levels. The inflation rate for 2010

is expected to be 2.5 percent, within the 1-3 percent target range. The current account is in surplus.

However, there are still many long-term issues that need to be dealt with, in order for us to be able to continue to grow, and reach the living standards of the most advanced countries. Looking at the strategy that will lead our growth in the long term, it is clear that we must continue to be based on exports as the engine of growth and to be open to competition from other economies. Our main comparative advantage is our knowledge based industries, which rely on the level of our education. The results of international tests showing a persistent decline in the relative achievements of Israeli students indicate that we must continue to promote the education system and to solve the problems it faces in all segments and across the entire age structure.

The problem of education is directly connected with the problem of poverty, which in Israel is concentrated mainly in two sectors in the population - the ultra-orthodox, and the Arab sectors. It is critical that we deal with the low level of labor participation in these sectors, which is directly connected with their poverty levels. Improving the quality of our infrastructures and eliminating bureaucracy, as well as streamlining decision making processes in the public sector, are also crucial for our private sector to be able to continue to compete successfully with that of other countries

The achievement of a peace agreement with our neighbors, so desirable in its own right, would also have important economic implications, enabling the Israeli economy and those of our neighbors to grow significantly more rapidly.



## 2010 >> Review of Events

'2010 saw the end of the global crisis and the beginning of the recession', many a financial commentator summarize the events in these words. Indeed, 2010 can be characterized as a year of hesitant recovery for many western economies, as reflected in sluggish growth rates, high unemployment and in government endeavors to bring order to national budgets.

In comparison, Israel's economy fared well, although apprehensions that the global recession will slow down exports and growth here gained momentum this past year as well.

Against this backdrop, it's easy to comprehend the relatively mild performance coloring Israel's financial markets in 2010. After spiking 90% in 2009, the TA-100 index had to settle for relatively modest gains in 2010. Towards the end of the year, index and trade volume figures reached levels similar to those of the end of 2007, however in an entirely different economic environment - an environment in which interest rates and growth rates were significantly lower than in 2007.

Stock market performance was uneven over the two semesters, sending mix messages to investors. During the first half of the year, trading volume and primary

market activity was considerably higher than in the second half, which was characterized by relatively higher price returns than in the first half. The impact of the oil and gas exploration sector on the market also differentiated the two six-month periods, as did the impact of Israel's upgrade by MSCI to developed market status.

In addition to the 'normal' factors affecting the market in 2010, two 'extraordinary' developments are particularly noteworthy:

The first is the discovery of gas, which caused a spike in exchange activity in gas exploration shares. Price increases contributed to approximately one fourth of the increase of the TA-25 and TA-100 indices, while the turnover of these shares and limited partnership units were responsible for approximately 12% of the annual turnover in shares (as opposed to 0.2% during the years 2006-2008).

The second development, TASE'S upgrade to developed market status by MSCI, precipitated, as anticipated, a large sell-off of Israeli shares apparently by emerging market investors during the second quarter of the year. Market data suggests,



# high Tech backup trade msci oecd biomed upgrade israel options + 1 stock

however, that the hit sustained from the upgrade was short and mild. First, Bank of Israel figures indicate that as early as July, there was a renewal of net purchases of Israeli shares by foreign investors. Second, against the many foreign sellers stood an equally large number of buyers (Israeli and foreign alike), and at the end of the day, the decline in prices was relatively modest throughout May and June. Subsequently, prices not only rebounded but increased substantially.

In this context, it is worth mentioning that on May 26th, the day the upgrade went into effect, trading volume on the equity market came to US \$4.4 billion, eight times the average daily turnover for the entire year. Trading was conducted seamlessly throughout the day without interruption and the only TASE 'intervention' necessary was an extension of trading hours. Years of development and continual upgrade were vindicated, as the TACT trading system admirably withstood the stress test. The decades of man years and substantial budgets that were invested in TACT paid off and for this we extend our gratitude to TACT's developers and the maintenance personnel at TASE and at its members.

In the regulatory realm, the two most important legislative initiatives were legislation initiated by the Israel Securities Authority regarding administrative [civil] enforcement, and the establishment of a court specializing in corporate affairs and securities law.

In addition to TASE's various current activities, work on long-term projects continued this year at an accelerated pace. The most prominent project completed and "entering production" in July 2010 is the comprehensive reform of TASE indices, i.e. adaptation of TASE indices to the advanced methodology developed by FTSE. The new methodology has rendered the construction and management of indices more rational and transparent.

In 2010 the preparation of new capital adequacy rules for non-bank members was completed. The new model replaces existing TASE rules, which are unable to address the radical changes that have occurred within Israel's financial services industry since implementation of the 'Bachar reform' some five years ago. The new model was approved by the Israel Securities Authority towards the end of the year.

Throughout the year TASE embarked on various activities supporting its evolution into a financial hub for high-tech enterprises (Further details on page 12). Becoming a financial center for high-tech companies - Israeli and foreign alike - is a strategic goal for which TASE intends to spare no effort in its attainment. We will continue implementing the measures launched this year as well as additional activities still in various stages of conceptualization and planning.

In 2010 additional foundations were laid to further develop the derivatives market in the coming year. First, a new set of incentives for designated market



makers was devised for the nascent stock option market (comprised of options on Teva Pharmaceutical Industries, Bank Leumi, Bank Hapoalim and Israel Chemicals shares).

Second, the Ministry of Finance (the Treasury) and TASE have formulated a new and improved format for options on "Shahar" bonds that will replace the futures launched in 2006, a product which did not succeed to gain popularity. In 2011 the Treasury and TASE intend to issue cash-settled options on select large "Shahar" bond series that will help institutional investors on the one hand and the planning of Treasury auctions on the other.

One cannot summarize TASE activity in 2010 without mentioning two important initiatives undertaken in the area of clearing house risk management. First, the Bank of Israel will become "lender of last resort" for the TASE clearing houses, should the need arise. The need to reach an understanding with the Bank of Israel on this matter is not new, however the global financial crises sharpened awareness on this matter and the new Bank of Israel Law provided the opportunity to rectify the situation.

Second, clearing and settlement of TASE-traded securities took another step forward at the end of November with the transition to T+1 settlement of non-government bonds. From this time on, clearing of most of TASE-traded securities is carried out in a

delivery versus payment (DVP) regime. In the coming year, the historical step will be completed, with the transition to T+1 for shares. As a result of these actions (among others), we were recently notified by the Thomas Murray, the leading rating firm for clearing agents, that the rating of TASE Clearing Houses has been upgraded to A+. We are certain that the measures already undertaken and those in pipeline for 2011 will make an important contribution to the stability of the Tel Aviv Stock Exchange and to investor confidence, at home and abroad, in Israeli securities investments.

The key areas of activity were mentioned above and joining these are a number of important issues, which cannot be discussed in detail within the limited scope of this summary review. These include advances in computer infrastructure, the establishment of a sophisticated backup facility, the foundation-laying for the new TASE headquarter, the handling of distressed corporate bonds, the upgrade of risk management and control systems, the handling of applications submitted by three foreign investment houses for TASE membership, the shepherding of legislative amendments, and more.

This is also the opportunity to thank all the parties that supported and assisted our activity - the Board of Directors, the executive management and employees, the Israel Securities Authority, the Ministry of Finance and the Bank of Israel.



