

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D  
(Amendment No. 2)

Under the Securities Exchange Act of 1934

DELTA GALIL INDUSTRIES LTD.

-----  
(Name of Issuer)

ORDINARY SHARES, PAR VALUE NIS 1 PER SHARE

-----  
(Title of Class of Securities)

None

-----  
(CUSIP Number)

Isaac Dabah  
GMM Capital, LLC  
c/o IID LLC  
689 Fifth Avenue, 14th Floor  
New York, NY 10022  
(212) 688-8288

-----  
(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)

With a copy to:  
Thomas W. Greenberg, Esq.  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
(212) 735-3000

August 30, 2005

-----  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. [ ]

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section of the Exchange Act but shall be subject to all other provisions of the Exchange Act (however, see the Notes).

<PAGE>

- 1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

GMM Capital, LLC

I.R.S. Identification No.: 72-6232404

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☐

(b) ☐

3. SEC USE ONLY

4. Source of Funds (See Instructions)

AF, BK

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to  
Items 2(d) or 2(e)

☐

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

0

Number of 8. Shared Voting Power  
Shares

Beneficially 5,086,981

Owned by

Each 9. Sole Dispositive Power

Reporting

Person with 0

10. Shared Dispositive Power

5,086,981

11. Aggregate Amount Beneficially Owned by Each Reporting Person

5,086,981

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

☐

13. Percent of Class Represented by Amount in Row (11)

27.2%\*

14. Type of Reporting Person (See Instructions)

OO

\* Based on 18,695,165 ordinary shares outstanding, excluding 1,206,802 ordinary shares held by the Company and excluding 45,882 ordinary shares held by a trustee in connection with Delta Galil's stock option plans.

<PAGE>

- 
1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)

GMM Trust  
I.R.S. Identification No.: 72-6232404

- 
2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☐  
(b) ☐

- 
3. SEC USE ONLY

- 
4. Source of Funds (See Instructions)

OO

- 
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

☐

- 
6. Citizenship or Place of Organization

New Jersey

- 
7. Sole Voting Power

0

- 
- Number of 8. Shared Voting Power  
Shares

Beneficially 5,086,981

Owned by

- 
- Each 9. Sole Dispositive Power

Reporting  
Person with 0

- 
10. Shared Dispositive Power

5,086,981

- 
11. Aggregate Amount Beneficially Owned by Each Reporting Person

5,086,981

- 
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

☐

- 
13. Percent of Class Represented by Amount in Row (11)

27.2%\*

- 
14. Type of Reporting Person (See Instructions)

OO

-----

\* Based on 18,695,165 ordinary shares outstanding, excluding 1,206,802 ordinary

shares held by the Company and excluding 45,882 ordinary shares held by a trustee in connection with Delta Galil's stock option plans.

<PAGE>

This Amendment No. 2 to Schedule 13D (this "Statement") relates to the ordinary shares, par value 1 NIS per share ("Ordinary Shares"), of Delta Galil Industries Ltd., an Israeli corporation (the "Company"). This Amendment amends (i) the initial statement on Schedule 13D, filed on August 17, 2005 (the "Initial Statement") jointly on behalf of GMM Capital, LLC ("GMM Capital"), a Delaware limited liability company and GMM Trust, a trust formed under the laws of the State of New Jersey ("GMM Trust", and together with GMM Capital, the "Reporting Persons") and (ii) Amendment No. 1 to the Initial Statement filed by the Reporting Persons on August 18, 2005 (the "First Amendment"). This Amendment is being filed by the Reporting Persons to report that the share purchase transaction described in the Initial Statement has closed. Capitalized terms used but not defined herein have the meanings ascribed to them in the Initial Statement or the First Amendment. The Initial Statement is hereby amended as follows:

#### Item 2. Identity and Background.

Item 2(b) is amended and restated as follows:

(b) The principal office of each of the Reporting Persons is located at c/o IID LLC, 689 Fifth Avenue, 14th Floor, New York, NY 10022. The names, business addresses and present principal occupations or employment of the trustees of GMM Trust are set forth on the attached Schedule I, which is incorporated herein by reference.

#### Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is amended and restated as follows:

The Reporting Persons entered into an agreement to acquire 4,256,537 Ordinary Shares (the "Purchased Shares") owned by Sara Lee International Corporation ("Sara Lee") pursuant to the transactions more fully described in Item 4 of this Statement for an aggregate purchase price of \$27,667,490.50 pursuant to a Share Purchase Agreement, dated as of August 15, 2005 (the "Share Purchase Agreement"), by and between GMM Capital and Sara Lee. GMM Capital funded the purchase price with capital provided by and on behalf of GMM Trust and through a loan obtained from United Mizrahi Bank Ltd. The loan is secured in part by a pledge of the Purchased Shares from GMM Capital. Copies of the loan agreement and pledge agreement are attached as Exhibits 4 and 5 hereto, respectively. The Reporting Persons hold an additional 830,444 Ordinary Shares which were acquired for cash through open market purchases for an aggregate purchase price of \$6,991,956.87, including brokerage fees and commissions.

#### Item 4. Purpose of Transaction.

Item 4 is hereby supplementally amended as follows:

On August 30, 2005, GMM Capital and Sara Lee consummated the transactions contemplated by the Share Purchase Agreement and GMM Capital purchased the Purchased Shares owned by Sara Lee for an aggregate purchase price of \$27,667,490.50, or \$6.50 per share. The purchase price was funded with a loan provided by United Mizrahi Bank Ltd., as more fully described in Item 3. Concurrently with the consummation of the transactions contemplated by the Share Purchase Agreement, GMM Capital and the Lautman Group entered into the Shareholders Agreement.

