

2017



ANNUAL REVIEW

MAIN INDICATORS 2015-2017

THE TEL-AVIV STOCK EXCHANGE

LOCAL CURRENCY YIELD ⁽¹⁾	2017	2016	2015
TA-35 Index	2.7%	-3.8%	4.4%
TA-90 Index	21.2%	17.3%	-5.4%
TA-SME60 Index	-6.9%	24.4%	21.2%
TA Tech-Elite Index	3.6%	16.1%	1.6%
TA-Finance Index	26.6%	19.2%	4.0%
TA-Real Estate Index	23.4%	17.0%	1.1%
General Share Index	-1.1%	-11.0%	6.8%
General Bond Index	4.7%	2.1%	1.8%
Government Non-Linked Bond Index	3.6%	1.2%	2.8%
Corporate Bonds - Tel-Bond 20 Index	7.1%	2.9%	-1.1%
Corporate Bonds - Tel Bond-Yields Index	7.3%	6.2%	1.6%
DAILY TURNOVER (US \$ millions)			
Shares and Convertibles (Including ETNs)	390	330	373
Bonds (Including ETNs)	1,011	979	1,070
Treasury Bills	60	90	131
TA-35 Index Monthly Options (Thousands of contracts)	100	121	160
TA-35 Index Weekly Options (Thousands of contracts)	31	40	41
Dollar Options (Thousands of contracts)	54	52	64
Capital Raised (US \$ billions) ⁽²⁾			
Shares and Convertibles in Tel-Aviv	3.4	1.8	1.4
Shares and Convertibles abroad ⁽³⁾	0.6	5.9	8.6
Corporate Bonds - Public ⁽⁴⁾	19.5	16.5	14.1
Corporate Bonds - Institutionals	1.4	1.0	0.6
Government Bonds - Gross	12.8	12.4	10.0
Market Capitalization (US \$ billions)			
Shares and Convertibles (Excluding ETNs)	231.0	213.9	243.6
Corporate Bonds (Excluding ETNs)	107.2	89.9	82.2
Government Bonds	141.9	129.7	128.8
ETNs Public Holdings (Including deposit notes)	32.9	29.0	30.3
Treasury Bills (MAKAM)	26.5	27.3	29.7
Number of Shares Listed Companies			
	457	451	461

MAJOR WORLD STOCK EXCHANGES' INDICES

DOLLAR YIELD	2017	2016	2015
S&P 500 Index	19.4%	9.5%	-0.7%
NASDAQ 100 Index	31.5%	5.9%	8.4%
DJ Euro STOXX 50 Index	21.3%	-3.3%	-6.4%
FTSE 100 Index	18.3%	-5.1%	-9.6%
DAX Index	28.1%	3.3%	-1.8%
NIKKEI 225 Index	23.8%	3.4%	8.2%
TA-35 Index	13.8%	-2.4%	4.0%

(1) In 2017 the dollar has depreciated 9.8% against the NIS.

(2) Excluding ETNs.

(3) In 2015 including US\$ 7.4 billion raised by TEVA through public shares offering in USA.

In 2016 including US\$ 5.5 billion raised by TEVA through private placement to Allergan.

(4) Including structured bonds.

TASE BY THE NUMBERS 2017

20

New shares-listed companies

390

million dollars
daily turnover on TASE in equity market - an increase of 18% compared to 2016

20

billion dollars
capital raised in corporate bonds (excluding structured bonds)

3%

TA-35 Index
annual SHEKEL yield

457

companies with share listings, of which 61 dual-listing with international exchanges

1.3

billion dollars
shares sold by Principal Shareholders

21%

TA-90 Index
annual SHEKEL yield

129

High-tech companies
of which
74 technology
55 biomed

231

billion dollars
Market Capitalization of Shares market

3.4

billion dollars
raised in the share market, of which US\$ 0.8 billion in IPOs

4.2

billion dollars
Market Capitalization of 20 new companies in the Shares market

139,446

TA-35 weekly options daily turnover record on 9.8.2017

21.6

billion dollars
public holdings of ETNs in the shares market

695

ETN series
traded on TASE

11.3

billion dollars
public holdings of ETNs in the bonds market

249

billion dollars
Market Capitalization of government and companies bonds

14

New bond-issuing companies raised US \$2 billion

1

billion dollars
daily turnover on TASE in bond market

TASE NEWS

TASE Opens Its Doors to New Members

Rule changes were formulated, in accordance with accepted international standards, and remove existing barriers, not customary in foreign securities exchanges, regarding the qualification conditions and procedure for the admittance of members on TASE.

Requirements for a minimum number of clients and for total value of assets under management, as well as the requirements of a minimum two-year experience and a trial period have been repealed. In addition, changes will be made in the qualification conditions for the admittance as a remote member, which include: a reduction in capital requirements, an expansion of the list of securities exchanges which their members are eligible to become remote member on TASE and reduction of the tenure of membership in these stock exchanges as well as the repeal of the requirement of country of incorporation. These measures will enable new members to join TASE and will facilitate the entrance of additional players in Israel's capital markets, including retail brokers and remote members. The proposed reforms are consistent with the "Demutualization Law" that was ratified by the Knesset and is designed to separate ownership and control of TASE from membership in it as well as enhance accessibility to TASE trading to a greater number of players. This move will facilitate competition between trading participants and can be expected to lower the commissions members charge their clients.

TASE's Nominee Company - Securities Registration Goes Paperless

TASE's Nominee Company has been incorporated as a wholly owned subsidiary of TASE. As defined in Israel's Securities Law, the new Nominee Company's sole activity is the registration and holding of securities, it will provide services to TASE issuers and other companies as well as companies applying to list their securities on the TASE Clearing House. For the first time in Israel, TASE's Nominee Company's **will offer dematerialized digital registration services**, obviating the need to issue physical certificates.

This is meant to reduce risks engendered in the registration process and save public companies operating costs.

The Nominee Company engages in two primary areas of activity:

- Complete and proper registration of the quantity of securities registered in its name (on behalf of the public);
- Handling of the rights attached to the securities registered in its name, when corporate events and payments between issuers and ultimate securities holders take place (e.g., dividends, interest, exercise of convertible securities, etc.)

The Nominee Company commenced operations in January 2018.

TASE Completes Demutualization

The demutualization of the Tal Aviv Stock Exchange (TASE) was approved by the court under Section 350 of the Company's Law in September. This follows Knesset ratification of the amendment to the Securities Law regarding TASE's demutualization.

Under the new ownership structure, ownership and control of the TASE will be separated from membership. The ownership share of TASE'S existing members (bank and non-bank) will be reduced and no single member will be entitled to hold more than 5% ownership in TASE. This change is essential for encouraging competition in the capital market designed to benefit investors and for facilitating TASE to attract new local and foreign members, including retail brokers, which will render TASE a dominant force and more accessible to the public at large.

As part of the demutualization reform, TASE will be restructured as a corporate entity entitled to distribute profits and even issue shares to the public. Accordingly, TASE will join leading securities exchanges worldwide which operate under a clear separation between ownership and membership, a separation which facilitates, capital-raising, the implementation of strategic flexibility, and cooperation with other exchanges.

ONE-STOP PUBLIC OFFERING SCHEDULE

In November, TASE launched a concentrated, publically accessible, schedule of open and impending public offerings. The schedule is available on TASE's Maya system website under the "Impending Offerings" tag and, in addition to being highly accessible, is user-friendly. TASE aspires to increase public involvement in trading and securities offerings. One important means for achieving this goal is enhancing the accessibility of relevant information to investors in a clear and simple manner. Thus for the first time ever, anyone can receive concise, well-organized information concerning impending offerings concentrated on a single board. In the future, investors will be able to be alerted to updates to the open offerings schedule.

The information is concentrated on two tables as follows:

Open Offerings Table – gathers information drawn from disclosures of the offerings as submitted in "immediate reports" by the issuing companies and presents the key information necessary to consider participation in the offering, such as: offering dates, the issuer, offered securities, limits (price/quantity/rate), credit rating, etc. In addition, a link is provided to the offering report so that investors can receive complete information about the issuing.

Future Offerings Table – includes information on impending public offerings, for which an auction date has yet to be set. The table includes information regarding impending initial bond offerings, initial share offerings and extensions of traded securities series.



It will be possible to access links to the relevant disclosures concerning the offering, such as: link to the draft prospectus, link to prospectus to be supplemented, link to the deed of trust, and link to corporate presentations. Since the decision to invest in an IPO requires additional time and since the public is usually not familiar with the company, the notice regarding the impending offering will be published with a link to the draft prospectus.

It is anticipated that in 2018 TASE will enable investors to facilitate participation (actual subscription) in public offerings. Subscription to the offering will be carried out through a direct link from the offerings schedule to the website of the TASE member managing the investor's account. Investors will use an offering ID number (similar

to the security number), which will be allocated by TASE and disclosed by the companies, to transfer subscription orders.

The orders will be passed directly from the TASE member to TASE over the TACT trading system for execution by the TASE member.

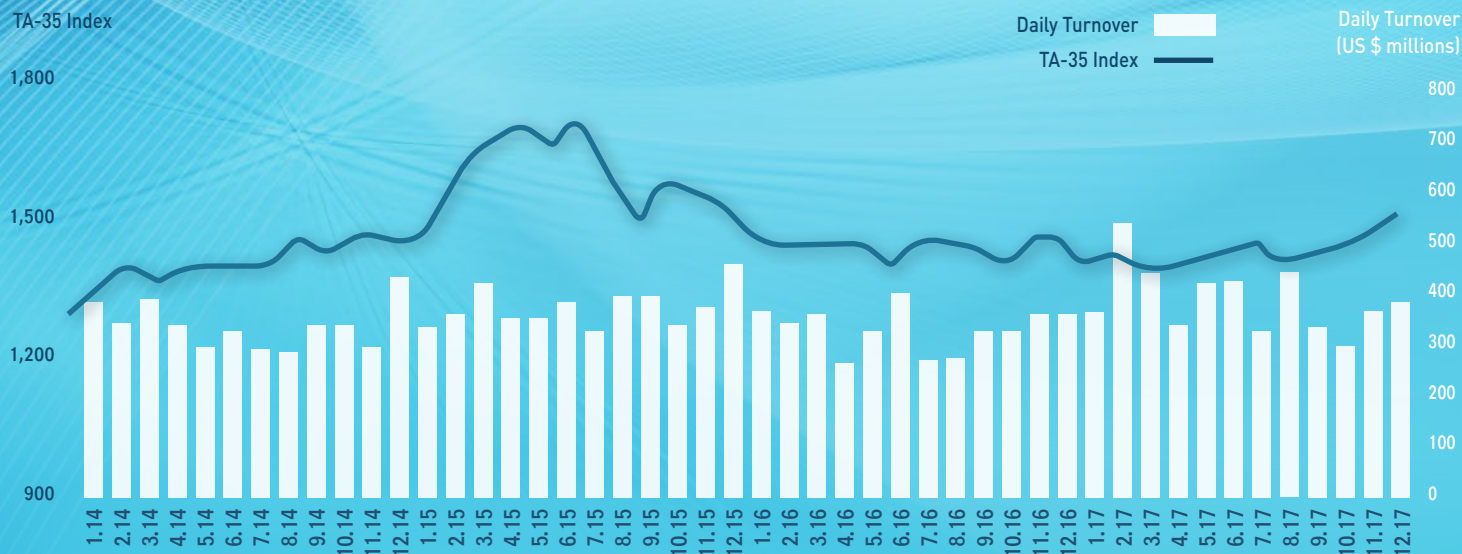
The links to the schedule tables:

[Open offerings](#)

[Impending offerings](#)

TASE IN 2017

THE EQUITY MARKET PRICES AND TURNOVER, 2014-2017



The TA-35 index rose 3% this year in spite of the decline of pharmaceutical companies shares prices. The reform of share price indices, which lowered the weight of large cap shares, mitigated their negative impact on the index.