**Saul Bronfeld** • Chairman



**Ester Levanon** • CEO

# TASE 2010 BY THE NUMBERS

**616**

**Companies**  
with TASE-listed equities

**144**

**TASE-listed**  
technology companies

**700**

**TASE-listed**  
debt instruments

**54**

**Companies**  
dual-listed on TASE and  
foreign exchanges

**US \$755**

**million**  
record daily turnover  
in T-bills (MAKAM)  
(7/4/2010)

**US \$4.4**

**Billion**  
all-time record daily turnover on  
equity market on eve of israel's  
MSCI upgrade to "developed  
market" status (26/5/2010)

**US \$545**

**million**  
average daily TASE turnover in shares

**17**

**IPOs**  
raising us \$850 million

**45**

**New ETNs**

**17%**

**Increase**  
in TA-25 and TA-100 share price indices

**4**

**New dual listings**  
on TASE and us exchanges

**26**

**Covered warrants**

**126,392**

**Contracts**  
record daily turnover on  
stock options (25/5/2010)

**53**

**TASE-listed**  
biomed companies

**217,357**

**Contracts**  
record daily turnover  
of derivatives (26/5/2010)

**392**

**TASE-traded ETNs**

**27**

**TASE members**  
5 of which are large  
international banks

**210**

**Employees**  
132 of which are women

# WHAT WE WERE UP TO

# IN 2010

## >> “Tech” Time is Here

**TASE lays the foundations for building a financial “tech” center for both issuers and investors - local and foreign alike**

At the beginning of 2010, the Tel Aviv Stock Exchange declared its strategic aim to create a financial center for high-tech: to encourage Israeli companies to go public, promote foreign investor participation in technology offerings in Israel, and in the future, to attract foreign technology firms to undertake public offerings in Israel. With this vision in mind, TASE conducted a number of activities over the past year:

- In March 2010 the TASE **Biomed Index** was launched and indices for other tech industries are being planned.
- Cooperation with financial research groups is planned to insure adequate **analyst coverage** of technology companies. A number of international research firms expressed interest in providing analytic services designed

to increase exposure for Israeli technology firms throughout the international investment community. This coverage will include quarterly reports for a period of at least two years.

- **Cooperation with professional associations** representing the various industries has been forged. This includes holding a conference in conjunction with Israel Life Science Industry (ILSI), cooperation with the Israeli High Tech Industry Association (HTIA) during the HTIA Annual conference and through joint professional meetings held at TASE. In addition, TASE presented at various key technology conferences, such as Technology Fast 50 and Journey 2010.
- In December, LAHAV, the executive education division at Tel Aviv

University’s Faculty of Management in cooperation with the Tel Aviv Stock Exchange opened a course on the **Financial Analysis of Healthcare Companies**, the first of its kind in Israel. The objective of the course is to train participants in conducting financial analysis of companies engaged in the life science industries.

- A **data bank of technology companies** with IPO potential was compiled, and TASE representatives met personally with these companies to raise awareness of going public on TASE and examine barriers to the IPO process.

The number of TASE-traded technology companies has grown from 102 at the beginning of the year to 140 at year’s end.

## >> Improving Equity Indices Methodology

TASE has invested considerable resources over the past years to improve the quality of its indices and to create new indices based on advanced methodologies, as recommended by FTSE, a major international index vendor. The new methodology is aligned with accepted practices in developed markets.

## >> Making it in the Major Leagues

**MSCI's upgrade of the Israeli market to "Developed Market" status not only signals recognition and esteem, but engenders challenges and opportunities as well.**

In May of this year the upgrade of Israel's market status announced a year earlier by MSCI came into effect, resulting in Israel's categorization as a "Developed Market" in MSCI indices. In the same month Israel was invited to join the OECD. These upgrades are yet additional expressions of international recognition of the quality and stability of Israel's economy and capital market. They follow FTSE's designation of developed market status two years ago. For TASE, MSCI's upgrade is particularly gratifying, since the quality of the securities exchange is one of the primary criteria for bestowing "Developed Market" status.

Israel's reclassification has a significant impact on the entire market. From this point forward, the Israeli capital market operates in the developed market arena and must compete with the world's strong, large economies for the investor attention. The scope of investment activity in developed markets is considerably larger than in the "emerging market" space and hence, Israel's reclassification engenders a potential for growth of foreign financial investment.

On the day the upgrade came into effect, May 26th, TASE faced another challenge, as trading volume spiked to an all-time record

level of US \$4.4 billion, three times higher than the previous record set in December 2007 and eight times higher than the average daily turnover. Trading that day was extended by one and a half hours to enable execution of all orders submitted by investors. TASE systems met the challenge and all orders were processed expediently, despite the sudden surge in activity. It is worth noting that the TA-25 index rose by 2% that day.



## Comprehensive Back-up

In order to ensure the ability of investors to trade on TASE under all circumstances, it is not only necessary to set up an accessible backup installation, but to guarantee a seamless transfer of workload without interrupting normal operations. In July 2010 TASE transferred backup to a new, state-of-the-art installation, which operates according to international standards.





## >> Improving Trading and Settlement

### A+ rating for TASE Clearing House by the Thomas Murray company

The **Tel Aviv Stock Exchange Clearing House (TASECH)** is working constantly to improve the clearing and settlement services. These efforts are recognized in the A+ rating recently bestowed by the Thomas Murray company, placing TASECH among the world's highly-rated clearing agencies. Some of last year's activities increase the Israeli market appeal for foreign investors.

- The migration of corporate bonds to a T+1 clearing and settlement cycle. This is among the more salient actions taken this year following the transfer of government bonds and treasury bills to a T+1 cycle in 2006. T+1 is a complete DVP model which reduces financial risk.

- Facilitation of automated contact between TASECH members operating on the SWIFT network and their foreign clients.
- Automation of manual procedures and improvements in the calculation of margins, collateral and limitations on open positions held by institutional investors in the MAOF [derivatives] Clearing House.
- A control system to monitor high frequency trading came online in 2010 and reports generated by the execution control system were expanded. These improvements were initiated to more efficiently monitor algorithmic trading.

## >> New Capital Adequacy and Liquidity Model for Non-bank TASE Members

In August 2010 the TASE Board of Directors approved new capital adequacy and liquidity requirements for non-bank members, which address the changes which have occurred in the structure of most non-bank member business activity as precipitated by the Bachar committee reform.

The new model is based on contemporary approaches to risk management as reflected in the EU Directive and Basel principles. It addresses the financial and operational risks inherent in non-bank member activity, including: proprietary trading; extension of credit; investments in fixed assets and leveraging, and is adjusted to reflect the realities of Israel's capital market and the conditions created in the wake of the latest crisis.

The new model is subject to final approval by the authorities, which is anticipated in the near future.

# TASE IN 2010 >>

Much like the year before it, uncertainty reigned strong in 2010 in Israel's and world capital markets, as the continuation of the markets' recovery from the 2008 financial crisis remained precarious. After the dramatic spike in share prices, which characterized the market in 2009, TASE closed 2010 in a highly volatile trading with a 17% increase in its flagship share price index.

During the first half of the year, share prices in Israel, as around the world, declined, rebounding in the second half of the year. By the end of the year, the TA-25 gained approximately 17%, and completed a 140% rally from its low point in November 2008. Towards the end of the year, the TA-25 returned to the record level it attained in October 2007.

According to reports issued by the Bank of Israel, foreign investors liquidated some US \$1.9 billion of public equity investments during the three months between February and May 2010 – the transition period preceding the MSCI upgrade of the Israeli market to “developed market” status took effect. This trend was short-lived, however, reversing in the summer, as renewed buying led to net purchases of US \$0.7 billion in the months between July and October, 2010.

Gas and oil exploration securities had a decisive impact on TASE this year. Approximately a quarter of the return on the leading share price indices can be attributed to sharp price increases in the securities of this sector and more than 40% of the increase in trading volume on the equity market.

Stock trading was brisk in 2010 relative to 2009, with turnovers close to record 2007 levels. Activity in the primary market increased as well, after a two-year slumber. 17 new companies raised US \$850 million in initial public offerings.

