

CHECK POINT SOFTWARE TECHNOLOGIES LTD.

Diamond Tower
3A Jabotinsky Street
Ramat Gan 52520, Israel

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS August 27, 2001

Notice is hereby given of the Annual General Meeting of Shareholders (the "Meeting") of Check Point Software Technologies Ltd. (the "Company"), to be held on August 27, 2001 at 11:00 A.M., at the principal executive offices of the Company at the address that appears above.

This Proxy Statement is furnished to the holders of Ordinary Shares, NIS 0.01 nominal value (the "Ordinary Shares"), of the Company in connection with the solicitation by the Board of Directors of proxy cards for use at the Meeting or at any adjournment thereof. It is proposed that resolutions be adopted at the Meeting as follows: (1) to elect 6 Directors for the coming year; (2) to ratify the appointment and compensation of Kost Forer & Gabbay, a member of Ernst & Young International, as the independent public accountants of the Company for the year ending December 31, 2001; (3) to ratify the indemnification, exculpation and insurance of the Company's directors in accordance with the provisions of agreements that have been approved by the Audit Committee and Board of Directors; and (4) to approve certain terms of compensation of officers who are also Directors of the Company.

A form of proxy card for use at the Meeting is attached. Shareholders should follow the instructions on the proxy card. Shareholders may revoke the authority granted by their execution of proxy cards at any time before the exercise thereof by filing with the Company a written notice of revocation or duly executed proxy card bearing a later date, or by voting in person at the Meeting. Unless otherwise indicated on the form of proxy card, shares represented by any proxy card in the attached form, if the proxy card is properly executed and received by the Company prior to the Meeting, will be voted in favor of all of the proposed resolutions to be presented to the Meeting, as described above.

Proxy cards for use at the Meeting are being solicited by the Board of Directors of the Company. Only shareholders of record at the close of business on July 18, 2001 will be entitled to vote at the Meeting. Proxy cards are being mailed to shareholders on or about July 26, 2001 and will be solicited chiefly by mail; however, certain officers, Directors, employees and agents of the Company, none of whom will receive additional compensation for these services, may solicit proxy cards by telephone, telegram or other personal contact. The Company will bear the cost of the solicitation of the proxy cards, including postage, printing and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of shares.

On July 18, 2001 the Company had outstanding 240,848,661 Ordinary Shares, each of which is entitled to one vote upon each of the matters to be presented at the Meeting. Two or more shareholders, present in person or by proxy and holding shares conferring in the aggregate more than 50% of the voting power of the Company, will constitute a quorum at the Meeting. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting will be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine with the consent of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting on the question of adjournment. At such adjourned Meeting, any two shareholders, present in person or by proxy, will constitute a quorum. Under Israeli law, if a quorum is present in person or by proxy, broker non-votes and abstentions will have no effect on whether the requisite vote is obtained, as they do not constitute present and voting shares.

**BENEFICIAL OWNERSHIP OF SECURITIES
BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of the Company's Ordinary Shares as of July 18, 2001 for (i) each person who is known by the Company to own beneficially more than 5% of the Company's outstanding Ordinary Shares, and (ii) all current executive officers and Directors as a group.

<u>Name and Address of Five Percent Shareholders, Officers and Directors(1)</u>	<u>Number of Shares Beneficially Owned(2)</u>	<u>Percentage of Shares Beneficially Owned</u>
Gil Shwed	26,898,996	11.08%
Marius Nacht	25,371,796	10.45%
All Directors & executive officers as a group (10 persons)	67,416,151	27.82%
AIM Management Group Inc.(3).....	12,756,777	5.30%

(1) Unless otherwise indicated, the address for each listed shareholder is c/o Check Point Software Technologies Ltd., 3A Jabotinsky Street, Ramat Gan 52520, Israel. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all Ordinary Shares.

(2) The number of Ordinary Shares beneficially owned includes the shares issuable pursuant to stock options that are exercisable within 60 days of July 18, 2001. Shares issuable pursuant to stock options are deemed outstanding for computing the percentage of the person holding such options but are not outstanding for computing the percentage of any other person.