The TA-90 index gained 21%, owing to the dual listings and real estate company shares included in it. Financial and real estate sector indices stood out this year, gaining 27% and 23% respectively. The technology sector index gained 14%.

EQUITY MARKET

Share Prices

The TA-35 index rose 3% in 2017, affected by the declining prices of pharmaceutical shares – **Teva** (51%) and **Perrigo** (5%), which offset prominent gains in other shares, notably **Frutarom** (65%), **Tower** and **Harel** (61% each), **Sodastream** (58). The cumulative return on the TA-35 index over the past five years (2013-2017) came to 27%.

The reform of TASE share price indices, which got underway on 9 February 2017, and by which the weight of large-cap shares in the index was lowered, mitigated the negative impact pharmaceutical shares had on the index's returns.

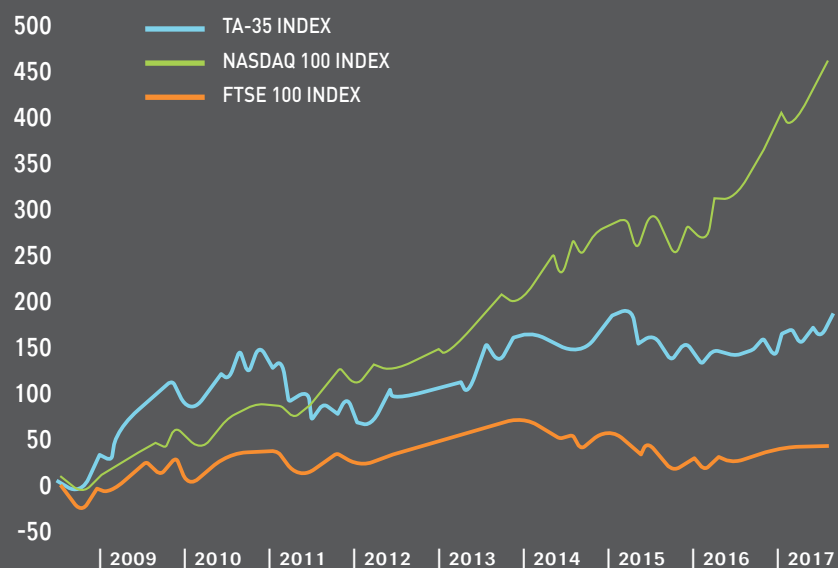
All the data included in this review are expressed in terms of U.S. dollars, excluding returns on indices, which are in terms of the local currency. In 2017 the dollar depreciated against the NIS by 9.8%.

The TA-90 index, which represents mid-cap shares, gained 21% this year, owing primarily to the shares of real estate companies, which continue to enjoy the low interest rates prevailing in the Israeli economy, and dually listed high-tech shares, which enjoyed gains on NASDAQ – notably **Mazor** and **Nova**, which posted returns of 107% and 75% respectively. In contrast, the **TA-SME60 index**, which reached an all-time record high in December 2016, dropped 7% this year, with seven high-tech companies collectively contributing 5% to the index's decline. The cumulative return on the TA-90 and the TA-SME60 indices over the past five years (2013-2017) came to 51% and 69% respectively.

Key factors positively affecting TASE trading trends:

- The Bank of Israel's interest rate, remained at its historic low of 0.1% since March 2015, due to a positive 2017 inflation forecast of 0.7%, a rate lower than the lower bound of the target set by the government. The low interest rate contributed to corporate profitability, particularly that of financial sector and real estate companies.
- Positive macroeconomic fundamentals: unemployment rate dropped from 4.8% in 2016 to 4.3% towards the end of 2017 – the lowest level in several decades; the debt-to-GDP ratio fell for the seventh consecutive year to 60.5%, close to the 60% threshold set for EU countries; the international credit rating agency, Standard & Poor's affirmed Israel's sovereign credit rating at A+, and raised its outlook from "stable" to "positive", while Fitch affirmed its A+ rating with a "stable" outlook, similar to the rating assigned by Moody's.
- In spite of the 1% reduction in corporate taxes set by the Ministry of Finance in 2017 to 24%, government revenues from taxes increased and the budget deficit was reduced – a 2.9% deficit was budgeted for 2017, as opposed to 2.1% in 2016, while the actual deficit estimate for 2017 came to an annual rate of 2%.
- A 2.7% appreciation of the Euro against the shekel had a positive impact on companies exporting to Europe.
- Contributions from the international arena include: bull markets in the U.S. fueled by economic improvements, as reflected in the lowest unemployment rates in a decade (4%), and continuation of the U.S. Federal Reserve's policy of raising interest rates (three times by a quarter percent) to 1.5% at the end of the year. The NASDAQ 100 index gained 32%, while the Dow Jones and S&P 500 gained 25% and 19%

TA-35 AND INTERNATIONAL INDICES, 11/2008-2017 (US \$ terms)



Source: Bloomberg

respectively; positive growth indicators in Europe (2.5% annualized) and the raising of the interest rate by a quarter of a percent (to 0.5%) in the U.K. for the first time since 2007.

Key factors adversely affecting TASE trading trends:

- An anticipated 3.0% increase in the GDP in 2017 – a rate lower than that for 2016 (4.0%); slowing growth as indicated by the pace of increase of the Composite State-of-the-Economy index (0.3% per month) relative to that of the third trimester of 2016 (0.4% per month).
- Depreciation of the dollar against the NIS by 9.8%, despite dollar purchases by the Bank of Israel.
- From the international arena: the price of oil, which rose some 20% to US \$66 per barrel, is still 54% lower than its peak (in 2008); in England – the weak currency, which hit a 22-year low in wake of the decision to exit the European Union, elections in European countries and the anticipated ascent of right wing parties in Germany, Austria, Britain, France and Holland.

In dollar terms, the TA-35 index rose 14% in 2017 in wake of the 9.8% depreciation of the dollar against the NIS, as opposed to returns of 18%-28% in leading foreign securities exchanges. Both the DAX and the NASDAQ stand out this year with gains of 28% in 2017.

Returns on TASE's sector indices were mixed, with particularly positive returns for the **TA-Finance index** and the **TA-Real Estate index**, which posted gains of 27% and 23% respectively, and the **TA-Technology index**, which gained 14% in wake of rising NASDAQ prices, given that the index includes 22 dual listings, which trade in the U.S. as well as Tel Aviv.

The TA Tech-Elite index, which comprises large-cap technology (42 shares) and biomed (16 shares) companies, gained 4% over the year and cumulatively, 23% since its launch in May 2014. Technology dual listings contributed to the positive return, gaining 14% on average this year and off-setting the drop in biomed share prices averaging 17%.

In contrast, the **Oil & Gas index** lost 18% in 2017, after gaining a similar rate the previous year, and this following the weakness of the energy industry, generally, and specifically, following the delay in concluding a gas export agreement with Egypt and the freeze on discussions to export gas to Turkey.

It is noteworthy that from a five-year perspective, the TA-Real Estate stands out with an 86% cumulative increase – significantly higher than the 15% increase in the Average Monthly Prices of Rent Index for the same period.

Table 1: Returns on TASE's Share Price Indices

	2017	2013-2017	2016
TA-35	3%	27%	-4%
TA-90	21%	51%	17%
TA-SME60	-7%	69%	24%
TA Tech-Elite	4%	23%	16%
		(Launched in May 2014)	
TA-Finance	27%	72%	19%
TA-Real Estate	23%	86%	17%
TA- Global BlueTech	-2%	18%	15%
TA-Technology	14%	64%	24%
TA-Biomed	-17%	-52%	-12%
TA Oil & Gas	-18%	-19%	18%

Over the past five years, the TA-Real Estate index rose 86% - as opposed to a 15% increase in the Average Monthly Prices of Rent Index.

There was an increase of 18% in daily volume of share trading – owing to the index reform, which precipitated massive sell-offs by principal shareholders to render the shares eligible for inclusion in the indices, and which rendered the indices more inclusive by assigning greater weight to mid-cap shares.

It is worth noting that the **TA-Bigtech index**, which was launched in 2013 by Bluestar Indexes, jumped 28% this year. This index includes 69 Israeli and Israel-related high-tech shares trading on TASE and other exchanges throughout the world (including 25 dual listings and 8 shares traded solely on TASE).

Equity Market Trading Volume

Table 2: Average Daily Share Trading Volume (in US \$ millions)

	2017	2016	% change 2017
Shares including ETNs	390	330	18%
Shares excluding ETNs	306	240	28%

Average daily trading volume in the 2017 shares market (on-floor and off-floor transactions, including equity market ETNs) came to US \$390 million – 18% higher than the average trading volume in the previous year.

The reform of TASE share price indices contributed significantly to this increase. On the eve of the reform on 9.2.2017, a daily trading volume record held for 6.5 years was broken, as US \$3.2 billion changed hands. Within the framework of corporate and investor preparedness for changes in the composition of the TASE indices, trading volume increased from an average daily US \$340 million in January-October 2016 to US \$400 million in the first semester of 2017 (excluding February's exceptional volume), while in the second semester of the year equity trading activity retreated to an average US \$380 million per day.

EQUITY INDICES ALL NEW METHODOLOGY

The Indices reform got underway in February and its contribution to the capital market finds expression in numerous ways:

- **Reduction of TASE index concentration** – SME Indices have been pushed to the forefront of the TASE indices and the concentration of large-cap shares in the indices and their impact on them has been mitigated.
- **Reduction of the weight cap placed on TA-35 index constituents** has checked the negative impact pharmaceutical shares has had on the index this year to 1%, despite the sharp plunge in pharma share prices.
- **Greater free float of TASE-listed shares** - the free float increased for some 250 companies, and the free float market capitalization grew by NIS 27 billion. A significant part of the improvement stems from the index reform.
- **Contribution to IPO activity** - The inclusion of new SMEs to the indices and allowing of greater weight in existing SME constituents imbued them with value and contributed to the growth of IPO activity, most of which came from SMEs.
- **Contribution to the trend reversal in the trading volume of index constituents** – After several years of a downward trend in trading volume, this year was marked by double-digit growth in trading activity.