The debt market gained 19% in 2010, following a year of unusually sharp corporate bond price increases in 2009. In addition, the private sector took advantage of low interest rates to raise some US \$10.5 billion, similar to the amount raised in the previous year.

The market for exchange-traded index products continued to enjoy accelerated growth and by year's end some 418 index products traded on TASE. The market value of public holdings of ETNs increased, reaching approximately US \$14 billion, as opposed to US\$ 12 billion at the end of 2009.





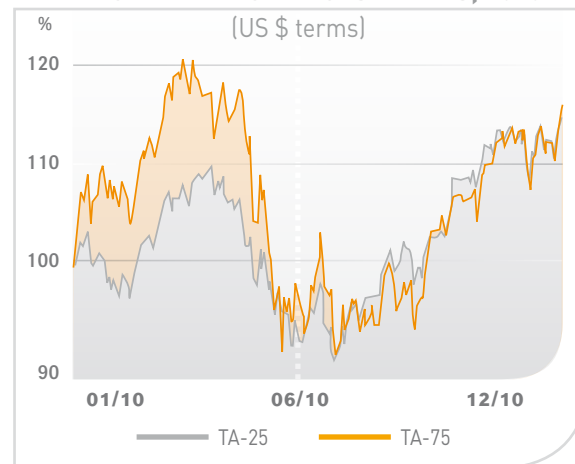
## THE EQUITY MARKET

Trading in TASE equities in 2010 was characterized by high volatility, as was the case in financial markets throughout the world. By year's end, the **TA-25 index** gained some 17%, completing a 140% rally from its low point of 23 November 2008. Towards the close of the year the index returned to the record level attained October 2007. The increase in share prices in 2010 is similar to that of NASDAQ, but out-performs the leading share price indices of west European markets.

The Tel-Tech 15 index gained 7% after rallying 85% in 2009. The Biomed Index, which was launched in March of the year, lost close to 15% by year's end. Oil and gas exploration equities continued their upward trajectory this year, adding 55% to a 7.5-fold increase in 2009.

It is worth mentioning the 4% devaluation of the US dollar against the shekel contributes to the dollar rate of return on TASE indices.

TA-25 AND TA-75 INDICES' YIELDS, 2010



THE EQUITY MARKET PRICES AND TURNOVER, 1980-2010



All figures for 2010 are estimates.



## HIGHLIGHTS 2010

**US \$4.4**

**billion**

Record daily turnover in shares, on 26 May 2010, the day the MSCI upgrade of Israel's market to "developed market" status went into effect. The TASE-25 closed up 2% that day.

**17%**

Annual rate of return on the TA-25 and TA-100 indices. Approximately quarter of this gain can be attributed to dramatic price increases in the securities of oil and gas exploration firms included in the indices.

**35%**

Annual rate of return on the Mid-Cap TA index, attributed to the sharp increase in the oil and gas exploration securities included in the index.

**55%**

Annual rate of return on oil exploration securities, following a more than 7.5-fold increase in 2009.

**US \$545**

**million**

Average 2010 daily stock turnover – 25% higher than 2009.

**US \$3.4**

**billion**

Total equity raised on TASE in 2010 (out of which US \$0.7 billion raised by the **Azrieli Group**).

**US \$0.5**

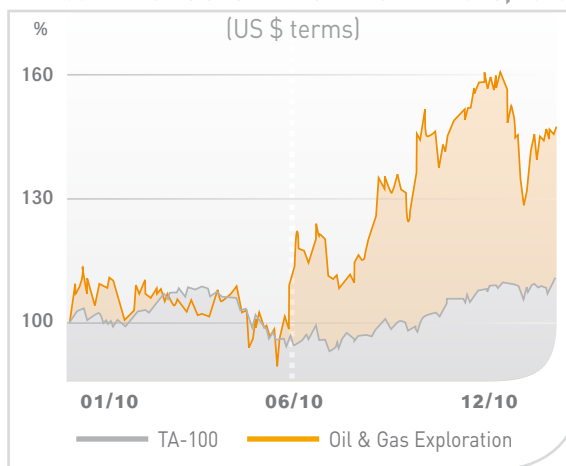
**billion**

Proceeds from the privatization of 25% of **Bank Discount** shares.

**17**

The number of IPOs in 2010 – raising US \$850 million equity capital.

TA-100 AND OIL&GAS EXPLORATION INDICES, 2010

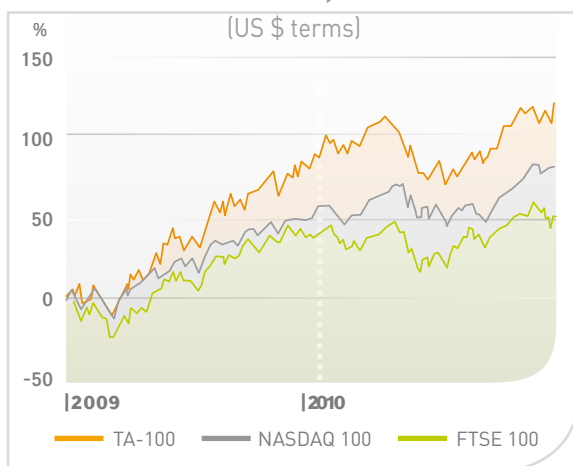


The soundness of Israel's financial system and the fundamental strength of its economy contribute greatly to the resilience of the capital market. These factors found expression in the dramatic resurgence of GDP growth from 0.7% in the previous year to an estimated 4% in 2010, in the reduction in unemployment from 7.6% in 2009 to 6.5% at the end of 2010, and in the positive financial statements filed by TASE-listed companies.

Towards the end of the year figures were released pointing to a possible slowdown in economic growth. GDP growth retreated from 4.5% in the second quarter to 3.8% in the third quarter of the year, because industrial production and the export of goods and services declined in the third quarter after increasing throughout the first half of the year.

In wake of the improvement in the economy and in order to hold inflationary pressures at bay, Bank of Israel raised nominal interest rates by one fourth of a percent on three separate occasions, to a level of 2% in October.

### TA-100, FTSE 100 AND NASDAQ-100 INDICES' YIELDS, 2009-2010



At the end of the day, positive local developments prevailed over the flat growth, high unemployment, and huge deficits affecting many economies and the credit crisis plaguing southern Europe.

**The upgrade of Israel's capital market by MSCI to "developed market" status**, which became effective on May 26<sup>th</sup> of this year, had a profound affect on the investment activity of foreign investors as well as on stock market trading volumes. On May 26<sup>th</sup>, the day the upgrade went into effect, TASE posted a record daily trading volume of US \$4.4 billion, eight times higher the average daily turnover posted throughout the year. Local and foreign investors willingly purchased shares unloaded that day and at day's end, the TASE-25 index closed some 2% higher.

On the eve of the transition (February-May), according to Bank of Israel figures, **foreign investors** sold a net US \$1.9 billion dollar shares (of which US \$0.8 in May alone),

after purchasing a net US \$2 billion throughout 2009 and in January, 2010. This apparent sell-off ceased in June, as foreign investors returned to Tel Aviv, purchasing a net US \$0.7 billion in July-October.

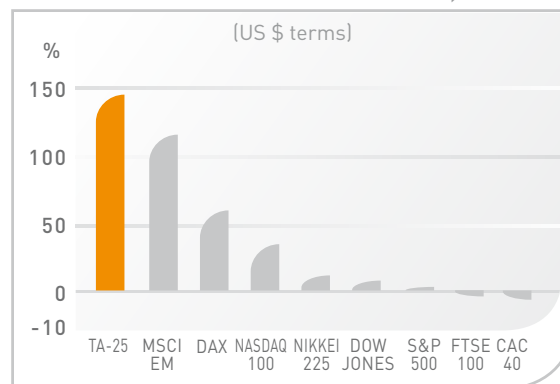
It is interesting to note that in the two months preceding the upgrade, stock prices fell some 12%, but rebounded subsequently.