(3) Based on March 31, 2001 13F filing.

ITEM 1 - ELECTION OF DIRECTORS (OTHER THAN OUTSIDE DIRECTORS)

In accordance with the Company's Articles of Association, the Company's shareholders last fixed the number of Directors at 10. There are currently 8 members of the Board of Directors of the Company.

In accordance with Israel's Companies Law and the regulations promulgated under the Companies Law, on June 29, 2000 the Board of Directors designated Irwin Federman and Ray Rothrock as Outside Directors. Both of the Outside Directors serve on the Company's statutory audit committee, and at least one Outside Director serves on each committee of the Board of Directors. The term of office of an Outside Director is three years, and an Outside Director can be removed from office only under very limited circumstances. Therefore, Messrs. Federman and Rothrock are not required to stand for reelection at the Meeting. Biographical information concerning Messrs. Federman and Rothrock follows for informational purposes only.

Irwin Federman has served as a Director of the Company since November 1995. Mr. Federman has been a General Partner of U.S. Venture Partners, a venture capital firm, since April 1990. Mr. Federman is a Director of Centillum Communications, Inc., Netro Corporation, Nuance Communications, Inc., SanDisk Corporation and a number of private companies. Mr. Federman received a B.S. in Economics from Brooklyn College.

Ray Rothrock has served as a Director of the Company since November 1995. Mr. Rothrock has been a member of Venrock Associates, a venture capital firm, since 1988 and a General Partner of Venrock Associates since 1995. Mr. Rothrock is director of a number of private companies. Mr. Rothrock received a B.S. in engineering from Texas A&M University, an M.S. from the Massachusetts Institute of Technology and an M.B.A. from the Harvard Business School.

Shareholders are being asked to reelect the current Directors, other than the Outside Directors. Management recommends that the following six nominees be elected to the Board of Directors at the Meeting, each to serve until the next annual meeting of shareholders.

Gil Shwed, a co-founder of the Company, is Chairman of the Board of the Company, a position he has held since July 1998, and is also the Company's Chief Executive Officer and a Director of the Company, both of which positions he has held since the Company's inception in July 1993. Mr. Shwed also served as President of the Company from its inception until 2001.

Marius Nacht, a co-founder of the Company, is Vice Chairman of the Board of the Company and has served as the Company's Senior Vice President since January 1, 1999. Mr. Nacht served as the Company's Vice President of International Operations from September 1995 until December 1998, and from July 1993 to September 1995 Mr. Nacht served as a Vice-President of the Company. Mr. Nacht has served as a Director of the Company since its inception in July 1993. Mr. Nacht received a Masters degree in Electrical Engineering and Communication Systems from Tel Aviv University, as well as a B.S. in Physics and Mathematics from Hebrew University of Jerusalem.

Shlomo Kramer, a co-founder of the Company, served as the Company's Executive Vice President from October 1996 until December 1998, and served as Vice President of Product and Business Development from October 1995 to October 1996. From July 1993 to October 1995, Mr. Kramer served as a Vice President of the Company. Mr. Kramer has served as a Director of the Company since its inception in July 1993. Mr. Kramer received a Masters degree in Computer Science from Hebrew University of Jerusalem as well as a B.S. in Mathematics and Computer Science from Tel Aviv University.

David Rubner is Chairman and Chief Executive Officer of Rubner Technology Ventures Ltd. and General Partner in Hyperion Israel Advisors Ltd., a venture capital firm. From 1991 until 2000 he was President and Chief Executive Officer of ECI Telecommunications Ltd., Israel's largest high-tech company. Prior to his appointment he held the positions of Chief Engineer, Vice President of Operations and Executive Vice President and General Manager of the Telecommunications Division. Mr. Rubner is Chairman of the Board of ECTel Ltd. and serves on the boards of ECI Telecommunications Ltd., Koor Industries Ltd., IIS Intelligent Information Systems Ltd., Efcon Ltd., Allcharge Inc. and Jigami Corporation. Mr. Rubner holds a B.S. degree in Engineering from Queen Mary College, University of London and an M.S. degree from Carnegie Mellon University. Mr. Rubner is a member of the Presidium of the Electronics Industries Association and was recipient of the Industry Prize in 1995.