Item 5. Interest in Securities of the Issuer.

Item 5 is amended and restated in its entirety as follows:

(a) Based upon information set forth in the Company's Report on Form 20-F for the period ending December 31, 2004, there were 19,947,849 Ordinary Shares outstanding as of December 31, 2004, 1,206,802 of which were held by the Company as treasury shares and 45,882 of which were held by a trustee in connection with the Company's stock option plans. The Reporting Persons may be deemed to beneficially own 5,086,981 Ordinary Shares, or 27.2% of the outstanding Ordinary Shares. The persons set forth on Schedule I do not beneficially own any Ordinary Shares and expressly disclaim beneficial ownership of the Ordinary Shares deemed beneficially owned by the Reporting Persons.

(b) The Reporting Persons share the power to vote or to direct to vote and the share the power to dispose or to direct the disposition of all 5,086,981 Ordinary Shares that may be deemed beneficially owned by them. As a result of its ownership of GMM Capital, GMM Trust may be deemed to control the power to vote or direct the disposition of such Ordinary Shares. The persons set forth on Schedule I do not have the power to vote or to direct to vote or the power to dispose or to direct the disposition of any other Ordinary Shares and expressly disclaim beneficial ownership of the Ordinary Shares deemed beneficially owned by the Reporting Persons.

(c) Other than as set forth on Schedule II or in Item 4, during the past sixty days, there were no purchases of the shares of Common Stock, or securities convertible into or exchangeable for Ordinary Shares, by the Reporting Persons or any person or entity controlled by the Reporting Persons or any person or entity for which the Reporting Persons possess voting control over the securities thereof or, to the knowledge of the Reporting Persons, any person set forth on Schedule I. During such sixty day period, there were no sales of the shares of Common Stock, or securities convertible into or exchangeable for shares of Common Stock, by the Reporting Persons or any person or entity controlled by the Reporting Persons or any person or entity for which the Reporting Persons possess voting control over the securities thereof or, to the knowledge of the Reporting Persons, any person set forth on Schedule I.

(d) No person (other than the Reporting Persons) is known by the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Ordinary Shares referenced in this Statement.

(e) Not applicable.

Item 7. Material to be Filed as Exhibits.

Item 7 is supplementally amended as follows:

4. Loan Agreement, dated as of August 30, 2005 between United Mizrahi Bank Ltd. and GMM Capital LLC
5. Securities Pledge Deed, dated as of August 30, 2005 between GMM Capital LLC and United Mizrahi Bank Limited

<PAGE>

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I

certify that the information set forth herein is true, complete and correct.

GMM CAPITAL LLC

By: /s/ Isaac Dabah

-----  
Name: Isaac Dabah  
Title: Executive Director

GMM TRUST

By: /s/ Isaac Dabah

-----  
Name: Isaac Dabah  
Title: Trustee

Dated: September 1, 2005

<PAGE>

SCHEDULE II

Purchases by GMM Capital:

Date of Acquisition	Number of Shares Purchased	Price Per Share (\$)
8/16/05	74,000	7.395
8/16/05	2,500	7.53
8/17/05	105,154	7.955
8/17/05	3,000	8.03
8/18/05	10,967	8.046
8/18/05	198	8.04
8/22/05	26,960	7.67
8/23/05	32,000	7.63
8/25/05	11,614	7.19
8/29/05	70,000	7.21

<PAGE>

EXHIBIT INDEX

4. Loan Agreement, dated as of August 30, 2005 between United Mizrahi Bank Ltd. and GMM Capital LLC
5. Securities Pledge Deed, dated as of August 30, 2005 between GMM Capital LLC and United Mizrahi Bank Limited

</TEXT>

</DOCUMENT>  
<DOCUMENT>  
<TYPE>EX-99  
<SEQUENCE>2  
<FILENAME>ny526741.txt  
<DESCRIPTION>EXHIBIT 4 - LOAN AGREEMENT  
<TEXT>

Exhibit 4

-----  
L O A N   A G R E E M E N T

This Loan Agreement (hereinafter; the "Agreement") is made as of the 30th day of August, 2005, (hereinafter; the "Signing Date") between UNITED MIZRAHI BANK LTD., a banking institution duly incorporated and existing under the laws of the State of Israel, 7 Zabolinsky Street, Ramat Gan ISRAEL, (hereinafter; the "Bank") and GMM Capital LLC, a company duly incorporated and existing under the laws of the State of Delaware, U.S.A., having its registered office at 689 Fifth Avenue, New York, New York (hereinafter; the "Borrower").

WHEREAS, the Borrower is a holding company having, as of the Signing Date, assets in the aggregate amount of not less than \$100,000,000 (One Hundred Million US Dollars).

WHEREAS, on August 15, 2005 the Borrower entered into a share purchase agreement with Sara Lee International Corporation ("SLIC"), a Maryland corporation, a copy of which is attached hereto as Appendix A, for the purchase of 4,256,537 (Four Million Two Hundred and Fifty Six Thousand Five Hundred and Thirty Seven) ordinary shares (hereinafter, the "Delta Shares") of Delta Galil Industries Ltd., a public Israeli Company (company number 520025602), (hereinafter, "Delta") for a price per share of \$6.50 (Six US Dollars and Fifty Cents), the closing of which (the "Closing") shall take place not later than August 30, 2005 ("The SLIC Agreement").

WHEREAS, Delta is listed for public trading on both the Tel Aviv Stock Exchange ("TASE") and the Nasdaq Stock Market ("NASDAQ"), and its shares, including the Delta Shares, are duly registered and freely tradable pursuant to an effective registration statement on both TASE and NASDAQ.