**Average daily turnover** in 2010 came to US \$545 million – 25% higher than the preceding year and close to the record 2008 level.

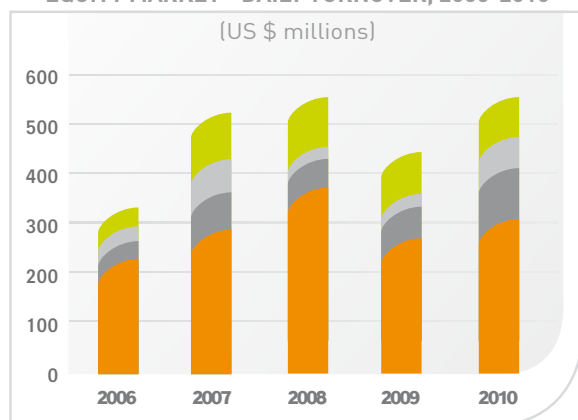
**Oil and gas exploration securities** had a significant impact on stock trading. Sharp price increases in oil exploration securities, which gained 55% on average over the year, contributed one fourth to the overall increase in TASE's leading share price indices. In addition, more than 40% of this year's growth in trading volume stems from unusually active trading in the securities of oil exploration companies and partnerships.

The business sector revived Israel's primary equities market – through IPOs, secondary offerings & private

### INTERNATIONAL STOCK INDICES' YIELDS, 2005-2010



### EQUITY MARKET - DAILY TURNOVER, 2006-2010



TA-25 TA-75 YETER INDEX PRODUCTS

placements- wakening it from a two-year slumber induced by the financial crisis. **Capital raised in 2010** came to US \$3.4 billion, as opposed to US \$1.7 billion in 2008 and 2009.

**Primary market** activity began to pick up in February and by year's end some 17 IPOs were completed, raising US \$850 million. Four of this year's IPOs were conducted

### PUBLIC OFFERINGS ON TASE, 2009-2010

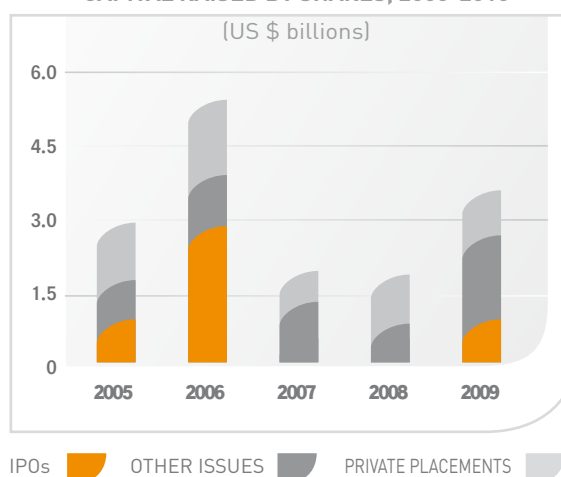
	Amount raised (US \$ million)		Number of Offerings	
	2009	2010	2009	2010
IPOs	7	850	1	17
Secondary Offerings	596	1,450	60	83
<b>Total</b>	<b>603</b>	<b>2,300</b>	<b>61</b>	<b>100</b>

by biomed companies, a sector which is leaving an increasingly growing footprint on TASE. Today some 53 biomed companies, with a combined market capitalization of US \$ 4 billion trade on TASE. Given this growth in the number of TASE-listed biomed companies, TASE launched its new Biomed index in March of this year. The index currently includes 27 large biomed companies. In addition, eight TASE-listed shell companies took on biomed operations.

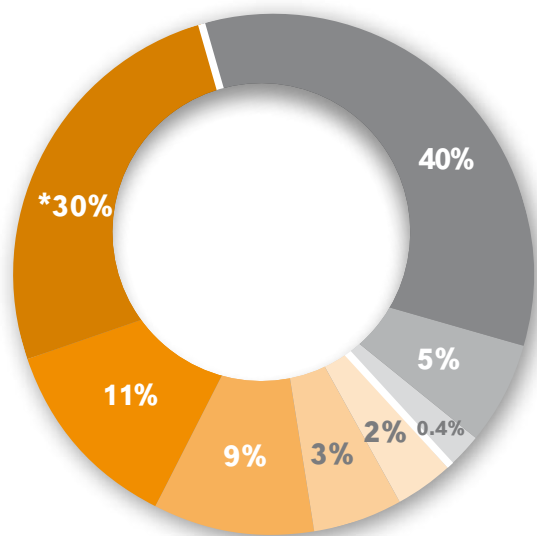
**Within the framework of privatization**, which was renewed in 2010, the government received US \$500 million for the three-staged sale of its remaining 25% stake in **Bank Discount**.

In other developments, three publically traded U.S. biomed companies - **Prolor Biotech**, **Protalix Biotherapeutics**, and **Pluristem Therapeutics**, as well as the CIT company, **Allot Communications** dually listed their shares on TASE. Similarly, TASE-traded Israeli biomed company,

### CAPITAL RAISED BY SHARES, 2006-2010



IPOs OTHER ISSUES PRIVATE PLACEMENTS



## BREAKDOWN OF SHARES OWNERSHIP ON TASE, 2010

### "Float" (55%)

- International Public & Institutionals\* (30%)
- Israeli Public (11%)
- Provident & Pension Funds (9%)
- Insurance Companies (3%)
- Mutual Funds (2%)

### Interested Parties (45%)

- Israeli (40%)
- International (5%)
- Government (0.4%)

\*Thereof: 22% holdings in dual-listed shares abroad.

**D-Medical**, raised US \$40 million in the U.S. and listed its shares on NASDAQ.

In contrast, dually-listed **Mind CTI**, **Metalink**, and the American company, **VeriFone** delisted their shares

from TASE, while **Starlims** delisted from both Israeli and U.S. exchanges in wake of its merger with a foreign firm. Some 48 companies are currently cross-listed on TASE and U.S. exchanges, while an additional six companies are cross-listed on TASE and European exchanges.

**TABLE 1: MAIN INDICATORS OF THE EQUITY MARKET, 2001-2010**

Year	Daily Turnover (US \$ millions)	Capital Raised in Israel <sup>(1)</sup>	Number of Listed Companies	Thereof: New Listed Companies <sup>(2)</sup>	TA-100 Index % Change (US \$ terms)
2001	64	0.8	649	14	(16.4)
2002	51	0.7	624	9	(30.6)
2003	80	0.7	577	4	73.9
2004	147	1.6	578	25	21.0
2005	223	2.7	584	32	21.1
2006	326	2.7	606	44	22.0
2007	505	5.2	654	62	37.6
2008	547	1.8	642	2	(50.6)
2009	432	1.7	622	4	90.1
2010 (Est.)	545	3.4	616	22	16.0

(1) Including private placements and exercise of warrants, Excluding issues abroad of the dual-listed companies.

(2) Including new dual-listed companies, Excluding new index products issuers.