The 2017 improvement in trading activity by index is summarized in the table below:

Improvement of Trading Volume by Index Constituents (average daily volume in million NIS)				
Index	Q1-Q3/2017	Q1-Q3/2016	Volume Increase	Improvement Rate
ALL Shares	1,013	783	230	29%
ALL Shares excluding Teva	937	683	254	37%
TA-35	699	609	90	15%
TA-35 excluding Teva	624	509	115	23%
TA-90	210	126	84	67%
TA-SME-60	47	17	30	176%
TA-Growth	25	16	9	56%

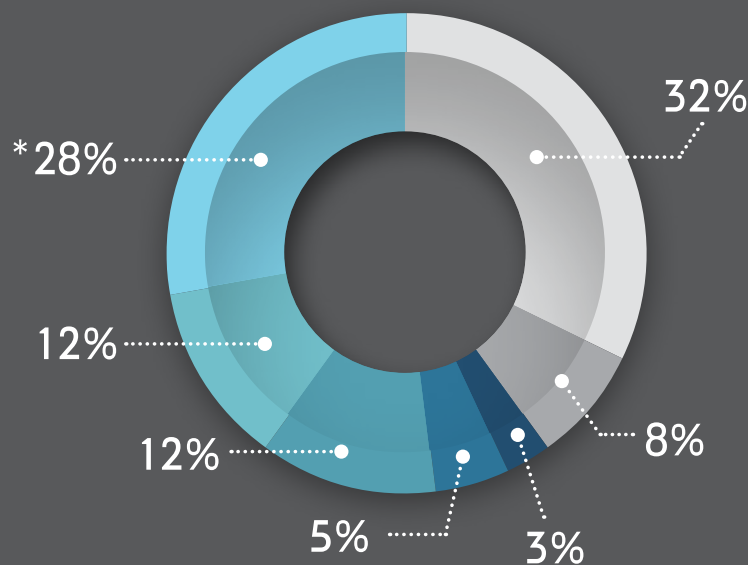
Free Float

The sell-off of shares by principal shareholders continued in 2017, aided this year as well by the share price index reform, which included raising the threshold of minimal free float required for inclusion in the indices and by the provisions of the Law for the Promotion of Competition and Reduction of Concentration (the "Anti-concentration Law"). In total, principal shareholders distributed approximately US \$1.3 billion in 2017, and this following the sale of US \$1.6 billion in the previous year.

Standing out this year: the sale by Zadik Bino and his partners of their remaining holdings in **Paz Oil** for US \$158 million in compliance with the separation of real and financial holdings stipulated in the Anti-concentration Law; the sale of **The Phoenix** shares for US \$134 million by the Mayer and the Delek groups; the sale of shares in **Oil Refineries** by Israel Petrochemical Enterprises and the Israel Corporation, for US \$115 million and the sale by FIMI Opportunity Funds of **Inrom** for US \$113 million.

In 2017 foreign investor involvement in the TASE equity market increased, as foreign residents purchased a net US \$1.5 billion shares in January-September 2017, and this following a year of net share sales coming to US \$0.4 billion in 2016.

BREAKDOWN OF SHARE OWNERSHIP ON TASE, 2017*



"Free Float" (60%)

- International Public & Institutionals (28%*)
- Israeli Public (12%)
- Provident & Pension Funds (12%)
- Insurance Companies (5%)
- Mutual Funds (3%)

Interested Parties (40%)

- Israeli (32%)
- International (8%)

* Thereof: 21% holdings in dual-listed shares abroad.
Source: TASE & The Bank of Israel.

In wake of the sharp decline in **Teva** share prices, for which the free float is 90%, the overall free float in the market retreated 3% relative to the end of 2016 to 60%. It is noteworthy, that when Teva is taken out of the calculation, the overall free float of the equity market increases by 1.5%.

Principal Shareholders Sold Shares Equaling \$1.3 Billion in 2017

TASE index reform and “Anti-concentration Law” precipitated huge sell-off by controlling shareholders



In 2017 “interested parties” sold shares equaling US\$ 1.3 billion to the public, following record sales in 2016 in which they sold \$1.6 billion shares to the public.

The sales were designed, inter alia, to increase the free float in order to improve the companies’ standing in TASE’s flag ship share price indices. In February 2017, TASE initiated a reform of its indices, which raised the free float threshold for inclusion in the flagship indices, – a process which will continue to the next index rebalancing date on February 2018.

Controlling shareholder sales continued this year also with an eye to complying with the requirements set out in the Law for the Promotion of Competition and Reduction of Concentration (“Anti-concentration Law”).

Major 2017 share sales include:

- The Mayer Group sold some 7% equity in **The Phoenix** for US \$59 million, and Delek Group sold an additional 5% of the company’s shares for US \$58 million.
- Zadik Bino sold his remaining holdings, 7.2% in **Paz Oil Company** for US \$118 million, to meet the requirement

of separating real from financial holdings stipulated in the Anti-concentration Law. The Lieberman and Abeles families followed his lead, selling shares equaling US \$40 million.

- A sale of 8% of the **Oil Refineries** was made by Israel Petrochemical Enterprises (US \$59 million) and the Israel Corporation (US \$56 million).
- The FIMI Opportunity Funds sold 23% of **Inrom Construction Industries** for US \$113 million.
- Haim Danon sold 12% of the shares of **Carasso Motors** for US\$ 88 million, a sale which raised the company’s free float to a level enabling its entrance to the TA-Growth index. The company subsequently completed a large public offering in June, which paved the way for its upgrade to the TA-90 index in August.
- I.D.B. Development sold a 10% interest in **Clal Insurance Holdings** for US \$88 million, as part of the framework sale of control and liquidation of I.D.B.’s holdings in the company mandated by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance.





- The Shapira brothers sold 5.6% interest in **Shapir Engineering** and Industryfor US \$59 million. This brought the free float over the 30% level, insuring continuation of the company's inclusion in the TA-90 index.
- Investment funds were among the other prominent sellers this year: D.B.S.I. Investments, which sold **Danel** for US \$45 million; Battery Ventures, which sold shares in **I.D.I. Insurance** for US \$29 million; and Fidelity Management and Research Company, which sold shares in **Rami Levi** for U.S. \$22 million.

This year, for the first time in many years, controlling shareholders of TASE-listed companies divested holdings through secondary offerings. Jerusalem Economy (US \$24 million), Emilia Development (US \$9 million), Israel-Canada (US \$14 million) were among these. In addition, treasury shares were sold in IES (US \$12 million) and The Phoenix (US \$8 million). The proceeds from these sales are included in this review.

The following table includes all sales exceeding US \$ 15 million. These do not include transactions between interested parties, which did not increase the free float.

2017 Interested Party Major Equity Sales

Company	Seller	Sum (million dollars)	Percent sold of total equity
Paz Oil	Zadik Bino	118	7.2%
Inrom	FIMI Funds	113	23.1%
Carasso Motors	Haim Danon	88	12.3%
Clal Insurance	I.D.B. Development	88	10.0%
The Phoenix	Mayer Cars & Trucks	76	6.9%
Shapir Engineering	Shapira brothers	59	5.6%
Oil Refineries	Petrochemical	59	4.9%
The Phoenix	Delek Group	58	4.9%
Oil Refineries	Israel Corporation	56	4.0%
Danel	D.B.S.I. Investments	45	22.5%
Paz Oil	Lieberman and Abeles	40	1.5%
Israel-Canada	Rosen and Touchmair	29	21.6%
I.D.I. Insurance	Battery Ventures	29	3.5%
Jerusalem Economy	Industrial Building	24	3.5%
Rami Levi	Fidelity	22	3.4%
Maytronics	Kibbutz Yizrael	21	5.0%
Electra Consumer	Elco	20	5.4%
Nawi	Nawi brothers	19	8.3%
Space com	Eurocom Group, Mer Services	19	11.6%
BIG	Tamar Bar Zeev	18	2.5%
Arko	Kotler, Willner	17	4.3%
Z.M.H. Hammerman	Manor family	17	26.2%
Melisron	Avi Levy	17	0.7%
Mediterranean Towers	Beresheit General Partner	17	7.0%

Equity Capital Raising

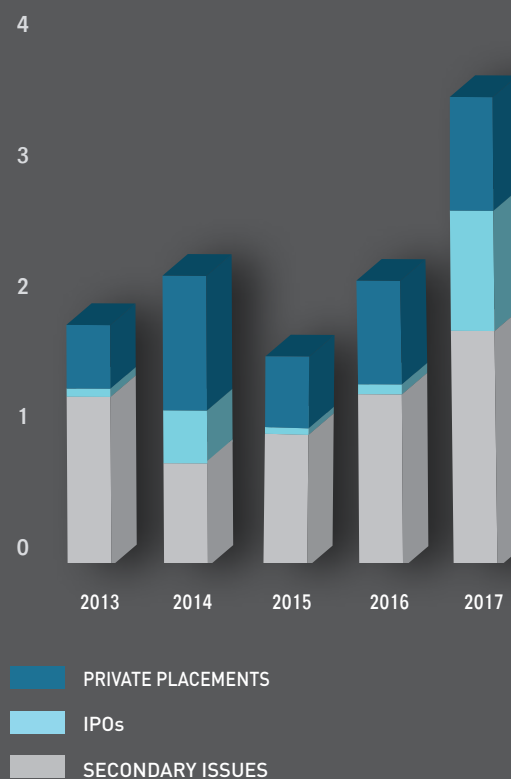
Table 3: Capital Raised on the TASE Equity Market, 2015-2017

	Capital Raised (US \$ millions)			No. of Offerings		
	2017	2016	2015	2017	2016	2015
Public Offerings	2,351	1,191	877	92	82	60
of which: IPOs	840	68	39	17	3	2
Private Placements	764	391	464	105	73	84
Warrant Exercise	292	222	87	-	-	-
Total	3,407	1,804	1,428	197	155	144

Capital raised in 2017 on Israel's equity market came to US \$3.4 billion, of which US \$2.4 billion through public offerings, double that raised in the previous year. A wave of IPOs by 17 companies contributed to this sharp increase, adding US \$0.8 billion to the total, as opposed to 14 IPOs completed in the years 2012-2016. The wave of IPOs is characterized by:

- Diverse areas of operation – 5 real estate companies, 3 technology companies, 3 oil and gas companies and limited partnerships, 3 service and commerce firms, an energy company, and a manufacturer and a financial company.
- Diverse company size – 3 large-cap firms valued at US \$280 million or more, 8 mid-cap companies valued between US \$85-150 million and 6 companies valued between US \$35-75 million.
- Principal shareholder sales were integrated into the IPOs of **Novolog**, **Telrad**, **Aeronautics**, **Global Knafaim** and **Holmes Place**, rendering proceeds of US \$245 million to some of their existing shareholders.

CAPITAL RAISED BY SHARES, 2013-2017
(US \$ billions)



US \$3.4 billion was raised in the equity market this year, \$2.4 billion of which from public offerings – more than double the equity raised in the previous year.

20 new companies joined TASE's equity market:
17 companies completed IPOs, raising US \$0.8 billion equity
and 3 companies dual-listed their shares on TASE.