WHEREAS the Borrower has requested that the Bank grant it a loan for the leveraged financing of the Delta Shares in an amount not to exceed 70% (seventy per cent) of the aggregate purchase price and overall amounts payable by the Borrower on account of the Delta Shares which is, in the aggregate, the amount of US\$19,367,243.35 (Nineteen Million Three Hundred and Sixty Seven Thousand Two Hundred and Forty Three United States Dollars and Thirty Five Cents), payable with interest, commissions and expenses in accordance with the terms and conditions set forth below (hereinafter; the "Loan");

WHEREAS the Bank is prepared to grant the Borrower the Loan upon the terms and conditions hereinafter stipulated;

NOW, THEREFORE, IT IS HEREBY AGREED AND DECLARED BETWEEN THE PARTIES AS FOLLOWS:

1. The Preamble hereto and the representations contained therein constitute an integral part hereof and the parties enter into this Agreement in reliance thereon.
2. Subject to the conditions set forth herein, the Bank hereby agrees to grant to the Borrower and the Borrower hereby agrees to borrow from

the Bank, the Loan the principal of which is in the aggregate amount of US\$19,367,243.35 (Nineteen Million Three Hundred and Sixty Seven Thousand Two Hundred and Forty Three United States Dollars and Thirty Five Cents) (the "Principal") payable with interest, commissions and expenses in accordance with the terms and conditions set forth below.

3. (a) The Bank shall make the Loan available to the Borrower upon Closing of the Agreement with SLIC; provided that:
    - (i) the obligations and conditions set forth in Clauses 9 and 10 hereof have been fulfilled to the satisfaction of the Bank prior to and upon the Closing, and
    - (ii) that none of the Events of Default set forth in Clause 11 shall have occurred, and
    - (iii) that all the representations, warranties and covenants set forth herein shall be valid, binding and accurate.

The date on which the conditions specified in Clause 3 (a) (i) - (iii) shall occur shall be referred to hereinafter as the "Effective Date".
  - (b) The Loan shall be deemed to have been made available and granted to the Borrower upon the crediting of account number 122222 maintained at the 495 branch of the Bank (the "Account") in the aggregate amount of the Principal.
  - (c) The Principal may not be withdrawn by the Borrower from the Account without the prior written consent of the Bank and then, only for the purchase of the Delta Shares. The Bank shall not be required to release or enable the use of any of the funds in the Account unless it has been provided with assurances which are satisfactory to the Bank, in its sole discretion, that the full amount of the Principal shall only be used for the purchase of the Delta Shares in accordance with the terms hereof and only after the deposit in the Account by the Borrower of the difference between the Principal and the aggregate purchase price of the Delta Shares, in the amount of not less than US\$8,300,247.15 (Eight Million Three Hundred Thousand Two Hundred and Forty Seven United States Dollars and Fifteen Cents) (the "Equity Purchase Price"). The Bank may also determine the manner of enabling the Borrower to withdraw funds from the Account as it deems appropriate to ascertain that the Principal and the Equity Purchase Price, such as to require the Borrower to effect a wire transfer to the Sara Lee Account (as defined below) or to draw a Cashier's Check to the order of Sara Lee International Corporation.
  - (d) The Loan shall be provided for an 84 (eighty four) month period, and shall be repaid in accordance with the provisions set forth below.
4. (a) On August 29, 2005, the Borrower paid to the Bank an amount equal to 0.25% (Point twenty five per cent) of the Principal in the aggregate amount of \$48,418 (Forty Eight Thousand Four Hundred and Eighteen US Dollars) which is non-refundable and not contingent on the occurrence of any event or the provision of the Loan by the Bank to the Borrower and was paid solely as an incentive to the Bank to agree to execute and deliver this



Agreement for the grant of the Loan to the Borrower in accordance herewith.

(b) The Borrower shall repay the Principal to the Bank as follows:

- (i) during the first 12 month period following the Effective Date, no payment on account of the Principal shall be required unless otherwise provided for hereunder.
- (ii) following the first 12 month period, the Principal shall be repaid to the Bank in 24 (twenty four) equal, successive, quarterly payments, on the last day of every calendar quarter. Any outstanding and unpaid Principal shall be repaid to the Bank by the Borrower not later than August 30, 2012.

5. (a) The Borrower shall pay interest as calculated on a daily basis by the Bank on the outstanding balance of the Loan including without limitation the outstanding Principal and any due but unpaid commissions, interest or expenses at a rate (hereinafter the "Interest Rate") of LIBOR + 2.5% (Two Point Five per cent) per annum (the "Interest");

In the event the Delta Shares are removed or otherwise cease to be listed for trade on either NASDAQ or TASE (a "Delisting Event"), and, as a result of such Delisting Event, the average daily trading volume of the shares of Delta on the remaining exchange market, as calculated over the 30 (thirty) day period following or any time thereafter such Delisting Event is below NIS 500,000 (Five Hundred Thousand New Israeli Shekels), the Bank shall be entitled, by written notice, to:

- (i) increase the Interest Rate up to LIBOR + 4% (Four per cent) for such period of time until the Borrower provides additional collateral to the Bank as specified in sub-paragraph (ii) below ; or,
  - (ii) require the Borrower to provide to the Bank additional collateral and security for the repayment of the Loan and any other payment hereunder or under the Ancillary Agreements, as the Bank may deem appropriate.
- (b) The Interest shall be payable on the last day of every calendar quarter following the Effective Date (hereinafter; the "Loan Interest Payment Date"). The first Loan Interest Payment Date shall be September 30, 2005.
- (c) The Interest Rate in respect of the principal amount and any due and unpaid Interest and other accruals (if any) on the Loan shall be determined once every three months in advance, depending on availability, by reference to the LIBOR, on the respective Date of Determination, as hereinafter defined, and shall be calculated on the balance thereof from time to time outstanding during the next period of three months (each such period hereinafter; a "Loan Interest Period").
- (d) For the purpose of determining and calculating the Interest Rate, "LIBOR" shall mean the annual rate of interest on the Date of Determination offered in the London Interbank Market for deposits in US Dollars for a period equal to the Loan Interest

Period as used by the Bank in the ordinary course of business and as determined by the Bank in its sole discretion.