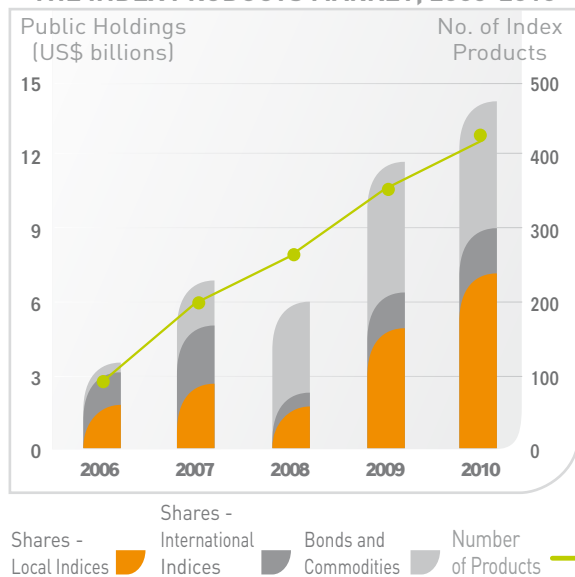
## INDEX PRODUCTS

The accelerated growth in the market for exchange-traded index products continued in 2010 for the seventh year running. By the end of 2010, **the number of TASE-listed exchange-traded products** came to 369 ETNs on 12 local indices and 55 international indices, 26 covered warrants and 23 commodity pools.

Growth in the value of public holdings in products tracking domestic and foreign share price indices was considerable, increasing from US \$5.2 and US \$1.6 billion respectively at the beginning of the year to US \$6 billion and US \$2 billion at its close.

The market value of public holdings of ETNs on bond indices increased slightly in 2010, rising from approximately US \$5.2 billion at the beginning of the year to US \$6 billion at year's end.

THE INDEX PRODUCTS MARKET, 2006-2010



## HIGHLIGHTS 2010

418

series of exchange-traded index products

45

new ETNs were issued

US \$14 billion

Market value of public holdings of exchange-traded index products as of November 2010 - 20% increase over 2009

16%; 19%

Turnover in exchange-traded index products constituted 16% of the trading volume of shares and 19% of the trading volume of non-government bonds.

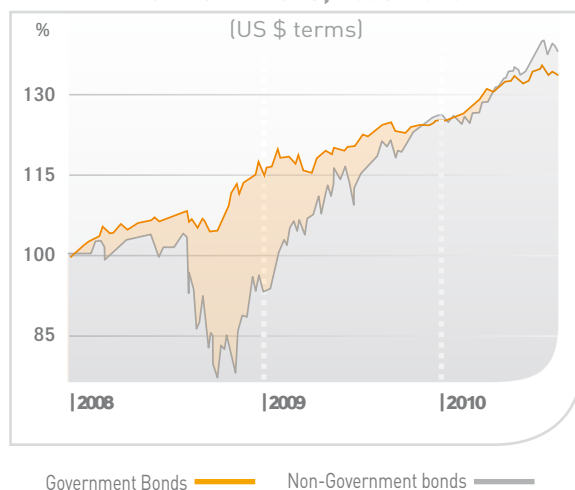
## THE FIXED INCOME MARKET

The debt market posted price gains of up to 19% in CPI-linked corporate bonds, following a 40% price surge in 2009.

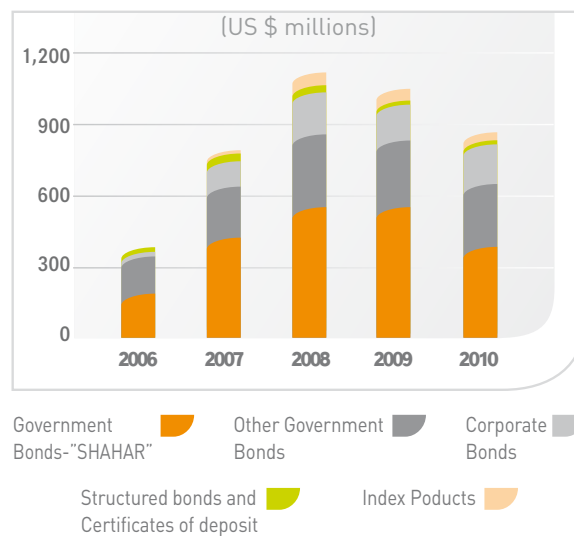
The debt market operated in an environment of low interest rates throughout the world, which pushed yields down in Israel as well. There was a reduction in the risk premium between government and corporate bonds, continuing a trend set in 2009. The Tel-Bond 20 and Tel-Bond 40 indices rose at comparable rates, following 2009 in which the increase in the Tel-Bond 40 index was twice that of the Tel-Bond 20 index.

The drop in yields-to-maturity (YTM) was prevalent across the board for all types of debt instruments. For example, non-linked 10-year government bonds traded at a gross YTM of 4.5%, lower by 1% than the end-of-year YTM for 2009.

### GOVERNMENT AND NON-GOVERNMENT BONDS INDICES, 2008-2010



### DAILY TURNOVER OF BONDS, 2006-2010



Average daily turnover in TASE-listed bonds came to US \$870 million – some 15% lower than in the previous year. The increase in government revenues from taxes and from sovereign debt offerings abroad, enabled the government to lower the amount raised in the local auctions. A net US \$3 billion was raised in 2010, as opposed to US \$8 billion in each of the previous two years, 2008 and 2009.

At the same time, as recovery from the financial crisis progressed, the private sector stepped up its activity on the primary debt market, raising US \$10.5 billion in 2010, as opposed to US \$9.3 billion in 2009. In both years 40% of the debt capital was raised by the banking sector.

Price increases were across the board for all classes of debt instruments. CPI-linked corporate bonds continued

## HIGHLIGHTS 2010

# 19%

Annual increase in the CPI-linked non-government bond indices

# US \$870 million

Average daily turnover for TASE bond market in 2010

# US \$10.5 billion

Public offerings and private placements of corporate debt in 2010 – as opposed to US \$9.3 billion in the previous year.

# 60%

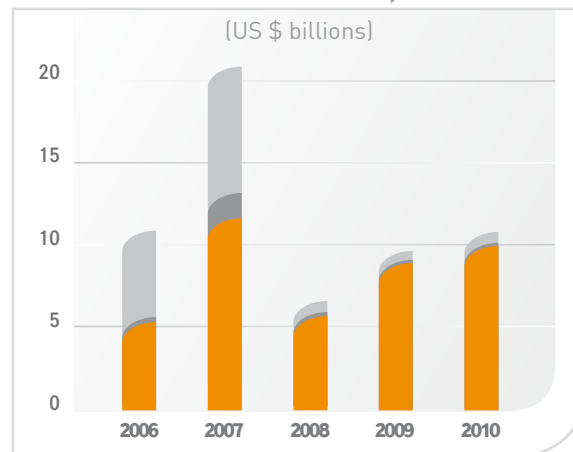
The banking and real estate industries raised 40% and 20% respectively of the total negotiable debt raised in 2010, similar to their share in 2009.

to stand out this year, with an average price return of 19%. In 2009 corporate bond prices rose dramatically, increasing up to 45%, in reaction to the precipitous decline in prices in the closing months of 2008 that were generated by fears regarding the possible inability of many issuers to honor their original commitments.

CPI-linked government bonds rose 13%, following a 11% increase in the previous year. Non-linked government bonds gained 9.5% on average, following a 3.5% increase in 2009, primarily due to the 11% appreciation in "Shahar" bond prices.

In contrast to the equity market, there was a decline in the volume of debt market activity. **Average daily turnover in debt instruments**, came to US\$ 870 in 2010 - 15% lower than the 2009 average.

ISSUES OF BONDS  
BY THE BUSINESS SECTOR, 2006-2010



Corporate Bonds Other Bonds<sup>(1)</sup> Institutionals

(1) Including structured bonds and certificates of deposit

Most of the decline in turnover occurred in the trading volume of government bonds, which fell from US \$850 million in 2009 to US\$ 635 million in 2010.

**The scope of government auctions** declined sharply this year, in wake of an increase in tax revenues and decrease in the budget deficit. In total, the government issued a net US \$3 billion in bond issues in 2010, as opposed to US \$8 billion in each of the preceding two years, 2008-2009.

In March of this year, after a one-year hiatus, the government resumed sovereign debt offerings abroad and raised the considerable sum of 1.5 billion euro in Europe.