Table 4: List of IPOs – areas of activity, total raised and post-IPO market capitalization

Company	Area of Activity	Total Raised (million dollars)	Post-IPO Market Cap (million dollars)
OPC	The planning, development, establishment and operation of power stations and power production plants in Israel	111	458
Tamar Petroleum	9.25% interest in the "Tamar" and "Dalit" gas fields	195	325
Aeronautics (shareholder sales offering)	Development, production and marketing of unmanned aircraft systems, electro-optical and communications systems	130	284
Novolog (shareholder sales offering)	Logistic services, delivery of drug and medical accessories	75	151
Minrav Projects	Planning and development of residential building projects and the construction and operation of waste water purification plants	36	127
Ya'acobi Group	Project planning and execution, systems and building operation and maintenance, environmental projects	26	105
Global Knafaim (share issue + shareholder sales offering)	Acquisition, leasing and sale of passenger and cargo planes	35	103
Telrad Networks (share issue + shareholder sales offering)	Development, manufacture, sale and maintenance of communications equipment	45	93
More Investments	Portfolio management, mutual fund management and investment banking	22	90
Menivim REIT	R.E.I.T investing in commercial real estate	17	87
Holmes Place (share issue + shareholder sales offering)	Chain of health and fitness clubs	29	86
Navitas Petroleum	Oil and gas exploration outside of Israel	33	75
Lesico	Energy and environmental infrastructure project planning and construction	20	74
El-Mor Electric	Implementation of electricity projects for construction and industry, management and maintenance services for electric and solar systems	12	62
Brenmiller	Development of technology for heat storage-based energy generation	13	55
Medipower (foreign company)	Commercial real estate in the U.S.	9	40
Ratio Petroleum	Oil and gas exploration outside of Israel	31	37

Amendment to TASE Regulations Enabling Oil & Gas Exploration and Film Production Companies to Raise Capital for Off-shore Activity

- In October 2015, TASE approved for the first time the listing of the participation units of new limited partnerships active in oil and gas exploration outside of Israeli territory. In addition, TASE enabled seasoned partnerships already trading on TASE to raise capital for off-shore gas and oil exploration projects, provided that these projects are in the exploration and development stage. In November 2017, these regulations were anchored in the TASE Rules, and in addition, limited gas and oil partnerships were entitled for the first time to also invest in offshore projects engaged in oil and gas production. Following this amendment, two gas partnerships, **Ratio Petroleum** and **Navitas Petroleum**, which are engaged in global oil and gas exploration, completed initial public unit offerings, while four seasoned TASE-listed limited partnerships invested in oil and gas assets abroad.
- In June 2017, TASE approved the listing of participation units in a limited partnership engaged in oil shale exploration, the first listing of its kind, given that the partnership was licensed under the Mining Ordinance rather than the Petroleum Law.
- In July 2017, approval was given for the first time for a partnership to engage in projects through a corporation held by the partnership, facilitating implementation of the Israeli government's gas framework program. Following this amendment, **Delek Drilling** partnership transferred part of its holdings in the Tamar and Dalit projects to Tamar Petroleum. such that Delek Drilling holds a 40% interest in Tamar Petroleum after its IPO.
- In August 2017, the first listing of participation units of a film production limited partnership, engaging in the production of non-Israeli films, was approved.

The real estate industry stood out once again this year, raising US \$1.3 billion and accounting for 38% of the total equity raised in 2017, as opposed to the US \$0.6 billion raised in 2016. Particularly prominent public offerings include:

- The American R.E.I.T, **CIM Commercial**, which, after dually listing its ordinary shares, raised US \$227 million in a **public offering of preference shares in Tel Aviv**, (for details, see section on dual listings below). Preference shares give their holders priority in receiving dividends, but are devoid of voting rights. The listing of preference shares on TASE was made possible in June 2017.
- **Airport City**, which raised US **\$122** million in a rights offering.
- **Alony Hetz**, which raised US **\$90** million in a public offering.

Total equity raised through **private placements** came to US \$0.8 billion – more than doubling the amount raised in the previous year. The US \$198 million private placement made by **Emilia Development** to Mr. Oded Feller in exchange for the total shareholder capital in “Feller Holdings” - a company engaged in providing industry services- is noteworthy. Following this transaction, which expanded corporate operations significantly, the company’s market capitalization increased from US \$73 million on the eve of the placement to US \$230 million.

New companies created through reverse mergers with public shell companies

This year a reverse merger, in which the cleantech company, SolarPaint injected activity into the listed shell company, Or City Holdings, was completed, and the company’s name was changed to **Apollo Power**. In this transaction, 30% of the company’s shares valued at US \$6 million were placed. This placement was

preceded by a public offering and a rights offering for US \$3 million.

In addition, the activity of the investment firm, **Halman Aldubi**, was injected into the TASE-listed Soho Real Estate, raising the market capitalization of Soho from US \$11 million to US \$33 million. Some 71% of the company’s shares were placed in exchange for US \$18 million.

Dual Listings

Three companies traded on NASDAQ completed dual listings on TASE in 2017

- **Oramed** – a clinical trial stage drug company, which focuses on the development of proprietary technology for the oral delivery of drugs currently administered by injection, listed its shares on TASE for parallel trading in July. The company’s market capitalization comes to US \$121 million and its shares are included in the TA-SME60, TA-SME150 and the TA-Global BlueTech indices.
- **CIM Commercial** – an American R.E.I.T. which holds commercial real estate, including office buildings and hotels, in the United States. Following the listing of its shares on TASE in November, the company raised US \$227 million in Tel Aviv, in a public offering of preference shares. The market capitalization of the company comes to US \$1.4 billion (including the preference shares).
- **PennantPark** - an American business development company, which provides loans to middle-market companies. Following the listing of its shares for parallel trading on TASE in November, the company issued dollar-linked bonds for US \$131 million in a public bond offering in Tel Aviv. The market capitalization of the company comes to US \$570 million.

Two TASE-listed companies dual-listed for parallel trading on NASDAQ

- The biomed company, **Therapix Biosciences**, which develops drugs from cannabis and whose shares are traded on TASE since 2005, completed its first public offering in the U.S., raising US \$12 million and listing its shares for parallel trading on NASDAQ in March.
- Technology firm, **Foresight**, the shares of which were listed on TASE in the beginning of 2016, listed its shares for parallel trading on NASDAQ in June.

Four High-Tech dual listings companies delisted their shares solely from TASE, and their shares continue to trade on NASDAQ:

Collect, Celsion, Mankind, and Ceragon. Two other companies, **Biondvax** and **Mylan** announced their intent to delist their shares from TASE in the beginning of 2018.

For the first time an offering of preference shares was completed by an American REIT- CIM Commercial.

Capital was raised through reverse mergers in which new activity was injected into 2 “shell companies”



Dually listed companies raised US \$590 million abroad through public share offerings and private placements. **Nice** was the most active issuer, completing a private placement of non-marketable convertible bonds to overseas investors for US \$250 million.

Currently, **58** dual listings, which concurrently trade in the United States as well, trade on TASE; and **3** additional companies are cross-listed on TASE and overseas exchanges outside of the framework on the dual-listing provisions of Israel's Securities Law.

Number of shares TASE-listed companies

For the first time since the 2008 global financial crisis, the net number of TASE-listed companies has grown, and at year's end the shares of 457 companies traded on TASE, as opposed to 451 companies at the end of 2016.

Over the year, **20 new companies** (17 IPOs and 3 dual listings) listed shares, while 14 companies delisted their shares. Among those delisting: **7 companies** delisted as a result of tender offers and mergers, **3 companies** delisted as a result of **settlement agreements**, and **4 High-tech dual listings** companies delisted solely from TASE: Collect and Ceragon, as well as two companies not linked to Israel – Celsion and Mankind.

TABLE 4: MAIN INDICATORS OF THE EQUITY MARKET, 2008-2017

Year	Daily Turnover (US \$ millions)	Capital Raised in Tel-Aviv ⁽¹⁾ (US \$ billions)	Number of Listed Companies ⁽²⁾	Thereof: New Listed Companies ⁽²⁾	TA-125 Index % Change (local currency terms)
2008	547	1.8	623	2	-51.1
2009	432	1.7	604	4	88.8
2010	547	3.4	600	22	14.9
2011	482	1.4	580	11	-20.1
2012	279	0.9	540	3	7.2
2013	324	1.7	508	6	15.1
2014	339	2.1	473	6	6.7
2015	373	1.4	461	11	2.0
2016	330	1.8	451	8	-2.5
2017	390	3.4	457	20	6.4

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

(2) Including dual-listed companies. Excluding ETNs issuers.

PROJECT ANALYSIS: ADDED EXPOSURE FOR ISRAELI HIGH-TECH

The Tel Aviv Stock Exchange (TASE) launched Project Analysis for high-tech companies in June 2016. Since its launch, 25 high-tech and biomed companies have enlisted in the program. The aim of the project is to enhance the level of information about high-tech companies and the markets in which they operate have at their disposal, to promote appropriate share valuation and to imbue value to these companies by increasing their exposure to investors in Israel and abroad.

TASE has contracted with two international financial research companies, the Edison Group and Frost and Sullivan to implement the program.

The analysis is posted on the [Israel Securities Authority's] MAGNA and TASE's MAYA online distribution systems in English, with a summary in Hebrew for local investors. It is published following the release of financial statements and updated for material events affecting the company, which necessitate an update of the last posted analysis. In addition to the local postings, the research firms conducting the analysis disseminate its reports through major financial data distributors as well.

Data collected by TASE since the launch of the project regarding 16 companies covered in the project for more than three months, indicate that the reviewed companies enjoy the following benefits:

1. Trading Volume

Trading activity for the covered companies following the publication of the first analyst report has increased significantly relative to the three months preceding its publication. For dual listings enlisted in the project, trading volume increased in U.S. markets as well. For 12 shares, trading volume increased between 1.4 and 13-fold. For only

three companies analyst coverage has had no discernible positive impact on trading volume. Trading activity in **Foresight** (which operates in the same field as Mobileye) has increased 40-fold. For three companies analyst coverage has had no discernible positive impact on trading volume. By way of comparison, trading activity for the other companies included in the relevant TASE indices increased only 1.2 fold.

2. Israeli Mutual Fund Holdings

The holdings of Israeli mutual funds in 9 covered companies increased significantly between 1.3 and 32-fold relative to the period preceding publication of the first analyst report. For seven shares, analyst coverage had no discernible impact.

3. Exposure Among Foreign Investors

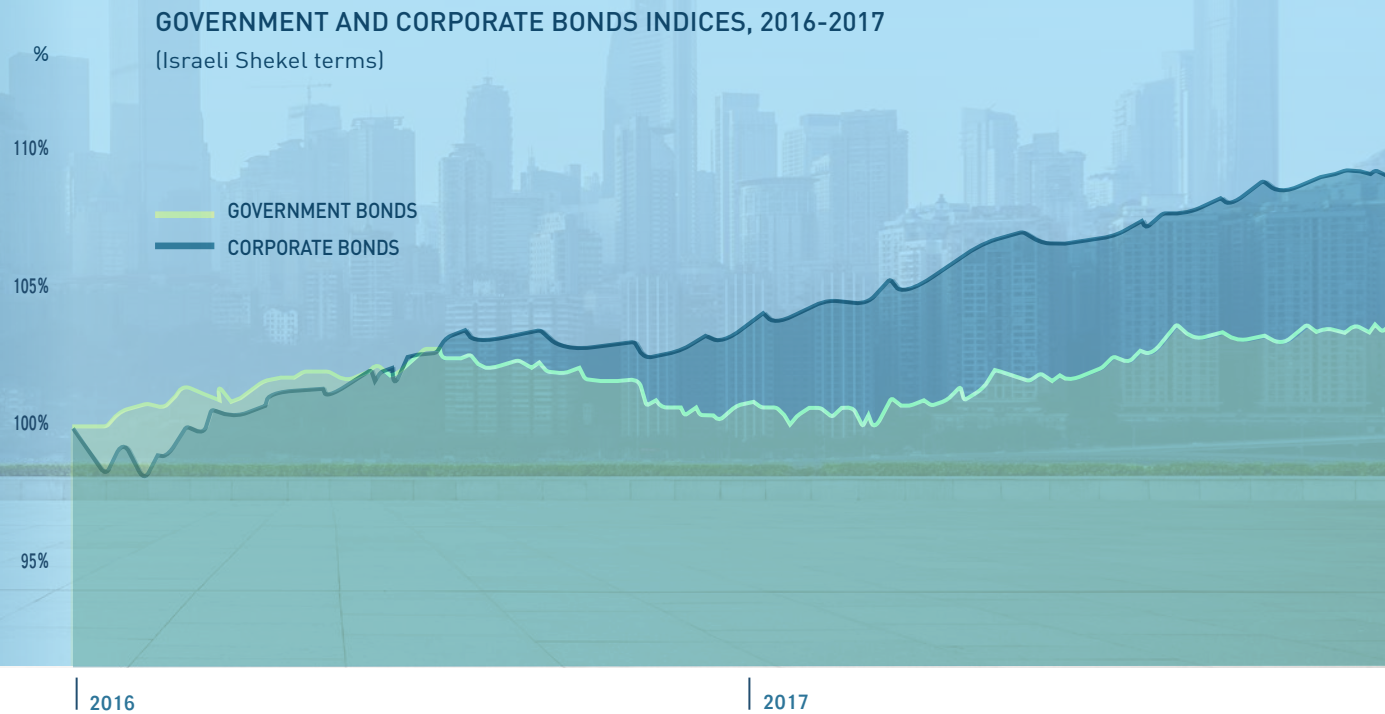
Data from the research company indicate that the analysis has been viewed by between 1,900 and 7,700 investors from 30 countries across the globe, of which 700-1,600 are institutional or professional investors.