- (f) "Date of Determination" shall mean the Business Days prior to the commencement of any Loan Interest Period.
  - (g) For the purposes hereof, the term "Business Day" shall mean a day of the year other than a Saturday or Sunday or a day on which banks in Israel or London are authorized or required to remain closed.
  - (h) All computations of interest hereunder including, without limitation, the Interest, shall be made by the Bank on the basis of a 360 day (90 day quarters) year, for the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable
  - (i) Whenever any payment to be made hereunder shall be stated to be due, or whenever the last day of any Loan Interest Period would otherwise occur on a day other than a Business Day, such payments shall be made, and the last day of such Loan Interest Period shall occur, on the next succeeding Business Day. Any such change in time of payment shall be taken into account in the computation of payment of interest.
6. (a) Giving not less than 30 (thirty) Business Days' prior written notice, the Borrower may prepay all or any part of the Principal on any Loan Interest Payment Date or all, subject to the payment of a penalty, equal to (i) the difference between the Bank's cost of funds at the repayment date and the Interest Rate at that time, multiplied by the principal amount being prepaid and multiplied further by the (average) remaining period of the Loan granted; plus (ii) a fixed fee at the rate of 0.2% flat of the amount of Principal that has been repaid on the prepayment date. Each prepayment made pursuant to this Agreement may not be borrowed again hereunder and any notice of prepayment given by the Borrower shall be irrevocable and the Borrower shall be bound to prepay in accordance with such notice. An example of the calculation of the foregoing penalty is as set forth in Schedule A attached hereto.
- (b) Whenever the Borrower is overdue in repaying any of the payments due and payable by it under this Agreement, the Bank shall charge the Borrower with respect to any such overdue payment, in addition to the Interest, interest with arrears at two percent (2%) above the Interest Rate determined pursuant to Clause 5 herein for the first 30 (thirty) days the payment is overdue and at five percent (5%) above the Interest Rate determined pursuant to Clause 5 herein for the period thereafter. Interest with Arrears may be capitalized by the Bank periodically once every month, as determined by the Bank at its sole discretion.
7. (a) The Borrower's obligation to repay the Principal, any amount of Interest and/or commissions and/or other amounts in connection with the Loan shall be absolute and unconditional, regardless of any law, regulation or decree now or hereafter in effect in any country or other jurisdiction (including, without limitation, restrictions on payments in any currency) which might render invalid or unenforceable, or otherwise alter or affect in any manner, any of the terms and conditions of the Loan granted

pursuant to this Agreement or any rights or obligations hereunder, and all payments by the Borrower shall be made in full without set-off or counterclaim.

- (b) All payments required to be made under this Agreement shall be made to the Bank free of any taxes, deductions or charges and without set-off or counterclaim, in lawful and freely transferable currency and in funds available to the Bank or at any other place nominated by the Bank. All payments made to the Bank on account of the Loan shall be in the same currency as the Loan shall be provided by the Bank.
- (c) If the Borrower is prevented by law or the operation of law from effecting payment, free of any deduction, taxes, duties, fees, costs or other charges, or from paying, causing to be paid or remitting the same, the payment of Interest under this Agreement shall be increased to such amount as is necessary to yield and remit to the Bank interest at the rate specified in this Agreement after provision for payment of such deduction, taxes, duties, fees, costs or other charges. The Borrower shall, at the request of the Bank, execute and deliver to the Bank such instruments as may be necessary or desirable to give full force and effect to such increase in any Interest Rate.
- (d) In the event that any law or regulation shall be interpreted by any governmental authority charged with the administration thereof to:
  - (i) Subject the Bank to any form of tax payable in respect of this Agreement or to any tax with respect to payments of the Principal or the Interest or to change the basis of taxation of payments to the Bank of the Principal or the Interest (except for taxes on the overall income of the Bank); or
  - (ii) Impose, modify or deem applicable any reserve requirements over and above those currently prevailing, if any, against assets held by, or deposits on or for the account of, or loans received by the Bank; or
  - (iii) Impose, modify or deem applicable any withholding tax against Interest payable by the Bank on deposits or loans received by the Bank other than as applicable as of the Signing Date; or
  - (iv) Impose on the Bank any other condition with respect to this Agreement,

and the result of any of the foregoing shall, in the opinion of the Bank, be to increase the cost to the Bank of proving and maintaining the Loan by an amount which the Bank deems to be material, then, upon demand being made to the Borrower by the Bank, the Borrower shall pay to the Bank that amount which shall compensate the Bank for such additional cost in respect of the Loan. The Bank shall use its best efforts promptly to notify the Borrower of any event which may entitle the Bank to payment pursuant to the preceding sentence but failure by the Bank to give any such notification shall in no way prejudice its rights hereunder. A certificate by a duly authorised officer of the Bank, setting forth the amount of such payment and the basis

therefor shall be sent by the Bank to the Borrower and shall, except in the case of manifest error, be prima facie evidence of such amount.