Corporate bond offerings, which peaked at US \$21 billion in 2007 and were interrupted by the 2008 financial crisis, resumed a year later. **In 2010 the private sector raised US \$10.5 billion** as opposed to US \$9.3 billion in 2009.

Approximately 40% of total corporate debt raised in 2010 were raised by the banking sector (similar to its share in the previous year). Approximately 85% of the amount raised in this year were bonds rated A- or higher.

In 2010 **corporate bond restructuring** for companies encountering difficulties in servicing its debt continued. In the past two years 25 bond restructurings were finalized, while an additional 40 are still in the process of finalization.

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## ISRAELI T-BILLS (MAKAM)

**The average daily turnover** of Israeli T-bills (MAKAM) spiked in 2010 by some 85% relative to 2009, due inter alia to increased activity by foreign investors, and reached US \$320 million. This is 55% higher than the previous record 2007 level.

According to figures released by the Bank of Israel, **foreign investors**, poured US \$9.7 billion into the MAKAM market, capitalizing on the high interest

rates relative to those available in foreign markets, and strengthened the dollar exchange rate even further.

Throughout 2010 **the market capitalization of MAKAM** grew dramatically, reaching a record US \$ 38 billion at the end of the year, as opposed to US \$23 billion and US \$19 billion at the end of 2009 and 2008, respectively.



## THE DERIVATIVES MARKET

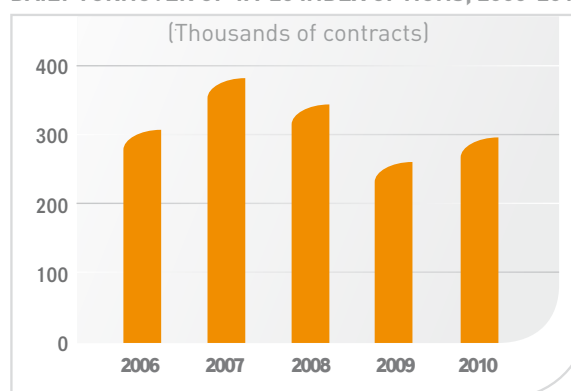
The 2010 **TA-25 index options market**, much like the underlying equity market, was characterized by active trading and high volatility. An average 290 thousand contracts traded daily, as opposed to 250 thousand in the previous year. In May, average daily turnover came to 466 thousand contracts.

After two years of decline, trading volume picked up in 2010, but was still some 25% off the record trading volume posted in 2007.

Volatility also marked **trading in dollar exchange rate options**, echoing fluctuations in the dollar exchange rate, which rose 3% to 3.89 in July, and subsequently fell some 7%, stabilizing at NIS 3.6 at the end of the year.

In 2010, 33 thousand dollar-option contracts traded daily on average, similar to the average turnover in 2009 and opposed to the 43 thousand average contracts traded daily in 2008.

DAILY TURNOVER OF TA-25 INDEX OPTIONS, 2006-2010



The scope of **activity of stock options**, launched in March 2009, remained marginal in 2010, and TASE is preparing measures to improve the liquidity of these options by increasing incentives offered to designated market makers.


TABLE 2: TA-25 INDEX OPTIONS TURNOVER, 2006-2010

Year	Daily Turnover (thousands of contracts)	Derivatives Liquidity ratio <sup>(1)</sup>	Maximum no. of open interest contracts (thousands)
2006	305	1,177%	1,080
2007	385	1,341%	1,317
2008	332	916%	1,028
2009	252	779%	660
2010 (Est.)	292	1,090%	700

(1) The ratio between the turnover of the TA-25 options, in the underlying asset terms, (delta-weighted, taking into account the probability that the options will be exercised) and the turnover of the TA-25 shares.

# 2010 >> EVENTS >>


## Q1 >> JANUARY - MARCH

 **Gazit globe, Delek and Avner** join the TA-25 Index



>> Toronto Stock Exchange and Tel Aviv Stock Exchange sign Memorandum of Understanding



 **Intec Pharma**, a drug development company and **Proteologics**, a biopharmaceutical company, celebrate TASE listing



TASE Launches new **Biomed Index**: includes the largest TASE-listed companies spanning the biotechnology, medical device, drug discovery industries and dedicated life science investment companies

## Q3 >> JULY - SEPTEMBER


### ISRAEL OPPORTUNITY 2010

10<sup>th</sup> Annual Investors' Conference



Top 11 Israeli companies present and held 1-on-1 meetings with potential investors. Keynote speaker : Governor of the Bank of Israel, **Prof. Stanley Fischer**.

>> Implementation of a new index management methodology

 **Protalix Biotherapeutics**, a biopharmaceutical company, announces dual listing on TASE.



>> The Israel America Chamber of Commerce Annual Conference hosts discussion on the "Tel Aviv Stock Exchange – Reflection of a Successful Economy". Participants: **Ofra Strauss**, Chairperson, Strauss Group; **Danna Azrieli**, Vice Chairman, Azrieli Group; **Yair Seroussi**, Chairman, Bank Hapoalim and **Ester Levanon**, TASE CEO.



## Q2 >> APRIL - JUNE



**Prolor Biotech**, a biopharmaceutical company, announces dual listing on TASE



### May 26<sup>th</sup>

>> Upgrade of Israel's capital market to "developed market" status by MSCI comes into effect. Record trading volume of some US \$4.4 billion, eight times higher than average daily turnover in 2010.



Azrieli Group, one of Israel biggest real estate companies, joins the Tel-Aviv Stock Exchange in the largest IPO of a private company at the Israeli stock market.



>> TASE forges cooperation with the Israel High Tech Industry Association (HTIA) with opening bell ceremony at the HTIA annual convention.



## Q4 >> OCTOBER - DECEMBER

### >> TASE-NASDAQ OMX Biomed Conference

Representatives of 14 leading Israeli biomed companies introduce investors to Israel's growing biomed industry.



**Allot Communications**, a leading provider of intelligent IP service optimization and **Pluristem**

**Therapeutics**, a bio-therapeutics company, announce dual listing on TASE.





## TA-25 INDEX COMPANIES<sup>(1)</sup>

**TABLE 3: MARKET CAPITALIZATION AND WEIGHTING**

SECURITY NAME	MARKET CAPITALIZATION (US\$ millions)	WEIGHTING <sup>(2)</sup>
1. Teva <sup>(3)</sup>	49,377	9.90%
2. Israel Chemicals	20,791	10.66%
3. Israel Corporation	8,818	4.23%
4. Bezeq	7,465	9.75%
5. Bank Leumi	7,409	10.05%
6. Bank Hapoalim	6,723	9.95%
7. Perrigo <sup>(3)</sup>	6,183	9.17%
8. Cellcom <sup>(3)</sup>	3,339	3.75%
9. Azrieli Group	3,281	1.52%
10. Partner <sup>(3)</sup>	3,127	3.47%
11. Delek Group	2,847	1.85%
12. Mizrahi Tefahot	2,387	2.62%
13. Avner	2,298	1.94%
14. Bank Discount	2,288	3.34%
15. Elbit Systems <sup>(3)</sup>	2,181	2.36%
16. Nice <sup>(3)</sup>	2,088	3.73%
17. Makhteshim-Agan	2,081	2.15%
18. Delek Drilling	2,057	0.97%
19. Gazit Globe	1,971	1.65%
20. Osem	1,843	0.85%
21. Paz Oil	1,825	1.47%
22. Discount Investment	1,768	0.83%
23. Bazan	1,696	1.09%
24. Strauss Group	1,644	0.76%
25. Isramco	1,345	1.94%
<b>TOTAL</b>	<b>146,833</b>	<b>100.00%</b>