4. Capital Raising

Avid investor interest in wake of the publication of the analyst reports has facilitated capital raising by eight reviewed companies through both public offerings and private placements in the period following the publication of the first analyst report.

Equity raised by reviewed companies since the launch of the project accounted for more than 50% of the public offerings of all TASE-listed high-tech companies in both Israel and abroad and approximately 25% of the private placements completed by TASE-listed high-tech companies.

DEBT MARKET



Corporate bond prices rose an average 6.5% - almost twice the average for government bond prices.

Bond Indices

Given low interest rates and in order to realize higher returns - **investors continued to prefer corporate over government bonds**. The corporate bond indices rose 6.5% on average in 2017, almost double the return on government bond indices.

The Tel Bond-Yield NIS index, which includes fixed-interest, non-linked corporate bonds bearing a local Maalot rating ranging between (-BBB) and (A) or a Midroog rating ranging between (Baa3) and (A2), gained 8.6% this year, and this as compensation for the relatively low credit ratings of the index constituents.

Trading Volume in the Debt Market

Table 5: Average daily bond trading volume (US \$ millions)

	2017	2016	%change 2017
Government bonds	726	712	2%
Corporate bonds including ETNs	285	267	7%
Corporate bonds excluding ETNs	248	216	15%
Central Bank Bills (Makam)	60	90	-33%

The average daily trading volume for corporate bonds (excluding ETNs) continued to increase in 2017 for the third year running, hitting a record US \$248 million – a 15% increase over the average daily volume of the preceding year. On May 18, 2017, on the eve of the semi-annual Tel Bond indices rebalancing, TASE bond trading was exceptionally active, reaching a level of US \$2.6 billion – of which, US \$1.8 billion attributed to corporate bonds.

In contrast, trading activity in government bonds rose modestly, stemming entirely from the increased trading activity in CPI-linked government bonds –

- The average daily trading volume for CPI-linked government bonds, which came to US \$263 million in 2017, reflected an 8% increase over the 2016 average volume.

- The average daily volume of non-linked government bonds came to US \$463 million in 2017, similar to that of 2016.

Foreign investors purchased a net US \$0.8 billion in Tel Aviv in the period January-September, 2017, continuing net purchases of US \$0.3 billion in the previous year. An investment in bonds issued by the Israeli government carried the advantage of a strong shekel, which yields a relatively high yield-to-maturity. For example, the real yield-to-maturity on a 10-year non-linked government bond came to 1.7%, as opposed to less than one half of a percent on 10-year government bonds in Germany and Japan.

Debt raised through bonds

Gross debt raised by the government in the local bond market in 2017 amounted to US \$12.8 billion, an increase of 4% over 2016. Approximately 70% of this sum was raised in the issuance of non-linked bonds and the remaining 30% in CPI-linked bonds, similar to the previous year.

This year, the Ministry of Finance's (MoF) bond issues were accompanied by extensive redemptions of US \$14 billion non-linked bonds and US \$5 billion CPI-linked bonds.

In addition, the MoF completed a large sovereign bond offering in Europe, raising 2.25 billion Euro through two bond series bearing the lowest interest rate in Euros raised by Israel's government so far: 1.5 billion Euro were raised through a series of 10-year bonds

bearing 1.5% interest, and 0.75 billion Euro were raised through a series of 20-year bonds bearing 2.375% interest.

The stability of the size of the MoF's gross bond offerings results from an increase in tax revenues and a narrowing of the budget deficit, from a projected 2.5% to an actual deficit estimate for 2017 of 2%.

Debt raised through the issuance of corporate bonds on TASE amounted to US \$20 billion (not including structured bonds) in 2017, following the raising of US \$17.5 billion the previous year. Continued low interest rates and the expectation that these will be raised in the fourth quarter of 2018 contributed to continuation of vigorous activity in the primary corporate debt market this year as well.

The corporate bond offerings undertaken this year were designed in part to recycle existing debt and in part to finance the expansion of corporate operations while taking advantage of low financing costs given the decline of yields-to-maturity over the past few years. Redemption of publicly traded corporate bonds came to US \$12 billion this year, following redemptions of US \$9.5 and US \$10.5 billion in 2016 and 2015, respectively. Redemptions of US \$9.5 billion are anticipated for 2018.

Trading volume in corporate bonds reached record levels

Table 6: Capital raised through non-government bonds by sectors, 2015-2017 (US \$ millions)

	2017		2016		2015	
Corporate bonds*	19,556	100%	17,354	100%	14,321	100%
Sectors classification						
Financial Sector:	4,120	21%	4,971	29%	5,585	39%
Banks	2,638	13%	4,214	24%	4,714	33%
Insurance	959	5%	464	3%	834	6%
Financial services	523	3%	293	2%	37	0.3%
Real Sector:	15,436	79%	12,383	71%	8,736	61%
Real Estate	8,159	42%	5,603	32%	5,100	36%
Energy & gas exploration	3,186	16%	2,440	14%	610	4%
Commerce & services	1,616	8%	2,436	14%	1,886	13%
Investments	1,620	8%	1,049	6%	766	5%
Manufacturing	744	4%	511	3%	347	2%
Technology	112	1%	345	2%	27	0.2%
Structured Notes	910		-		-	
N.L.T bonds** and warrant exercise	420		167		368	
Total debt raised Through non-government bonds	20,885		17,521		14,689	

* Including private placements to institutional investors on TASE's TA ↑ Institutional platform.

** Bonds issued in private placements to institutional investors, which are not listed for trading (N.L.T.) but are cleared by the TASE Clearing House.

Debt raised through corporate bonds in 2017 - major characteristics:

- **Increase in debt raised by the real sector:**

The real sector raised US \$15.4 billion, accounting for 79% of the total debt raised through corporate bonds. **The proceeds were used for traded bond redemptions and for expansion of the issuers' operations.** Redemption of traded bonds issued by companies from the real sector amounted to US \$7 billion in 2017 and is expected to come to US \$ 6 billion in 2018.

This year **14 corporate debt-for-equity exchange offers were tendered** with the aim of taking advantage of prevailing low interest rates and reducing financing costs

Real estate companies continued to lead the list of issuers by sectors, raising US \$8.2 billion in 2017, following two years in which US \$5-5.5 billion was raised each year. The amount raised by real estate companies in 2017 accounts for 42% of all debt raised through corporate bonds, as opposed to 32% and 36% in 2016 and 2015, respectively.

Foreign real estate companies expanded their activity in Israel's capital market, raising US \$2.4 billion through corporate bond issues, more than double the amount raised in 2016. Among the issuers, nine foreign companies specializing in commercial real estate in US, which collectively raised **US \$1.1 billion** on TASE in initial bond offerings: **Wharton Properties** (US \$241 million), **Hertz Properties** (US \$145 million), **Encore Properties** (US \$139 million), **WCG Properties** (US \$110 million), **Waterstone Properties** (US \$109 million), **Noble Assets** (US \$97 million), **Chosen Properties** (US \$93 million), and **UIRC, Southern Properties** (US \$74 million each).

NEW INDICES

17 new indices were launched this year – 3 Equity indices, 10 Tel Bond Indices (corporate bond indices) and 4 government bond indices. 10 additional indices are currently under development and scheduled for launch in 2018.

- **Two new market cap indices were launched in May – TA-SME 150 and TA-Rimon.** These two indices are highly diversified given their low weight cap and broad-based constituency.
- **An index focusing on bonds issued by foreign companies was launched in July (Tel Bond Global Index).** This index is characterized by high-yields relative to the credit ratings of the bonds comprising the index.
- **TASE launched one of its flagship corporate bond index – Tel Bond Shekel-50 in August.** This index, comprised solely of the corporate bonds of Israeli companies, was designed with particularly strict requirements. It is expected to serve as an anchor in large investment portfolios.
- **Six time-to-maturity Tel-Bond indices were launched in September** – a series of Shekel bond indices and a series of CPI-linked indices with three different maturity ranges – short-term (0-3 years), medium-term (3-5 years) and long-term (5-15 years).
- **Also in September TASE began calculating four new time-to-maturity government bond indices** – CPI-linked bonds with 5+-year maturities, CPI-linked bonds with 10+-year maturities, Shekel bonds with 5-10 year maturities and Shekel bonds with 10+-year maturities.
- **Two Tel Bond Social Responsibility Indices – Tel Bond-CPI Linked Maala SRI index and the Tel Bond Shekel Maala SRI index.** These bonds are somewhat innovative and address the growing demand for socially responsible investment products, which have an added value.

The demand for socially responsible investments by investors and regulators alike has been steadily growing worldwide and in Israel. These indices address the requirements placed on institutional investors by Israel's Capital Market, Insurance and Savings Authority to take social responsibility into consideration in their policy statements.

The following table lists the recently launched new bond indices, including the number of series in the index and its market capitalization

Index	No. Bond Series in Index	Market Cap (in billion NIS)
Tel Bond-Global*	26	16
Tel Bond Shekel-50**	50	53
Tel Bond-CPI Linked 0-3	56	55
Tel Bond-CPI Linked 3-5	39	44
Tel Bond-CPI Linked 5-15	53	58
Tel Bond-Shekel 0-3	24	16
Tel Bond-Shekel 3-5	54	33
Tel Bond-Shekel 5-15	41	34
Tel Bond-CPI Linked Maala SRI	55	77
Tel Bond-Shekel Maala SRI	35	27

* Since its launch in July 2017, the Tel Bond-Global index gained 4%.

** Since its launch in August 2017, the Tel Bond Shekel-50 gained 2%. Towards the end of the year, the first two ETNs were issued on this index.