8. In addition to any other payment payable hereunder or otherwise payable by the Borrower to the Bank, the Borrower hereby undertakes and agrees to pay the Bank an Upside Fee in accordance with and subject to the Upside Fee Agreement attached hereto as Appendix B (the "Upside Fee Agreement"); The Upside Fee Agreement shall remain in full force and effect notwithstanding the repayment of the Loan.
9. (a) The Borrower hereby undertakes to fulfill all the following preconditions and to furnish to the Bank the following securities, upon or prior to the Effective Date and/or as security for the full and punctual payment of all sums now or hereafter to become due to the Bank by the Borrower:
  - (i) A first ranking charge and pledge, unlimited in amount, on the Delta Shares as security for the repayment of the Loan. Such charge and pledge on the Delta Shares shall also apply to any dividend or other distributions paid on account of such shares.
  - (ii) The Delta Shares shall be transferred from SLIC to the Borrower at the Closing, including the endorsement of the Share Certificate by SLIC to the Borrower. Concurrent therewith, the Borrower shall deliver the share certificate representing the Delta Shares as endorsed by SLIC to the Borrower to Delta for cancellation and Delta shall issue a new share certificate in the name of the Borrower representing the Delta Shares as held by the Borrower, which shall then be deposited with the Bank. The foregoing shall, for all intents and purposes, be deemed to have taken place and occurred simultaneously and no single event shall have been deemed to occur until the other has occurred.
  - (iii) The Borrower shall irrevocably instruct Delta to transfer and hereby agrees that all dividends and distributions on account of the Delta Shares shall be paid solely to the Account.
  - (iv) A first ranking charge and pledge, unlimited in amount, on the Account as security for the repayment of the Loan. (the pledges referenced in Section 9 (a) above shall hereinafter be referred to as the "Pledge").
  - (v) The Borrower shall deposit and maintain for the term of the Loan, in an account designated by the Bank other than the Account, cash, stocks and debentures tradable without restriction on major stock markets (including the Habas shares owned by the Borrower which are traded on the Tel Aviv Stock Exchange) in net value of at least \$5,000,000 (Five Million US Dollars) and they shall at times be free and clear of any liens, charges, encumbrances, pledges or surety. The determination of the value of cash equivalents for the purpose hereof shall be at the sole and independent discretion of the Bank and may be altered from time to time.

- (vi) Mr. Isaac Dabah, passport number xxxx, of xxxx, New York, New York, the Managing Director of the Borrower, shall execute and deliver to the Bank an undertaking letter in the form attached hereto as Appendix C (the "Dabah Letter").

The fulfilling of such preconditions and the furnishing of all securities shall be deemed a prerequisite for the granting of the Loan by the Bank to the Borrower.

- (b) The full and punctual payment of all sums currently due, or hereafter due and payable to the Bank from the Borrower hereunder, shall be secured by any and all securities given or to be given to the Bank from time to time by the Borrower and/or for the Borrower.
  - (c) The Borrower shall execute and deliver to the Bank the Securities Pledge Deed in the form attached hereto as Appendix D (the "Securities Pledge Deed") and the Account Pledge Deed in the form attached hereto as Appendix E (the "Account Pledge Deed").
  - (d) The Borrower shall execute and deliver to the Bank the Upside Fee Agreement.
10. The Loan shall be granted by the Bank to the Borrower subject to the occurrence and fulfillment of all the following preconditions by the Borrower, to the satisfaction of the Bank;
- (a) The creation and perfection of the Pledge pursuant to the Securities Pledge Deed and the perfection of the pledge of the Account pursuant to the Account Pledge Deed;
  - (b) The market value of the Delta Shares shall not be less than US\$27,667,490.5 (Twenty Seven Million Six Hundred and Sixty Seven Thousand Four Hundred and Ninety United States Dollars and Fifty Cents) on the Effective Date.
- The Delta Shares shall be pledged in accordance with Israeli law at the Israeli Registrar of Pledges and in any other manner required pursuant to any other laws applying to the Borrower as pledgor of such shares, and to the shares in the sole discretion of the Bank. Upon the registration of the Delta Shares for trade, they shall be deposited in the Account and secured under the Account Pledge Deed and the Securities Pledge Deed.
- (c) The receipt by the Bank of the Dabah Letter duly executed by Mr. Dabah.
  - (d) The receipt by the Bank of a certificate from the Accountants of the Borrower listing all the assets, liabilities and undertakings of the Borrower and representing that the aggregate net assets of the Borrower is not less than \$100,000,000 (One Hundred Million United States Dollars).
  - (e) The receipt by the Bank of a certificate from the Borrower confirming that the SLIC Agreement attached hereto as Appendix A is a true copy of the original executed agreement and that no other consideration in any form has been paid or undertaken to be paid by the Borrower or its affiliates to SLIC or its

affiliates, except as provided in the agreement with SLIC.