**TABLE 4: DAILY TURNOVER**

SECURITY NAME	DAILY TURNOVER (Est.) (US\$ thousands)
1. Teva <sup>(3)</sup>	41,100
2. Israel Chemicals	35,525
3. Bank Leumi	24,210
4. Bezeq	24,050
5. Bank Hapoalim	23,510
6. Israel Corporation	10,590
7. Perrigo <sup>(3)</sup>	9,785
8. Makhteshim-Agan	9,680
9. Bank Discount	9,600
10. Partner <sup>(3)</sup>	8,875
11. Isramco	8,765
12. Mizrahi Tefahot	8,095
13. Delek Group	7,560
14. Elbit Systems <sup>(3)</sup>	7,400
15. Avner	7,320
16. Cellcom <sup>(3)</sup>	6,755
17. Nice <sup>(3)</sup>	6,435
18. Delek Drilling	4,745
19. Azrieli Group	4,505
20. Discount Investment	4,450
21. Gazit Globe	4,050
22. Paz Oil	3,215
23. Bazan	3,165
24. Strauss Group	2,090
25. Osem	1,635
<b>TOTAL</b>	<b>277,112</b>
<b>OF TOTAL TURNOVER</b>	<b>55%</b>

(1) As of December 15, 2010.

(2) The weight is calculated according to the value of the float in each share. Weighting is adjusted according to the 10% cap - updated quarterly.

(3) Dual-Listing company

**TABLE 5: CAPITAL RAISED BY SECURITY TYPES, 2001-2010 (US \$ millions)**

Year	Shares & convertibles		Government Bonds - Net	Non-Government Bonds			Total
	Israel <sup>(1)</sup>	Abroad		Public		Institutionals	
				Corporate Bonds <sup>(1)</sup>	Other Bonds <sup>(2)</sup>		
2001	772	555	3,112	639	0	74	713
2002	671	535	4,932	999	0	359	1,358
2003	721	25	4,196	778	323	1,456	2,557
2004	1,582	2,054	4,150	1,498	669	2,338	4,505
2005	2,748	465	1,208	5,203	848	4,009	10,060
2006	2,713	6,909	698	4,725	480	5,597	10,802
2007	5,168	668	957	10,970	1,301	8,904	21,175
2008	1,774	3,265	8,889	5,003	318	1,257	6,578
2009	1,701	266	7,595	8,367	63	874	9,304
2010 (Est.)	3,440	95	3,220	9,550	200	770	10,520
Change in 2010	102%	-64%	-58%	14%	217%	-12%	13%

(1) Including direct offers, private placements and exercise of warrents.

(2) Including structured bonds and certificates of deposit

**TABLE 6: DAILY TURNOVER, 2001-2010<sup>(1)</sup> (US \$ millions)**

Year	The Equity Market		The Fixed Income Market					Treasury Bill	Total
	Shares & convertibles	Thereof: ETN's	Government Bonds	Corporate Bonds	Other Bonds <sup>(2)</sup>	ETN's	Total		
2001	64	0.5	129	2	-	-	131	50	245
2002	51	1	157	2	0.2	-	159	78	288
2003	80	3	154	4	2	-	160	107	347
2004	147	9	199	9	6	0.1	214	140	501
2005	223	23	251	21	26	0.2	298	151	672
2006	326	63	325	27	30	2	384	179	889
2007	505	93	635	95	52	17	799	206	1,510
2008	547	101	866	152	46	56	1,120	219	1,886
2009	432	85	806	151	28	50	1,035	163	1,630
2010 (Est.)	545	85	635	170	20	45	870	320	1,735
Change in 2010	26%	0%	-21%	13%	-29%	-10%	-16%	96%	6%

(1) Including off-the floor transactions.

(2) Including structured bonds and certificates of deposit

**TABLE 7: MARKET CAPITALIZATION OF LISTED SECURITIES 2001-2010 (US \$ billions)**

Year	The Equity Market		The Fixed Income Market						Treasury Bills
	Shares & convertibles	ETN's Assets <sup>(1)</sup>	Government Bonds	Corporate Bonds	TACT Institutional	Structured bonds <sup>(2)</sup>	Certificates of deposit <sup>(1)</sup>	ETN's Assets <sup>(1)</sup>	
2001	57.1	0.1	41.0	3.0	-	-	-	-	7.1
2002	42.3	0.1	41.6	3.3	-	0.1	-	-	8.9
2003	69.7	0.3	52.5	4.4	-	0.3	0.3	-	12.7
2004	87.1	1.2	58.7	7.3	0.9	0.9	0.9	-	17.5
2005	112.8	1.5	56.8	12.6	3.7	2.6	1.2	0.02	18.9
2006	140.7	3.0	62.8	20.0	6.4	3.8	1.3	0.1	20.9
2007	198.0	4.9	71.2	38.5	11.1	4.2	2.1	1.8	18.1
2008	106.7	2.3	84.3	34.4	11.2	5.1	1.7	3.7	18.9
2009	189.4	6.7	97.3	53.3	9.1	5.1	1.2	5.1	22.6
2010 (Est.)	215.0	8.2	108.0	66.5	10.0	4.5	0.8	6.0	38.0

(1) Assets Under Management: Source: Bank of Israel.

(2) Market capitalization - Including holdings by subsidiary companies; Public holdings as of December 2009 - 3.8 \$ billions.

**TABLE 8: ANNUAL YIELDS OF THE EQUITY INDICES, 2001-2010 (in US \$ terms)**

Year	TA-25	TA-100	Other Shares	Tel-Tech 15	Finance-15 <sup>(1)</sup>	Real Estate-15 <sup>(1)</sup>	General Share Index
2001	(17.0)	(16.4)	(6.6)	(7.1)	-	-	(14.6)
2002	(32.2)	(30.6)	(25.3)	(43.6)	-	-	(25.3)
2003	63.3	73.9	60.7	147.3	-	-	68.1
2004	24.6	21.0	33.8	19.4	-	-	19.5
2005	24.7	21.1	19.5	(13.5)	27.5	32.1	24.3
2006	22.6	22.0	49.3	(3.3)	17.1	81.3	15.3
2007	44.3	37.6	14.7	8.4	12.1	10.9	35.0
2008	(45.6)	(50.6)	(53.5)	(63.9)	(55.7)	(79.5)	(45.8)
2009	76.1	90.1	113.5	85.4	128.5	126.8	80.1
2010 (Est.)	17.0	16.0	35.0	7.0	11.0	17.0	13.0

(1) Launched on January 2005.

**TABLE 9: ANNUAL YIELDS OF THE BOND INDICES, 2001-2010 (in US \$ terms)**

Year	General Bond Index	Government Bond Indices		Non-Government Bond Indices <sup>(1)</sup>		
		CPI Linked Bonds	Non Linked Bonds	CPI Linked Bonds		Dollar Linked Bonds
				Total	Thereof: Tel-Bond 20 <sup>(2)</sup>	
2001	3.6	5.6	0.7	2.6	-	(2.6)
2002	(6.7)	(5.7)	(9.0)	(7.7)	-	(3.2)
2003	22.9	19.0	29.5	22.8	-	11.9
2004	7.1	6.8	7.3	10.0	-	2.3
2005	(0.9)	(0.3)	(1.4)	0.1	-	(0.7)
2006	14.0	13.4	15.9	14.2	-	6.4
2007	14.3	17.2	13.3	15.9	18.6	7.1
2008	0.5	10.8	10.9	(15.7)	(2.1)	(4.4)
2009	16.4	11.1	3.3	41.2	22.5	7.5
2010 (Est.)	13.0	13.5	9.5	18.5	16.5	5.5

(1) Including corporate bonds, structured bonds and certificates of deposit.

(2) Launched on February 2007.