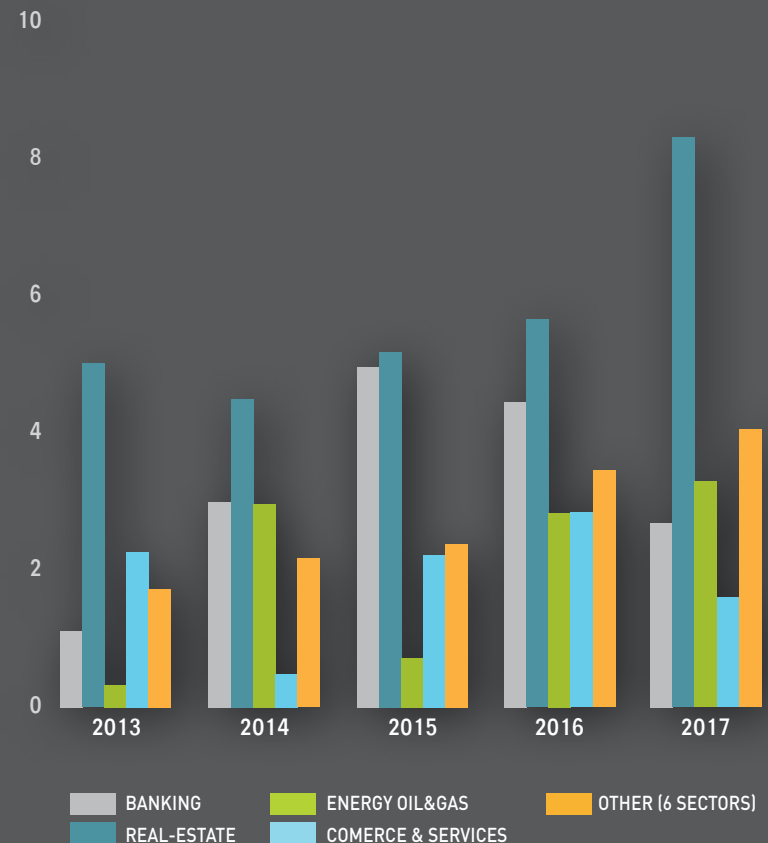
In addition, in December 2017, the TASE Board of Directors approved the launch of a new equity market cap index, the **TA Sector- Balance index**. This index comprises 100 shares and is constructed according to strict criteria regarding sectoral diversification and a low weight cap, designed to attain balanced representation of the various economic industries in which TASE-traded companies operate.

Energy companies and oil and gas exploration limited partnerships ranked second in the list of real sector issuers for the second year running, raising US \$3.2 billion and US \$2.4 billion in 2017 and 2016, respectively, a sharp increase relative to 2015 in which the total raised came to only US \$0.6 billion. Of this year's issuers, the following stand out:

- Oil and gas companies and partnerships, which raised US **\$1.2 billion**: in a first issue of bonds: **Tamar Petroleum**, a company established by "Delek Drilling" for the purpose of selling 9.25% of its interest in the "Tamar" and "Dalit" gas fields, as mandated in the Israeli government's "gas framework program", **raised US \$621 million in the largest corporate bond offering implemented by a new bond issuer on TASE; Isramco** partnership, which for the first time undertook a corporate bond offering, raising US **\$440 million**. After setting new TASE regulations regarding the ability of oil and gas partnerships to operate abroad as well, **Navitas Finance**, a wholly-owned subsidiary of "Navitas Petroleum" (the limited partnership) which was established to raise debt from the public to finance and develop 18.7% of the Buckskin Project, U.S. off-shore project in the Gulf of Mexico, raised **US \$127 million** in its first offering of dollar-linked bonds,
- The Israel Electric Corporation raised US **\$1.2 billion** this year in two bond offerings, while facing the bond redemptions of US \$0.8 billion in 2017-2018. In 2016 and 2015 the company raised debt of US \$1.2 billion and US \$0.2 billion respectively.

20 US\$ billion
 US \$20 billion was raised in public corporate bond offerings and private placements to institutional investors, and an additional US \$0.9 billion was raised through the issue of structured bonds

CAPITAL RAISED BY NON-GOVERNMENT BONDS BY SECTORS, 2013-2017 (US \$ billions)



(1) Including Corporate Bonds and TACT Institutional, Not Including deposit notes and structured bonds.

Commerce and services hold third place in the list of real sector issuers, raising US \$1.6 billion – a dramatic drop relative to 2016 and 2015, when US \$2.4 billion and US \$1.9 billion were raised respectively. These companies redeemed US \$2 billion bonds in 2017 and are face the redemption of US \$ 1.7 billion bonds in 2018.

- **14 companies completed their first public bond offerings, raising a total of US \$2 billion:**

- **Nine** American and **one** Israeli real estate companies raised US \$1.1 billion.
- Two oil and gas exploration companies – **Tamar Petroleum** (US \$621 dollars) and **Navitas Finance** (US \$127 million).
- A non-bank credit company – **Or Shay**. (US \$15 million).
- In addition, **PennantPark** dual-listed its shares in order to raise US\$ 131 million in the Israeli bond market.

Another company - vehicle importer, **Universal Motors** which undertook a complete exchange offer to bondholders of its subsidiary, U.T.S., listed its bonds for the first time on TASE.

- **Sharp decline in debt raised by the financial sector:**

The financial sector cut back the amount of debt raised on the bond market in response to lower demand for bank credit, raising US \$4.1 billion debt this year, following the US \$5-5.5 billion raised in each one of the previous two years. Bond redemptions in the financial sector amounted to US \$5 billion in 2017 and come to US \$2 billion for 2018. The most active financial sector issuer for the fifth year running is the **Mizrahi Tefahot** bank, which raised US \$ billion in three offerings. Five banks issued contingent convertible (CoCo) bonds – debt instruments which include a mechanism to convert the principal to equity should a “failure event” occur- for a total of US \$600 million: **Discount Bank** raised US \$205 million, **Mizrahi Tefahot** raised US \$194 million, **Union Bank** and the **First International Bank** raised US \$82-85 million each, and **Jerusalem bank** raised US\$ 30 million.

The real sector increased the scope of debt raised on TASE – real estate companies continued to lead the pack, accounting for 42% of the total raised through corporate bonds.

- **The weight of bonds rated A or above came to 83%** of the total raised in corporate bond offerings, similar to 2016 and opposed to 91% in 2015.

- **The weight of CPI-linked bonds** of the total raised in corporate bond offerings dropped in 2017, coming to 38% as opposed to 50% in the past two years. This year US \$7 billion was raised through these instruments. This relative decline reflects expectations for higher inflation in the future.

The weight of non-linked bonds was 48% of the total raised, similar to that of the previous two years. US \$9 billion was raised in these offerings - entirely in fixed-interest bonds, – US \$200 million of which through commercial paper, 10% less relative to 2016.

The weight of dollar-linked bonds of the total raised in public bond offerings increased, reaching 14% in 2017 as opposed to 4% in the previous two years. The total raised in this manner came to US \$2.5 billion this year, about 63% of which by oil companies and partnerships.

- **US \$1.3 billion was raised through dedicated private bond placements to institutional investors** (TACT Institutional and N.L.S.), a 35% increase relative to 2016:

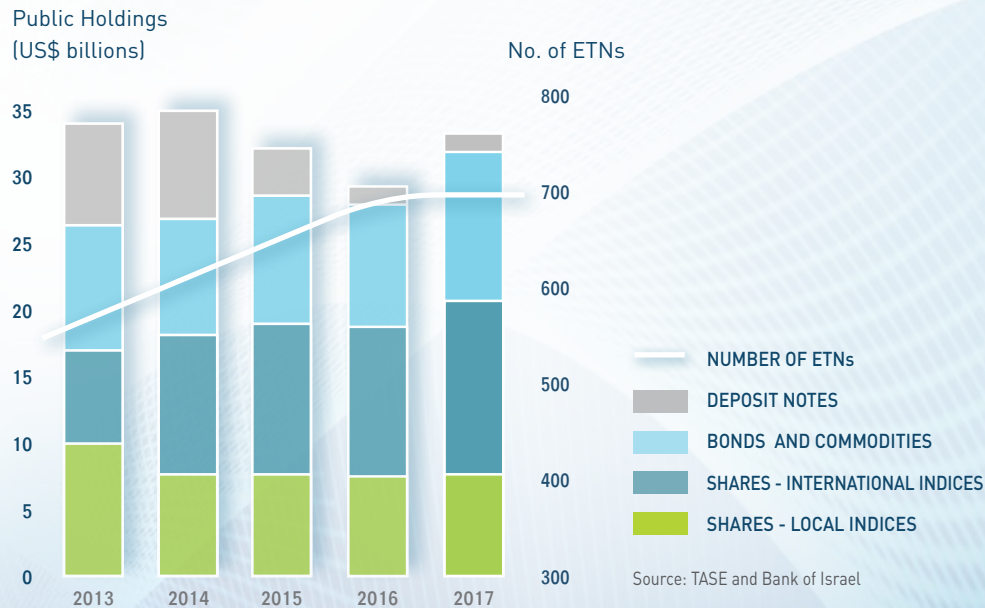
- **US \$1.1 billion was raised on the TACT Institutional platform**, as opposed to US \$0.8 billion in the previous year. Most of this amount – some US\$ 0.8 billion was raised through fixed-interest non-linked bonds. Of the five issuers, the most prominent were **Rafael**, the government company engaged in advanced combat systems, and the insurance company, **Eliahu**, raising US \$411 million and US \$367 million respectively.

- **US \$0.2 billion were raised in 2017 within in placements under TASE'S N.L.S. (non-listed securities) arrangement**, similar to the amount raised in the previous year, half of which through commercial paper.

Structured bonds offerings

For the first time since March 2010, structured notes were issued - **Ella Deposits** (Dollar Triple A) raised US \$910 million in two bond offerings, locally rated AAA by the Maalot credit rating agency. Most, US\$ 795 million, was raised through a series of CPI-linked bonds backed by local bank deposits, while the remaining US \$115 was raised through a series of dollar-linked bonds backed by local dollar bank deposits.

THE ETNs MARKET, 2013-2017



The public showed a preference for active over passive investment management, selling ETNs and buying mutual funds on local share and bond price indices.

EXCHANGE-TRADED NOTES (ETNs)

At the end of 2017, **695 ETNs** traded on TASE, of which **21 currency notes**. At the end of December 2017 the public holdings of ETNs tracking the TASE share indices came to US \$8.5 billion, of ETNs tracking foreign share price indices, US \$13.1 billion and of bond index ETNs and currency notes, \$11.3 billion.

New ETN series

Anticipating the reform of the ETN industry and their conversion to ETFs as well as the shifting public preference towards actively managed mutual funds, the accelerated development which characterized the ETN market over the past decade came to a halt, and in 2017 **15 ETN series were issued**, as opposed to 58 new ETNs in each one of the last two years.

The new series included **the first three ETNs tracking the Tel Bond Shekel-50 index**, which was launched in August, **the first two ETNs on the TA-SME150 index**, which was launched in May and includes all shares included in the TA-90 AND TA-SME 60 indices, **and one first ETN on each of the following indices - Tel Bond-Global** (launched in July), **Tel Bond Shekel 3-5** (launched in September), and **Tel Bond- CPI Linked 3-5** (launched in September).

The **seven** other ETNs issued this year include: 3 ETNs on sector indices in the United States, 3 ETNs on the MSCI World index and a multi-asset ETN tracking both local corporate bond indices (85%) and international share indices (15%).