- (f) The Borrower shall furnish the Bank with an up-to-date certified copy of its incorporation documents together with a legal opinion in the form attached hereto as Appendix F with respect to the Borrower, confirming that the Delta Shares and the Account have been duly and validly pledged by the Borrower to the Bank, that the Upside Fee Agreement, the Pledge, the Securities Pledge Deed, the Account Pledge Deed, the SLIC and all other Ancillary Agreements are valid, binding and enforceable against the Borrower and that the Dabah Letter is a valid and binding undertaking of Mr. Dabah and enforceable against Mr. Dabah in accordance therewith.
  - (g) The receipt by the Bank of irrevocable instructions given by the Borrower to Delta to deposit all the dividends and distributions in connection with Delta Shares in the Account only, such irrevocable instructions to be confirmed and approved by Delta.
  - (h) The deposit of the Equity Purchase Price into the Account by the Borrower.
  - (i) At the Closing the Bank shall receive from Delta a share certificate in the name of the Borrower, for the Delta Shares, duly executed by the authorized signatories of Delta, in the name of the Borrower (the "Share Certificate"), to be held as collateral and surety for the full and timely repayment of the Loan, the Interest, the Upside Fee and any other payment payable hereunder.
  - (j) The Borrower shall execute in blank and deliver to the Bank 5 (five) share transfer deeds, in the form attached hereto as Appendix G, for use by the Bank upon the realization of the Pledge.
  - (k) The Borrower shall deliver to the Bank the resolution of the Borrower executed by the manager of the Borrower approving this Agreement and all the Ancillary Agreements and all the transactions contemplated hereby, including the receipt of the Loan, the grant of the Pledge and the payment of the upside fee pursuant to the Upside Fee Agreement, in the form satisfactory to the Bank.
11. Upon the occurrence of any one of the events specified below or the occurrence of any event that, in the reasonable opinion of the Bank, and at its sole discretion, may cause or is likely to lead to the occurrence of any one of the events specified below, the Bank will be entitled without thereby prejudicing any other right of the Bank under this Agreement or any Ancillary Agreement, after having provided at least fifteen (15) days advance notice to the Borrower (other than as stipulated in the Securities Pledge Agreement) to declare the outstanding amount of the Loan and any amount owing to the Bank from the Borrower on account of the Loan or in accordance with other liabilities or undertakings of the Borrower to the Bank, in whole or in part, to be immediately due and payable, such declaration to be effective immediately, shall thenceforth become immediately due and repayable to the Bank until the repayment thereof in full:
- (a) In the event any sum due from the Borrower to the Bank on account of the Loan and/or other loan agreements which may be

entered into between the Borrower and the Bank is not paid when due, and such sum is not paid within 5 (five) Business Days after receipt by the Borrower of written notice from the Bank with respect thereto; or

- (b) In the event an order shall be made or a resolution passed for the winding up of the Borrower or the shareholders of the Borrower or if events occur which, at the sole discretion of the Bank, may lead to the insolvency, liquidation or dissolution of the Borrower and/or the shareholders and/or the beneficial shareholders of the Borrower; or
- (c) In the event a temporary or permanent receiver, trustee or similar officer is appointed over any of the assets of the Borrower and such appointment is not cancelled within 60 (sixty) days; or
- (d) In the event the Borrower commits an act of bankruptcy; enters into a scheme or arrangement with its creditors; or convenes a meeting for the purpose of entering into a scheme or arrangement with its creditors; petitions a court for the purpose of approving a scheme or arrangement with its creditors; or admits its inability to pay its debts when due and such inability to pay shall continue for a period of 60 (sixty) days and/or immediately if the Borrower is declared bankrupt or is subject to any insolvency, bankruptcy, receivership or composition proceedings; or
- (e) In the event any representation, warranty, statement or opinion made by the Borrower pursuant to this Agreement is or proves to have been incorrect or inaccurate when made, or ceases to be correct and true thereafter for the duration of this Agreement, or the Borrower is in breach of any undertaking, obligation or agreement hereunder; or
- (f) In the event any attachment or garnishee order is levied or enforced against any property or rights of the Borrower or execution proceedings be issued against the Borrower which shall materially affect the ability of the Borrower to meet his liabilities and shall not be discharged within 60 (sixty) days; or
- (g) In the event all or a significant majority of the collateral that secures the Borrower's obligations to the Bank so that the Bank holds collateral, the market value of which is less than 100% of the outstanding Principal of the Loan as a result of it being (i) claimed or seized by a third party; (ii) destroyed; (iii) materially diminished in value or liquidity; (iv) becomes non-enforceable; (v) non-realizable in any manner; (vi) nullified; or (vii) revoked; or, in the event of that the market value of the Delta Shares are below the thresholds set forth in, and subject to the provisions of, the Securities Pledge Deed ;
- (h) In the event the Borrower stops payment in the ordinary course of its business, or ceases or threatens to cease all or a substantial part of its operations or transfers or disposes of (otherwise than in the ordinary course of business) all or a substantial part of its assets whether by one or a series of transactions; or

- (i) In the event there is a change in the ownership interest or beneficial ownership interests or the persons with the authority to control the actions of the Borrower without the prior written consent of the Bank, or
- (j) In the event the Borrower consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to another entity without the prior written consent of the Bank, or
- (k) In the event, at any time, dividends or any other distributions made by Delta to the Borrower or the beneficial owners of the Borrower or any of its affiliates on account of or pursuant to their entitlements to the Delta Shares are not paid into the Account, or
- (m) In the event the value of the Deposit, as determined by the Bank, at its sole discretion, decreases or otherwise becomes lower than \$5,000,000 (Five Million United States Dollars) and the Borrower does not cure such breach within 30 (thirty) days of the commencement of such breach.
- (n) In the event a criminal or administrative investigation shall be commenced with respect to the external auditing firm of the Borrower, unless the Borrower shall change the said external auditing firm to another external auditing firm that is acceptable to the Bank within a reasonable period of time.
- (o) In the event any event or series of events take place that, at the sole discretion of the Bank, may cause the Borrower to be unable to fulfill its duties or obligations hereunder or to be unable to repay any portion of the Loan, in a timely manner, in accordance herewith.
- (p) In the event of a material adverse change in the financial condition, activities or businesses of the Borrower;
- (q) In the event the aggregate value of the equity of the Borrower, which is free and clear of any lien, pledge, charge or surety shall decrease below \$30,000,000 (Thirty Million US Dollars) or the equity of the Borrower shall be less than 50% of the aggregate assets of the Borrower for a period of more than 14 (fourteen) days
- (r) In the event (i) the Delta Shares cease to be freely tradable; or, (ii) of a Delisting Event as a result of the failure of Delta to perform in accordance with the criteria of the relevant market (i.e., NASDAQ or TASE); or, upon the occurrence of two Delisting Events for whatever reason or cause.