# >>> TASE Members - CONTACTS FOR INTERNATIONAL INVESTORS

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<b>Bank Hapoalim</b>	Ronit Meiri Harel	972-3-5674180	972-3-5674862	ronit.meiri@mailpoalim.co.il	www.bankhapoalim.co.il
<b>Bank Leumi Le-Israel</b>	Shoshie Himovici	972-3-5149106	972-3-5148548	custody-cash@bll.co.il	www.leumi.co.il
<b>Bank Massad</b>	Liat Ben-Ari	972-3-5641343	972-3-5641441	liat.benari@bankmassad.co.il	www.bankmassad.co.il
<b>Bank of Israel</b>	Roy Stein	972-3-5640604	972-3-5640628	roy_sf@boi.gov.il	www.bankisrael.gov.il
<b>Bank of Jerusalem</b>	Tammy Sand	972-3-7952250	972-3-5104877	tamiz@bankjerusalem.com	www.bankjerusalem.co.il
<b>Bank Otsar Ha-Hayal</b>	Orit Horesh	972-3-7556261	972-3-7556071	orit.horesh@mailotsar.co.il	www.bankotsar.co.il
<b>Citibank, N.A.</b>	David Levy	972-3-6842732	972-3-6842702	david1.levy@citi.com	www.citigroup.com
<b>HSBC Bank PLC</b>	Raz Lerman	972-3-7101190	972-3-7101130	razlerman@hsbc.com	www.hsbc.com
<b>Israel Discount Bank</b>	Barry Simon	972-3-5146593	972-3-5145150	barry.simon@discountbank.co.il	www.discountbank.net
<b>Mercantile Discount Bank</b>	Joseph Kazum	972-3-5647720	972-3-5647721	kazum@mdb.co.il	www.mercantile.co.il
<b>Mizrahi Tefahot Bank</b>	Ronit Baron	972-3-7559722	972-3-7559150	ronitb@umtb.co.il	www.mizrahi-tefahot.co.il
<b>The First International Bank of Israel</b>	Dafna Zucker	972-3-5196224	972-3-5100253	zucker.d@fibi.co.il	www.fibi.co.il
<b>Ubank</b>	Michal Goren Miller	972-3-5645631	972-3-5645234	mgoren@u-bank.net	www.u-bank.net
<b>Union Bank of Israel</b>	Dr.Akiva Sternberg	972-3-5191688	972-3-5191849	akivas@ubi.co.il	www.unionbank.co.il



Brokerage Firms	contact Person	Tel	Fax	E-mail	Web Site
<b>Analyst Exchange &amp; Trading Services</b>	Rafi Kessel	972-3-7147161	972-3-7147142	rafi@analyst.co.il	www.analyst.co.il
<b>Clal Finance Batucha Investment Management</b>	Ronen Wasserberg	972-3-7616408	972-3-6276399	ronen@cclal-fin.co.il	www.cfb.co.il
<b>Deutsche Securities Israel</b>	Hadar Oshrat	972-3-7102036	972-3-7102045	hadar.oshrat@db.com	www.db.com
<b>DS Securities and Investments</b>	Kobby Finkelstein	972-3-6843374	972-3-6843379	kobby@ds-invest.co.il	www.ds-invest.co.il
<b>Excellence Nessuah Brokerage Services</b>	Daniel Rapoport	972-3-7532072	972-3-7532040	daniel.rapoport@xnes.co.il	www.xnes.co.il
<b>Meitav Brokerage Services (Gaon Trade) Ltd.</b>	Osher Tubul	972-3-7778277	972-3-6124830	oshert@meitav.co.il	www.meitav.co.il
<b>Harel Finance Trade &amp; Securities</b>	Erez astrachan (asif)	972-3-7546058	972-3-7546318	ereza@harel-finance.co.il	www.harel-finance.co.il
<b>Israel Brokerage and Investment I.B.I</b>	Lital Kost	972-3-5193452	972-3-5193456	lital@ibi.co.il	www.ibi.co.il
<b>Migdal Stock Exchange Services (N.E.)</b>	Yam Rubinstein	972-3-5194032	972-3-5167410	yamrub@msh.co.il	www.msh.co.il
<b>Poalim Sahar</b>	Ehud Chityat	972-3-7104503	972-3-7104505	udi@sahar.co.il	www.sahar.co.il
<b>Psagot Securities</b>	Shay Yaron	972-3-7968806	972-3-7968889	shayy@psagot.co.il	www.psagot.co.il
<b>UBS Securities Israel</b>	Amir Lev	972-9-9600114	972-9-9600124	amir.lev@ubs.com	www.ubs.com
Remote Member	contact Person	Tel	Fax	E-mail	Web Site
<b>Merrill Lynch International</b>	Haim Israel	972-3-6072007	972-3-6072052	haim.israel@baml.com	www.ml.com

## THE BOARD OF DIRECTORS

### Chairman

- Saul Bronfeld

### Elected Directors

- Efraim Avraham
- Elad Benbaji

- Eldad Fersher
- Anat Frumkes

- Hana Pri-Zan
- Naomi Sandhaus
- Yoram Sirkis

### Independent Directors

- Hila Ben-Chaim
- Linda Ben-Shoshan
- Gittit Guberman
- Avner Halevy
- Dr. Ron Malka
- David Shlacht
- Barry Topf
- Ester Levanon

### Alternate

- Dr. Akiva Sternberg
- Yoram Naveh

- Yoel Berger
- Yosi Alharal

- Ronit Meiri Harel
- Shmuel Zlotnik
- Ella Golan

Union Bank of Israel Ltd.  
 Excellence Nessuah Brokerage Srecives Ltd./Clal Finance Batucha Investment Management Ltd.  
 Mizrahi Tefahot Bank Ltd.  
 Migdal Stock Exchange Srevices (N.E.) Ltd./Harel Finance Trade & Securities Ltd.  
 Bank Hapoalim Ltd.  
 Bank Leumi Le-Israel Ltd.  
 The First International Bank of Israel Ltd.

Ministry of Finance

Bank of Israel

TASE Chief Executive Officer

## MANAGEMENT

- **Ester Levanon** - Chief Executive Officer
- **Jonathan Shemesh** - Executive Vice President, CIO & Head of Operations
- **Ronit Harel Ben-Ze'ev** - Senior Vice President, Listing & Economic Department
- **Yosi Levi** - Senior Vice President, Membership & Surveillance Department
- **Hagit Neeman** - Senior Vice President, General Council and Corporate Secretary
- **Rina Shafir** - Senior Vice President, Trading & Clearing Department
- **Yossi Treister** - Senior Vice President, Administration & Finance Department

## TASE MEMBERS

### Banks

- Bank Hapoalim
- Bank Leumi Le-Israel
- Bank Massad
- Bank of Israel
- Bank of Jerusalem
- Bank Otsar Ha-Hayal
- Citibank, N.A.
- HSBC Bank
- Israel Discount Bank
- Mercantile Discount Bank
- Mizrahi Tefahot Bank
- The First International Bank of Israel
- Ubank
- Union Bank of Israel

### Brokerage Firms

- Analyst Exchange & Trading Services
- Clal Finance Batucha Investment Management
- Deutsche Securities Israel
- DS Securities & Investments
- Excellence Nessuah Brokerage Services
- Harel Finance Trade & Securities
- Israel Brokerage & Investments IBI
- Meitav Brokerage Services (Gaon Trade)
- Migdal Stock Exchange Services (N.E.)
- Poalim Sahar
- Psagot Securities
- UBS Securities Israel
- Merrill Lynch International (Remote Member)

For further information, visit our website at: [www.tase.co.il](http://www.tase.co.il). You are also welcome to contact TASE Marketing and Communications Unit  
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