Dr. Tal Shavit is an organizational consultant who heads her own consulting firm, "Insight", which she founded 12 years ago. Dr. Shavit specializes in consulting to global high-tech companies, as well as venture capitalists and start-ups, on international collaboration, mergers and acquisitions, and rapid organizational growth. She also lectures at the Technion-Israel Institute of Technology and the New York Polytechnic University on issues relating to high-tech management.

Alex Serge Vieux is Chief Executive Officer of DASAR Brothers, Inc., which he founded in 1989, the owner of ETRÉ, the European Technology Roundtable Exhibition. He is a member of the board of several public and private technology companies in the United States (Saqqara, NextAge) and Europe (BVRP Software, Sevonius, Kyriba), and has served as a senior advisor to both government and industry. Mr. Vieux is currently a visiting professor at the French University Paris Dauphine, where he is teaching telecommunications in the United States. Mr. Vieux is a graduate of the Institut d'Etudes Politiques in Paris and HEC. He also holds a law degree from the Université de Paris II-Assas and an M.B.A. from Stanford University, where he was a Fulbright Scholar.

It is the intention of the persons appointed as proxies in the accompanying proxy card to vote FOR the election of the nominees named above as Directors unless specifically instructed to the contrary. Management knows of no current circumstances that would render any nominee named herein unable to accept nomination or election.

**ITEM 2 - PROPOSAL TO RATIFY THE
APPOINTMENT AND COMPENSATION OF
THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Directors has appointed the accounting firm of Kost Forer & Gabbay, a member of Ernst & Young International, as the independent public accountants of the Company for the year ending December 31, 2001. Kost Forer & Gabbay have audited the Company's books and accounts since its inception.

The Board of Directors will present the following resolution at the Meeting:

“RESOLVED, that the appointment of Kost Forer & Gabbay, a member of Ernst & Young International, as the Company's independent public accountants for the fiscal year ending December 31, 2001 be, and it hereby is, ratified, and the Board of Directors be, and it hereby is, authorized to fix the remuneration of such independent public accountants in accordance with the volume and nature of their services.”

The affirmative vote of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting thereon is necessary for the approval of the resolution to ratify the appointment of the Company's independent public accountants. **The Board of Directors recommends that the shareholders vote “FOR” the ratification of the appointment of the Company's independent public accountants.**

**ITEM 3 - PROPOSAL TO RATIFY THE INDEMNIFICATION,
EXCULPATION AND INSURANCE OF DIRECTORS**

The Israeli Companies Law and the Company's Articles of Association permit the indemnification, exculpation and insurance of office holders of the Company to the fullest extent permitted by law. Under Israeli law, the Company may indemnify a director after the fact, and may undertake to indemnify a director in advance provided that the undertaking is limited to types of occurrences which, in the opinion of the Company's Board of Directors, are foreseeable and to an amount the Board of Directors has determined is reasonable in the circumstances. An undertaking in advance to provide an indemnity to the directors of the Company may require the approval of shareholders. The Companies Law also provides various limitations on the types of liability that may be indemnified, exculpated or insured.

The Board believes that providing indemnification, exculpation and insurance of directors is an important factor in attracting and retaining highly-qualified individuals to serve on the Company's Board of Directors and in motivating such individuals to devote their maximum efforts toward the advancement of the Company. The Company's Audit Committee and Board of Directors have approved the indemnification, exculpation and insurance of the Company's directors, subject to certain limitations, effective with respect to each director as of the date that he or she first serves as a director of the Company. The Company has also purchased a liability insurance policy for the benefit of the Company's directors. Shareholders are now being asked to ratify the indemnification and exculpation agreements in the form of the agreement attached as Exhibit A, and the purchase of the liability insurance.