ETNS buying/selling by public

Table 7-1: Net ETN purchases/selling by the public (US \$ millions)

	2017	2016
ETNs on TASE share indices	-1,685	-60
ETNs on foreign share indices	360	-1,490
ETNs on TASE bond indices	-470	-420
Currency Notes	-150	-975

Table 7-2: Mutual Fund Creation/Redemption (US \$ millions)

	2017	2016
Funds investing in TASE-listed shares	1,010	950
Funds investing in TASE-traded bonds	5,715	-1,580
Funds investing in non-linked NIS instruments	-995	-1,655
Money market funds	-960	-2,220
Funds investing in assets listed abroad	545	-585

The public preferred active to passive investment management – and in 2017, as in the previous year, investors sold ETNs and bought mutual funds tracking local share and bond indices:

- The public sold a net US \$1.7 billion **ETNs on local share indices** and bought **mutual funds investing in TASE-traded shares** for a net US \$ 1 billion. The public holdings of ETNs tracking local share indices came to US \$8.5 billion at the end of 2017 – slightly higher than in December 2016. The higher prices of the underlying assets – particularly of the TA-Banks5 index, and the TA-90 Index, which gained 24% and 21% respectively – and the 10% depreciation of the dollar against the shekel contributed to this increase.

- The public purchased a net US \$0.4 billion **ETNs tracking foreign share indices** in 2017, as well as mutual funds investing in foreign securities for a similar sum. The public holdings of these ETNs came to US \$13.1 billion at the close of 2017, US \$2.5 billion higher than their market value at the end of 2016. This increase can be attributed to the volume of net purchases as well as to the higher NASDAQ, Dow Jones, S&P, and DAX index prices.

The public holdings of **ETNs tracking bond indices** amounted to US \$10.2 billion at the end of 2017, US \$1 billion more of the previous year. Net sales of **bond index** ETNs came to US \$0.5 billion in 2017, similar the previous year. The public holdings increased despite the public sell-off due to price increases in the underlying assets (the various government and corporate bond price indices) and in the shekel against the dollar.

As for the parallel channel of investment – the public purchased **mutual funds investing in TASE-traded bonds** for a net total of US \$5.7 billion, and this following the redemption of US \$3.6 billion in 2015-2016. This year public redeemed mutual funds investing in non-linked instruments and money market funds for US\$2 billion, continuing the US \$4 billion sell-off of 2016. The near-zero interest rates prevailing over the past three years resulted in the channeling of investments from these funds to funds specializing in linked bonds and to shares, as well as in an increase of current account deposits, which reached record levels this year.

The public sold a net US \$150 million currency notes in 2017. The public holdings of currency ETNs retreated this year by a similar amount to US \$1.1 billion at the end of 2017. This decline stems from the aforementioned sell-off of shekel and dollar currency ETNs by the public.

ETNs trading volume

Table 8: daily trading volume (US \$ millions)

	2017	2016
ETNs tracking share indices	84	90
% of trading volume of shares	21%	27%
ETNs tracking bond indices	37	51
% of trading volume of non-government bonds	13%	19%

The volume of ETNs trading continued to drop in 2017 for both equity and bond ETNs, a decline which began in 2016. The increased share of institutional investors in total ETN holdings, alongside the reduction in the relative holdings of retail investors, as reflected in data published by the Ministry of Finance, contributed to the decline of active trading. The reduction of the share held by retail investors was accompanied, by the aforementioned massive sell-off.

The average daily trading volume of share index ETNs (local and international) retreated in 2017, by some US \$84 million (on and off-floor transactions), lower by 7% than in the previous year.

The average daily trading volume of bond index ETNs and currency Notes also declined, amounting to US \$37 million (on and off-floor transactions), a 27% drop relative to trading activity in the previous year.

TABLE 9: TA-35 INDEX OPTIONS VOLUME, 2014-2017

Year	Daily Volume in Monthly Options (thousands contracts)	Daily Volume in Weekly Options (thousands contracts)	Derivatives Liquidity ratio ⁽¹⁾	Maximum no. of open interest contracts (thousands)
2014	176	26	1,703%	688
2015	160	41	1,439%	670
2016	121	40	1,156%	514
2017	100	31	857%	716

(1) The ratio between the turnover of the TA-35 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-35 index shares.

DERIVATIVES MARKET

Trading activity in **monthly options on the TA-35 index** continued to decline in 2017, a trend which started in 2016, and this in contrast to trading activity in the underlying asset. Trading volume on monthly TA-35 index options averaged 100 thousand contracts per day in 2017, lower by some 17% relative to the previous year.

There was also a slowdown in **weekly TA-35 index option** trading, with an average 31 thousand contracts trading daily in 2017, as opposed to 40 thousand in 2015-2016. Nevertheless, on **9.8.2017 a record was set** for TA-35 index weeklies, as 139,446 options changed hands that day, emanating from an increase in the volatility.

On 9 November, a record of US \$89 million was set for Opening Phase trading in the shares comprising the TA-35 index, on a TA-35 options weeklies exercise date. The new record volume is 16% higher than the previous record set on 13 August 2015 (US \$77 million).

The decline in the volume of the TA-35 options stems from the reduction in the volatility of the underlying asset. A similar decline was observed in the behavior of the ViX index over the past year.

Equity trading in 2017 was characterized by relatively low volatility in comparison to the previous year. The average annual implied volatility of TA-35 index options was at 10%. At the same time, however, several events this year (such as the French presidential elections in April, and the "Teva" crisis in August) precipitated an increase in the implied volatility to around 15%.

Trading activity in **TA-125 index options and futures**, continued to climb from 200 contracts per day in the first year following their launch, to an average 330 and 400 contracts daily in 2016 and 2017 respectively. Towards the end of 2017, average daily trading volume surged to 460 contracts.

The ADV of **dollar options** was 54 thousand contracts in 2017, slightly higher than the ADV in the previous year. At year's end the depreciation of the dollar against the NIS came to 10% despite purchases by the Bank of Israel.



CENTRAL BANK BILLS (MAKAM)

Average daily trading volume in central bank bills (Makam) in on and off-floor trading came to US \$60 million in 2017, some 33% lower than the average daily volume in the previous year and the lowest volume in 15 years.

Makam prices remained largely unchanged in 2017, as was the case for the past two years, and the yield-to-maturity came to 0.1% at the end of 2017.

Makam holdings by Israeli and foreign retail investors declined in 2017, coming to US\$ 26.5 billion at year's end, as opposed to US \$27.3 billion and US \$29.7 billion in 2016 and 2015 respectively. The decrease in holdings this year can be attributed entirely to sales by the Israeli public, partially offset by net purchases by foreign investors.

Foreign investors purchased US \$1 billion **Makam on TASE in 2017**, after liquidating a net US \$0.4 billion and \$0.7 billion in 2016 and 2015 respectively.

TABLES

TA-35 INDEX COMPANIES

TABLE 10: MARKET CAPITALIZATION AND WEIGHTING

SECURITY	MARKET CAP 31.12.2017 (US\$ millions)	WEIGHTING ⁽¹⁾	SECURITY	MARKET CAP 31.12.2017 (US\$ millions)	WEIGHTING ⁽¹⁾
1. Teva ⁽²⁾	19,054	10.0%	19. Delek Drilling	3,230	1.7%
2. Bank Leumi	9,228	7.5%	20. Alony Hetz	1,848	1.7%
3. Bank Hapoalim	9,843	7.4%	21. Isramco	1,591	1.5%
4. Perrigo ⁽²⁾	12,244	6.7%	22. International Bank	2,084	1.5%
5. Nice ⁽²⁾	5,622	6.6%	23. Gazit Globe ⁽²⁾	2,067	1.5%
6. Frutarom ⁽²⁾	5,577	5.3%	24. Strauss Group	2,495	1.3%
7. Elbit Systems ⁽²⁾	5,712	4.0%	25. Airport City	1,641	1.2%
8. Bank Discount	3,391	4.0%	26. Harel	1,588	1.1%
9. Tower ⁽²⁾	3,350	3.9%	27. Melisron	2,097	1.1%
10. Bezeq	4,172	3.9%	28. Shufersal	1,568	1.1%
11. Mylan ⁽²⁾⁽⁴⁾	20,750	3.7%	29. Bazan	1,527	1.1%
12. Ormat Technologies ⁽²⁾	3,237	3.1%	30. Partner ⁽²⁾	1,076	1.0%
13. Mizrahi Tefahot Bank	4,307	3.0%	31. Amot	1,958	1.0%
14. Azrieli Group	6,800	2.8%	32. Israel Corporation	1,295	0.9%
15. Israel Chemicals ⁽²⁾	5,144	2.7%	33. Delek Group	1,939	0.8%
16. Paz Oil	1,762	2.1%	34. Cellcom ⁽²⁾	1,039	0.7%
17. Opko ⁽³⁾	2,731	1.9%	35. Big	956	0.4%
18. Sodastream ⁽²⁾	1,548	1.8%	TOTAL	154,471	100.0%

TABLE 11: DAILY TURNOVER

SECURITY	DAILY TURNOVER ⁽³⁾ (US\$ thousands)	SECURITY	DAILY TURNOVER ⁽³⁾ (US\$ thousands)
1. Teva ⁽²⁾	21,047	20. Ormat Technologies ⁽²⁾	3,075
2. Bank Hapoalim	18,773	21. Paz Oil	2,873
3. Bank Leumi	17,423	22. Alony Hetz	2,753
4. Bezeq	12,108	23. Bazan	2,733
5. Mylan ⁽²⁾	9,332	24. International Bank	2,675
6. Perrigo ⁽²⁾	8,847	25. Shufersal	2,496
7. Frutarom ⁽²⁾	7,745	26. Melisron	2,408
8. Elbit Systems ⁽²⁾	6,558	27. Partner ⁽²⁾	2,292
9. Mizrahi Tefahot Bank	6,357	28. Israel Corporation	2,278
10. Nice ⁽²⁾	6,313	29. Harel	1,876
11. Bank Discount	6,270	30. Cellcom ⁽²⁾	1,873
12. Tower ⁽²⁾	6,244	31. Sodastream ⁽²⁾	1,796
13. Israel Chemicals ⁽²⁾	5,964	32. Amot	1,697
14. Azrieli Group	5,016	33. Strauss Group	1,657
15. Isramco	4,166	34. Airport City	1,508
16. Delek Group	3,760	35. Big	1,095
17. Gazit Globe ⁽²⁾	3,397	TOTAL	191,034
18. Delek Drilling	3,394	70% OF TOTAL TURNOVER	
19. Opko ⁽²⁾	3,236		

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

(2) a Dual-Listing company.

(3) Not including off exchange transactions.

(4) The weight of the Company's shares is gradually reduced prior to its being delisted from the TASE on February 12th, 2018.

TABLE 12: CAPITAL RAISED BY SECURITY TYPES, 2008-2017 (US \$ millions)

Year	Shares & convertibles		Government Bonds - Gross	Corporate Bonds			ETNs ⁽³⁾
	Tel-Aviv ⁽¹⁾	Abroad ⁽²⁾		Corporate Bonds ⁽¹⁾	Institutionals	Total	
2008	1,774	3,265	14,709	4,949	1,257	6,206	932
2009	1,701	266	17,370	8,296	874	9,170	549
2010	3,424	152	15,165	10,416	862	11,278	558
2011	1,437	405	17,966	9,574	1,631	11,205	380
2012	889	171	21,326	7,316	1,131	8,447	144
2013	1,690	440	18,200	9,545	601	10,146	296
2014	2,146	1,876	14,525	10,321	5,827	16,148	116
2015	1,428	8,591	9,965	14,072	617	14,689	45
2016	1,804	5,860	12,361	16,518	1,003	17,521	24
2017	3,407	589	12,829	18,622	1,354	19,976	933
Change in 2017	89%	-90%	4%	13%	35%	14%	3788%

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

(2) In 2015 including US\$ 7.4 billion raised by TEVA through public shares offering in USA.