No provision of this Clause 11 shall be construed to derogate any other provisions set forth in this Clause 11 but shall be deemed to be in addition thereto and cumulative thereupon.

12. The Borrower represents and warrants as follows:

- (a) The Borrower is a limited liability company of good standing duly incorporated, validly existing and in good standing under the laws of the State of Delaware, U.S.A. and has the full power, authority and legal right to assume the indebtedness and



other obligations provided for in this Agreement and to perform and observe the terms and provisions thereof, and that this Agreement constitutes the valid, binding and enforceable obligations of the Borrower in accordance with the terms thereof.

- (b) The execution, delivery and performance by the Borrower of this Agreement and of any agreement or instrument referenced herein (the "Ancillary Agreements") including without limitation, the Securities Pledge Agreement, the Account Pledge Agreement and the Stop Loss Agreement, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's incorporation and constitutional documents; or, (ii) any law or any contractual restriction binding on or affecting the Borrower.
- (c) This Agreement, and each Ancillary Agreement, is a legal, valid and binding obligation of the Borrower enforceable against the Borrower according to its terms, and all obligations and liabilities of the Borrower to third parties are and shall be subordinate to the such obligation of the Borrower to the Bank pursuant hereto.
- (d) No authorization or approval (including any exchange control approval) or any other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or any Ancillary Agreement.
- (e) No charges, pledges or encumbrances, floating or fixed, exist over all or any part of the present or future revenues or assets of the Borrower other than in accordance herewith, and subject to the terms hereof the Delta Shares may be freely sold on the NASDAQ and TASE and are free and clean of any third party rights or claims.
- (f) There is no pending or threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator, which may materially adversely affect the financial condition or operations of the Borrower.
- (g) To ensure the legality, validity, enforceability or admissibility in evidence of this Agreement and any Ancillary Agreement in Israel and/or in the State of Delaware, U.S.A., it is not necessary that this Agreement, any Ancillary Agreement or any other document be filed or recorded with any court or other authority in Israel or any stamp or similar tax be paid on or in respect of this Agreement or any Ancillary Agreement. However, in the event that it shall become necessary to submit this Agreement or any Ancillary Agreement to any Israeli court of law or if any other cause or obligation may arise for the payment of stamp duty for this Agreement or any Ancillary Agreement, the Borrower shall bear sole liability for and shall promptly pay any such stamp duty and any fee, fines, penalties or other payment in connection therewith.
- (h) The holders of the direct and indirect ownership interest and beneficial interest in the Borrower and the list of persons who have, directly or indirectly, the authority to direct the actions of the Borrower are as set forth in Appendix H as

attached hereto.

- (i) The Equity Purchase Price shall be provided from the equity of the Borrower and no other loans or indebtedness has been or shall be assumed by the Borrower in the financing of the purchase price of the Delta Shares.
  - (j) The Delta Shares are and, during the term of the Loan, shall remain duly registered and freely tradable pursuant to an effective registration statement on the TASE or NASDAQ and are not and shall not be subject to any rights of first offer or rights of first refusal or any third party rights other than in favor of the Bank.
- 13.
  - (a) The Bank shall have a lien and/or a first ranking pledge and/or charge on all monies and/or securities and/or claims and/or goods, and other property, assets and/or rights of the Borrower, that shall be held by or maintained in the Account, until payment in full of all amounts due from the Borrower to the Bank hereunder. The provisions of this Clause 13 shall not derogate from the provisions governing the Deposit or the Account.
  - (b) The Bank shall have the right to set off from any and all monies and/or securities and/or claims and/or goods, and other property, assets and/or rights of the Borrower, including, without limitation, set off against securities, deposits, foreign currency or savings and any other collateral and the realization thereof that shall be held by or maintained at the Bank, whether the same shall be held directly or indirectly by the Borrower or in any company of which the Borrower is a shareholder, any amounts due or payable hereunder or at the earliest time as they may be from time to time due or payable.
- 14. The Bank shall be entitled to appropriate and/or to discharge any amount owed by the Borrower pursuant to this Agreement, any amount had or received by the Bank for or on account of the Borrower, notwithstanding that any amount so had or received was intended by the Borrower or any third party to be appropriated for or on account of any other amount.
- 15. Without derogating from any obligation, undertaking or covenant set forth herein, the Borrower hereby undertakes and covenants as follows:
  - (a) At the request of the Bank, the Borrower shall execute and deliver to the Bank such instruments that in the sole opinion of the Bank shall be necessary or desirable in order to give full force and effect to any clause in this Agreement or as may be required by any governmental agency or entity with authority.
  - (b) Not to create or have outstanding any charge, pledge or encumbrance, fixed or floating, over any of its present or future reserves or assets without the express written consent of the Bank. Should the Borrower request that the Bank give its consent as per the foregoing, the Bank shall be entitled to require that the Borrower, prior to granting any charge, pledge or encumbrance on any assets of the Bank in favor of any third party, grant the Bank a first ranking perfected charge on such assets and granting such third party a pledge, charge or encumbrance which is secondary and subordinate to the Loan and the first ranking perfected charge of the Bank.