The Board of Directors will present the following resolutions at the Meeting:

“RESOLVED, that the Company's undertaking to enter into an Indemnification and Exculpation Agreement with each of the Company's directors, in the form of the agreement attached as Exhibit A, be, and it hereby is, ratified; and

“FURTHER RESOLVED, that that the Company's purchase of liability insurance coverage for the benefit of the Company's directors, with maximum coverage in such amount as may be determined from time to time by the Board of Directors to be reasonable under the circumstances, be, and it hereby is, ratified; and

“FURTHER RESOLVED, that for the purposes of the foregoing resolutions, the term ‘director’ shall include all present and future directors of the Company (and its subsidiaries and affiliates) as shall serve from time to time.”

The affirmative vote of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting thereon is necessary for the approval of the resolution to ratify the indemnification agreements with the Company’s directors. Since Messrs. Shwed and Nacht are directors of the Company and may be deemed to be controlling shareholders of the Company under Israeli law, a special majority vote will be required for approval of this proposal as it relates to them: In order to ratify the indemnification agreements with Messrs. Shwed and Nacht, the affirmative vote of the Ordinary Shares must include at least one-third of the Ordinary Shares voted by shareholders who do not have a personal interest in the matter, or the total shares of non-interested shareholders voted against this proposal do not represent more than one percent of the outstanding Ordinary Shares. For this purpose, all shareholders are asked to indicate on the enclosed proxy card whether or not they have a personal interest in this proposal. Under the Israeli Companies Law, 5759-1999, a “personal interest” includes a personal interest of (i) any members of the shareholder’s immediate family (or their spouses), and (ii) a company in which the shareholder (or a member of the shareholder’s immediate family) serves as a director or chief executive officer, has the right to appoint a director or the chief executive officer, or owns 5% or more of the outstanding shares; a personal interest does not include an interest arising solely from the ownership of shares in a company. **The Board of Directors recommends that the shareholders vote “FOR” the ratification of the indemnification, exculpation and insurance of the Company’s directors.**

**ITEM 4 - PROPOSAL TO APPROVE CERTAIN TERMS
OF COMPENSATION OF OFFICERS
WHO ARE ALSO DIRECTORS OF THE COMPANY**

Under Israel’s Companies Law, the payment of compensation to Directors of the Company, whether in their capacity as Directors or otherwise, requires shareholder approval. Gil Shwed and Marius Nacht, who are Directors of the Company, are also the President and Chief Executive Officer, and Senior Vice President, respectively, of the Company.

It is therefore proposed that the shareholders approve the compensation of these officers (who are also Directors) for their services as officers, in the amounts to be presented at the Meeting, as approved by the Board of Directors of the Company.

The affirmative vote of the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon is necessary for the approval of the resolution to approve the compensation of the officers of the Company who are also Directors. **The Board of Directors recommends that the shareholders vote “FOR” the approval of the resolution to approve the compensation of the officers of the Company who are also Directors.**

By Order of the Board of Directors.



GIL SHWED

Chairman of the Board of Directors

Dated: July 26, 2001

FORM OF DIRECTOR INDEMNIFICATION AND EXCULPATION AGREEMENT

AGREEMENT, dated as of _____, 200_, between Check Point Software Technologies Ltd., an Israeli company (the “**Company**”), and [insert name of director], a director of the Company (the “**Indemnitee**”).

WHEREAS, the Indemnitee is a director of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors of public companies;

WHEREAS, the Articles of Association of the Company authorize the Company to indemnify directors; and

WHEREAS, in recognition of Indemnitee’s need for substantial protection against personal liability in order to assure Indemnitee’s continued service to the Company in an effective manner and Indemnitee’s reliance on the aforesaid Articles of Association and, in part, to provide Indemnitee with specific contractual assurance that the protection afforded by the Articles of Association will be available to Indemnitee (regardless of, among other things, any change in the composition of the Company’s Board of Directors or any acquisition of the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses (whether partial or complete) to Indemnitee to the fullest extent permitted by law and as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and of the Indemnitee’s continuing to serve the Company directly or, at its request, with another entity, and intending to be legally bound hereby, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS

- 1.1. Change in Control: shall be deemed to have occurred if: (i) any “person” (as such term is used in Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company’s then outstanding voting securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company’s shareholders was approved by a majority of the directors then still in office who either were directors at the beginning of the period of whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company’s assets.