In 2016 including US\$ 5.5 billion raised by TEVA through private placement to Allergan.

(3) Including deposit notes and structured bonds.

TABLE 13: DAILY TURNOVER, 2008-2017⁽¹⁾ (US \$ millions)

Year	The Equity Market				The Fixed Income Market			Treasury Bill	Total
	Total	Thereof:		Total	Thereof:				
		Shares & convertibles	ETNs		Government Bonds	Corporate Bonds	ETNs ⁽²⁾		
2008	547	446	101	1,120	866	152	102	219	1,886
2009	432	347	85	1,035	806	151	78	163	1,630
2010	547	460	87	875	639	172	64	320	1,742
2011	482	373	109	1,054	805	179	70	328	1,864
2012	279	223	56	1,063	800	188	75	165	1,507
2013	324	248	76	1,202	920	210	72	160	1,686
2014	339	237	102	1,186	901	204	81	179	1,704
2015	373	252	121	1,070	789	198	83	131	1,574
2016	330	240	90	979	712	216	51	90	1,399
2017	390	306	84	1,011	726	248	37	60	1,461
Change in 2017	18%	28%	-7%	3%	2%	15%	-27%	-33%	4%

(1) Including off-the floor transactions.

(2) Including deposit notes and structured bonds.

TABLE 14: MARKET CAPITALIZATION OF LISTED SECURITIES, 2008-2017 (US \$ billions)

Year	The Equity Market		The Fixed Income Market				Treasury Bills
	Shares & convertibles	ETN's ⁽¹⁾	Government Bonds	Corporate Bonds	TACT Institutional	ETN's ⁽²⁾	
2008	106.7	2.3	84.3	34.4	11.2	9.4	18.9
2009	189.4	6.7	97.3	53.3	9.1	10.1	22.6
2010	227.1	9.4	109.7	67.3	9.8	9.7	38.1
2011	157.1	7.5	107.0	61.6	9.3	9.6	32.1
2012	161.8	9.3	123.1	69.9	10.0	11.1	31.4
2013	203.3	16.2	138.5	78.1	9.7	16.9	36.2
2014	200.6	18.1	127.6	67.8	12.6	16.0	33.4
2015	243.6	19.1	128.8	70.2	11.9	11.4	29.7
2016	213.9	18.6	129.7	78.2	11.7	10.4	27.3
2017	231.0	21.6	141.9	94.8	12.4	11.3	26.5

(1) Public Holdings. Source: Bank of Israel.

(2) Public Holdings. Source: Bank of Israel - Including deposit notes and structured bonds.

TABLE 15: ANNUAL YIELDS OF THE EQUITY INDICES, 2008-2017 (% , in local currency terms)

Year	TA-35 ⁽¹⁾	TA-125 ⁽¹⁾	TA Global-BlueTech ⁽²⁾	TA-Finance ⁽³⁾	TA-RealEstate ⁽⁴⁾	General Share
2008	-46.2	-51.1	-60.9	-56.2	-79.7	-46.4
2009	74.9	88.8	92.7	126.9	125.2	78.8
2010	15.8	14.9	9.1	9.3	15.4	12.6
2011	-18.2	-20.1	-9.4	-34.0	-23.2	-22.1
2012	9.2	7.2	15.6	23.1	14.1	4.5
2013	12.1	15.1	8.6	18.8	26.0	15.3
2014	10.2	6.7	-5.2	-7.7	0.9	11.5
2015	4.4	2.0	1.6	4.0	1.1	6.8
2016	-3.8	-2.5	15.3	19.2	17.0	-11.0
2017	2.7	6.4	-2.2	26.6	23.4	-1.1

(1) Till February 2017 TA-35 was TA-25 and TA-125 was TA-100.

(2) Till March 2011 -Tel-Tech. Till June 2014 - BlueTech-50. Till February 2017 - BlueTech.

(3) Till March 2011 - Finance-15.

(4) Till February 2017 - RealEstate-15.

TABLE 16: ANNUAL YIELDS OF THE BOND INDICES, 2008-2017 (% in local currency terms)

Year	General Bond Index	Government Bond Indices		Corporate Bond Indices				
		CPI Linked Bonds	Non Linked Bonds	CPI Linked Bonds			Non Linked Bonds Tel Bond-Shekel ⁽³⁾	Dollar Linked Bonds ⁽¹⁾
				Total ⁽¹⁾	Thereof: Tel-Bond 20	Thereof: Tel-Bond 40 ⁽²⁾		
2008	-0.7	9.6	9.7	-16.6	-3.2	-22.2	-	-5.5
2009	15.5	10.3	2.5	40.2	21.6	44.1	-1.9	6.8
2010	8.0	8.0	5.0	13.0	11.1	10.8	8.3	-0.9
2011	2.5	4.3	5.2	-1.8	0.7	-1.6	5.0	8.2
2012	8.8	9.4	7.0	10.3	7.9	9.1	7.4	7.3
2013	5.4	3.0	4.0	9.5	5.9	6.9	5.9	-0.2
2014	4.7	5.8	7.2	1.0	1.0	0.6	4.0	3.3
2015	1.8	-0.2	2.8	0.8	-1.1	0.2	4.7	5.5
2016	2.1	0.7	1.2	4.1	2.9	1.7	2.4	9.4
2017	4.7	3.4	3.6	6.2	7.1	4.4	7.5	-1.7

(1) Including corporate bonds (until June 2010 including structured bonds and deposit notes).

(2) Launched in February 2008.

(3) Launched in December 2009.

TASE MEMBERS

CONTACTS FOR INTERNATIONAL INVESTORS - BANKS

Banks	contact Person	Cell	Tel	Fax	E-mail	Web Site
Bank Hapoalim	Noami Shpirer		972-3-5675234	972-3-5676009	Naomi.shpirer@poalim.co.il	www.bankhapoalim.com
Bank Leumi Le-Israel	Carine Wiener-Perlmutter		972 76 8857327	972 76 8858548	custody-cash@bll.co.il carine.wiener-perlmutter@bankleumi.co.il	https://english.leumi.co.il/LEFullArt/Custody_and_Cash_Relations/9785/
Bank Massad	Gabriel Teitel		972-3-5641358	972-3-7170555	gabriel.teitel@bankmassad.co.il	www.bankmassad.co.il
Bank of Israel	Mimi Regev		972-2-6552575	972-2-6669575	mimi.regev@boi.org.il	www.boi.gov.il
Bank of Jerusalem	Amit Scheinmann	972-52-4027779	972-76-8097082	972-3-6251017	amit@bankjerusalem.co.il	www.bankjerusalem.co.il
Bank Otsar Ha-Hayal	Moshe Yagen	972-52-2465318	972-3-7556041	972-3-7964533	moshe.yagen@mailotsar.co.il	www.bankotsar.co.il
Bank Yahav for Government Employees	Boaz Leibovitch		972-2-5009725	972-2-5010120	BoazL@yahav.co.il	www.bank-yahav.co.il/
Barclays Bank PLC	Tavy Rosner		**		tavy.rosner@barclays.com	www.barclays.com
Citibank,N.A.	David Levy		972-3-6842732	972-3-6842702	david1.levy@citi.com	www.citigroup.com
HSBC Bank PLC	Harel Cordova		972-3-7101100	972-3-7101133	harelcordova@hsbc.com	www.hsbc.co.il
Israel Discount Bank	Tamar Koblenz		972-3-5144486	972-3-5146362	tamar.koblenz@dbank.co.il	https://investors.discountbank.co.il/
Mercantile Discount Bank	Zion Beker	972-54-8002130	972-76-8044999		zionb@mdb.co.il	https://www.mercantile.co.il/MB/en
Mizrahi Tefahot Bank	Ronit Baron		972-3-7559722	972-3-7559150	ronitb@dumb.co.il	https://www.mizrahi-tefahot.co.il/en/bank/pages/default.asp
The First International Bank of Israel	Dafna Zucker		972-3-5196224	972-3-5100253	zucker.d@fibi.co.il	https://online.fibi.co.il/wps/portal/FibiMenu/MarketingEN/AnInformation/AnInvestorRelations/AnCEOStatement
Union Bank of Israel	Akiva Sternberg		972-3-5191688	972-3-5191849	akivas@ubi.co.il	www.unionbank.co.il

TASE MEMBERS

CONTACTS FOR INTERNATIONAL INVESTORS - BROKERS

Brokerage Firms	contact Person	Cell	Tel	Fax	E-mail	Web Site
Citigroup Financial Products Israel	Neil Corney	972-54-8144401	972-3-6842460	972-3-6842414	neil.corney@citi.com	www.citigroup.com
Excellence Nessuah Brokerage Services	Dan Farhi	972-54-3443000	972-3-7532960	972-3-7536633	dan.farhi@xnes.co.il	www.xnes.co.il
Israel Brokerage and Investment I.B.I	Lital Kost	972-54-4775718	972-3-5193452	972-3-5193456	lital@ibi.co.il	https://www.ibi.co.il/?lang=en
Meitav Dash Trade	Yoni Baram		972-3-7903555	972-3-7903590	yonib@mtds.co.il	www.meitavdash.co.il
Poalim Sahar	Ehud Chityat		972-3-7104500	972-3-7104505	udi@sahar.co.il	www.sahar.co.il
Psagot Securities	steven shein	972-54-4604495	972-3-7968830	972-3-7968845	stevens@psagot.co.il	www.psagot.co.il
UBS Securities Israel	Amir Lev	972-54-8002133	972-9-9600114	972-9-9600124	amir.lev@ubs.com	www.ubs.com

Remote Member	contact Person	Cell	Tel	Fax	E-mail	Web Site
Merrill Lynch International	Lara Shevchenko		44 207 7995.3179		lara.shevchenko1@baml.com	http://corp.bankofamerica.com/business/ci/home
	Yuhang Wang		44 207 7995.1059		yuhang.wang@baml.com	http://corp.bankofamerica.com/business/ci/home



TEL-AVIV STOCK EXCHANGE



The Tel-Aviv Stock Exchange Ltd. 2 Ahuzat Bayit St Tel Aviv 6525216, P.O.B 6129001 ,29060 Israel Tel: 972-76-8160405/6 • Fax: 972-3-5661852

This Annual Review of The Tel-Aviv Stock Exchange Ltd ("TASE") is intended solely for personal, non-commercial use. It may not be used for any other purpose whatsoever. This Annual Review does not constitute a solicitation, offer, opinion or recommendation by TASE to buy or sell securities. Nothing contained herein shall be construed as investment, tax, accounting or legal advice

Moreover, while all information contained herein is obtained from sources believed to be accurate and reliable, TASE is not responsible for any errors or omissions. All information is provided "as is" without any warranty whatsoever. TASE does not make any representations, and it disclaims all express, implied and statutory warranties of any kind, including warranties as to accuracy, timeliness, completeness, merchantability or fitness for any particular purpose.

© All rights reserved by The Tel-Aviv Stock Exchange Ltd

Graphic Design: Studio Merhav