- 1.2. Expenses: includes reasonable costs of litigation, including attorney's fees, expended by the Indemnitee or for which the Indemnitee has been charged by a court. Expenses shall also include any security or bond that the Indemnitee may be required to post in connection with an Indemnifiable Event (as defined below).
- 1.3. Office Holder: as such term is defined in the Israeli Companies Law, 5759-1999.

2. **INDEMNIFICATION AND ADVANCEMENT OF EXPENSES**

- 2.1. The Company hereby undertakes to indemnify the Indemnitee to the fullest extent permitted by applicable law, for any liability and Expense that may be imposed on Indemnitee due to an act performed or failure to act by him in his capacity as an Office Holder of the Company or any subsidiary of the Company or any entity in which Indemnitee serves as an Office Holder at the request of the Company either prior to or after the date hereof for (the following shall be hereinafter referred to as "Indemnifiable Events"):
 - 2.1.1. monetary liability imposed on the Indemnitee in favor of a third party in a judgment, including a settlement or an arbitral award confirmed by a court, for an act that the Indemnitee performed by virtue of being an Office Holder of the Company; and
 - 2.1.2. reasonable costs of litigation, including attorneys' fees, expended by the Indemnitee or for which the Indemnitee has been charged by a court, in an action brought against the Indemnitee by or on behalf of the Company or a third party, or in a criminal action in which the Indemnitee was found innocent, or in a criminal offense in which the Indemnitee was convicted and in which a proof of criminal intent is not required.
- 2.2. The indemnification undertaking made by the Company shall be only with respect to such events as are described in Schedule A hereto. The maximum amount payable by the Company under this Agreement shall not exceed one-half of the shareholders' equity of the Company, measured by the balance sheet of the Company last published prior to the time that notice is provided to the Company pursuant to Section 8 below.
- 2.3. If so requested by the Indemnitee, the Company shall advance an amount (or amounts) estimated by it to cover Indemnitee's reasonable litigation Expenses, with respect to which the Indemnitee is entitled to be indemnified under Section 2.1 above.
- 2.4. The Company's obligation to indemnify the Indemnitee and advance Expenses in accordance with this Agreement shall be for such period as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding or any inquiry or investigation, whether civil, criminal or investigative, arising out of the Indemnitee's service in the foregoing positions, whether or not the Indemnitee is still serving in such positions.
- 2.5. The Company undertakes that as long as it may be obligated to provide indemnification and advance Expenses under this Agreement, the Company will purchase and maintain in effect directors and officers liability insurance to cover the liability of the Indemnitee to the fullest extent permitted by law.

3. **GENERAL LIMITATIONS ON INDEMNIFICATION**

- 3.1. If, when and to the extent that the Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by the Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (unless the Indemnitee has commenced legal proceedings in a court of

competent jurisdiction to secure a determination that the Indemnitee should be indemnified under applicable law, in which event the Indemnitee shall not be required to so reimburse the Company until a final judicial determination is made with respect thereto as to which all rights of appeal therefrom have been exhausted or lapsed) and shall not be obligated to indemnify or advance any additional amounts to the Indemnitee (unless there has been a determination by a court or competent jurisdiction that the Indemnitee would be permitted to be so indemnified under this Agreement).

- 3.2. Change in Control of Company. The Company undertakes that in the event of a Change in Control of the Company, the Company's obligations under this Agreement shall continue to be in effect following such Change in Control, and the Company shall take all necessary action to ensure that the party acquiring control of the Company shall independently undertake to continue in effect such Agreement, to maintain the provisions of the Articles of Association allowing indemnification and to indemnify Indemnitee in the event that the Company shall not have sufficient funds or otherwise shall not be able to fulfill its obligations hereunder.

4. **NO MODIFICATION.**

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. Any waiver shall be in writing.

5. **SUBROGATION.**

In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

6. **REIMBURSEMENT.**

The Company shall not be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee to the extent the Indemnitee has otherwise actually received payment (under any insurance policy or otherwise) of the amounts otherwise indemnifiable hereunder. Any amounts paid to the Indemnitee under such insurance policy or otherwise after the Company has indemnified the Indemnitee for such liability or Expense shall be repaid to the Company promptly upon receipt by Indemnitee.

7. **EFFECTIVENESS.**

Subject to the receipt of all the required approvals in accordance with Israeli Law, including the approvals of the audit committee, the Board of Directors and, to the extent required, by the shareholders of the Company, this Agreement shall be in full force and effect as of the date hereof.

8. **NOTIFICATION AND DEFENSE OF CLAIM.**

Promptly after receipt by the Indemnitee of notice of the commencement of any action, suit or proceeding, the Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement hereof; but the omission so to notify the Company will not relieve it from any liability which it may have to the Indemnitee otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which the Indemnitee notifies the Company of the commencement thereof and without derogating from Section 2.1:

- 8.1. The Company will be entitled to participate therein at its own expense; and

- 8.2. Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense thereof, the Company will not be liable to the Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ his or her own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee, unless: (i) the employment of counsel by Indemnitee has been authorized by the Company; (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such action; or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have reached the conclusion specified in (ii) above.
- 8.3. The Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement.

9. **EXCULPATION**

The Company hereby exempts the Indemnitee, to the fullest extent permitted by law, from any liability for damages caused as a result of the Indemnitee's breach of the duty of care to the Company, provided that the Indemnitee shall not be exempt with respect to any action or omission as to which, under applicable law, the Company is not entitled to exculpate the Indemnitee.

10. **NON-EXCLUSIVITY.**

The rights of the Indemnitee hereunder shall not be deemed exclusive of any other rights he or she may have under the Company's Articles of Association or applicable law or otherwise, and to the extent that during the indemnification period the rights of the then existing directors and Office Holders are more favorable to such directors or Office Holders than the rights provided thereunder or under this Agreement to the Indemnitee, the Indemnitee shall be entitled to the full benefits of such more favorable rights.

11. **BINDING EFFECT.**

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an Office Holder or director of the Company or of any other enterprise at the Company's request, provided that the claim for indemnification relates to an Indemnifiable Event.

12. **SEVERABILITY.**

The provisions of this Agreement shall be severable in the event that any provision hereof (including any provision within a single section, paragraph or sentence) is held by a court of

competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

13. **GOVERNING LAW, JURISDICTION.**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of Tel-Aviv in any action related to this Agreement

14. **ENTIRE AGREEMENT AND TERMINATION.**

This Agreement represents the entire agreement between the parties; and there are no other agreements, contracts or understandings between the parties with respect to the subject matter of this Agreement. No termination or cancellation of this Agreement shall be effective unless in writing and signed by both parties hereto.

COMPANY

Name: _____

By: _____

Signature: _____

SCHEDULE A

1. Negotiations, execution, delivery and performance of agreements on behalf of the Company
2. Anti-competitive acts and acts of commercial wrongdoing
3. Acts in regard to invasion of privacy including with respect to databases and acts in regard of slander
4. Acts in regard to copyrights, patents, designs and any other intellectual property rights, and acts in regard to defects in the Company's products or services
5. Acts in regard to "Y2K" malfunctions
6. Approval of corporate actions including the approval of the acts of the Company's management, their guidance and their supervision
7. Claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care in regard to the Company's business
8. Claims relating to the offering of securities, claims relating to violations of securities laws of any jurisdiction and claims arising out of the Company's status as a publicly-traded company, including, without limitation, fraudulent disclosure claims, failure to comply with SEC disclosure rules and other claims relating to relationships with investors and the investment community
9. Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction
10. Claims in connection with publishing or providing any information, including any filings with governmental authorities, on behalf of the Company in the circumstances required under applicable laws
11. Violations of any law or regulation governing domestic and international telecommunications in any jurisdiction
12. Claims in connection with employment relationships with the Company's or its subsidiaries' employees.