- (c) To furnish to the Bank, within 30 (Thirty) days following the end of each fiscal quarter of the Borrower quarterly (consolidated and reviewed but not audited) financial reports and within 60 (Sixty) days following the end of the fiscal year of the Borrower the annual (consolidated and audited) financial reports of the Borrower.
- (d) Any dividends and other distribution distributed in respect of Delta Shares shall be paid to the Account only and may be applied by the Bank to prepay the Loan and the Interest. The Borrower hereby further agrees to apply any dividend or distribution to repay any portion of the Loan when due or prepayment regardless of whether on the date of the payment of such dividend or distribution, the repayment date for any amount of the Principal, Interest or other payments has occurred. In the event of prepayment by way of applying the dividends received into the Account, no prepayment penalty shall be due or payable.
- (e) The Borrower shall provide to the Bank within five (5) days after the last day of each month a certificate of the Chief Financial Officer of the Borrower listing in detail all of the assets, undertakings and liabilities of the Borrower and denoting the value of each asset, undertaking and liability as of the date thereof.
- (f) The value of the equity of the Borrower as determined in accordance with US Generally Accepted Accounting Principles, shall, at all times, be maintained above and shall not be less than 50% (fifty per cent) of the aggregate value of the assets of the Borrower and in any event shall not be less than \$30,000,000 (Thirty Million United States Dollars).
- (h) No Transfer of or change in any ownership or beneficial interest in the Borrower shall be undertaken, executed, granted or performed without the prior written consent of the Bank. "Transfer" shall mean the sale, assignment, encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, including, but not limited to, transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary, involuntarily or by operation of law, directly or indirectly, of any of the membership units in the Borrower or any of the economic consequences of ownership of membership units in the Borrower.
- (i) Promptly following the Closing, but in any event, no later than 30 days following the Closing, the Borrower shall cause that the Delta Shares be registered in the name of the Hevrah Le`rishumim Shel Bank Leumi Le`Israel Ltd., (Text in Hebrew), company number 51-009806-4) (the "Registration Agent"), for the benefit of the Borrower and deposited in the Account, when they are free and clear of any liens, pledges, attachments, encumbrances or any third party rights other than in favor of the Bank. For the avoidance of doubt, the parties hereby expressly agree and consent, and notwithstanding anything to the contrary herein or any Ancillary Agreement, the terms of the Securities Pledge Deed

shall apply to the Delta Shares as registered in the name of the Borrower and, to equal extent, to the Delta Shares as registered in the name of the Registration Agent on behalf of the Borrower.

16. Should any undertaking of the Borrower contained in this Agreement be contrary to any applicable law, such undertaking shall be severable from all remaining parts of this Agreement and the validity of the remainder shall not be affected.
17. All administrative and legal expenses and all fees, taxes, levies, stamp duties, costs and expenses arising from the granting of Loan and/or the creation of the securities contemplated herein, their drafting, execution and lawful registration in Israel and abroad shall be paid by the Borrower upon the first written demand of the Bank and the Bank shall be entitled to debit the Account for all such amounts. On the Signing Date, the Borrower shall pay the Bank's reasonable legal expenses including any reasonable external advisory fees in an amount which shall not be more than \$20,000 (Twenty Thousand US Dollars) plus VAT plus any additional reasonable costs which may be incurred by the Bank for US counsel (to the extent applicable). The Borrower shall pay upon the Signing Date all the fees and commissions agreed to herein with respect to granting the Loan or in any other documents executed by the Borrower in connection with the Account, the Deposit, the Pledge or otherwise, payment of which is due and payable no later than the execution hereof or upon the granting of the Loan.
18. Any waiver on the part of either party hereto in favor of the other party in respect of a previous breach or non-compliance of one or more of such other party's obligations hereunder shall not be deemed to be a justification or excuse for an additional breach or noncompliance of any provision or obligation of the Agreement. The invalidity or unenforceability of any provisions hereof shall not affect or impair the validity or enforceability of any other provisions hereof. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
19. (a) For the purpose of this Agreement, the expression "written" or "in writing" shall mean "by letter, facsimile, SWIFT, cable or telex".  
  
(b) Any demand for payment of any amounts due and payable under this Agreement and any notice in writing required or permitted to be made hereunder shall, if made by letter, be deemed to be sufficiently made if addressed as follows:
  - (i) In the case of a demand or notice to the Borrower at the address set forth above; and:  
GMM Capital LLC  
Attention: Chief Financial Officer  
Fax No: 001 (212) 688-8268  
with a simultaneous copy to:  
Shibolet, Yisraeli, Roberts, Zisman & Co.  
46 Montifiore Street  
Tel Aviv 65201  
Fax: 03-7103322  
Att.: Richard M. Roberts, Adv.
  - (ii) In the case of a demand or notice to the Bank, at the address set forth in the preamble hereof.

and posted to them or served on them personally there or left for them there and in proving such service in case of postage it shall be sufficient to show that the letter containing such demand or notice was properly addressed, stamped and posted by registered airmail for service to be deemed to have been effected within 7 (seven) days after the date of posting.

- (c) Any demand for payment of any amount due and payable under the Agreement and any notice in writing required or permitted to be made hereunder shall, if made by cable, facsimile, SWIFT or telex, be deemed to be sufficiently made if addressed as follows:

GMM Capital LLC  
Attention: Chief Financial Officer  
Fax No: 001 (212)8268  
with a copy to:  
Richard M. Roberts, Adv.  
46 Montefiore Street  
Tel Aviv, Israel 65201  
Fax: 03-7103322

- (ii) In the case of a demand or notice to the Bank:  
United Bank Mizrahi Ltd.  
Corporate Finance Division  
7 Zabotinsky Street,  
Ramat Gan, 52520, Israel  
Fax No.: 972-3-755-9079  
Attn: Anat Gueta

and any such facsimile, cable, SWIFT or telex properly addressed and sent shall be deemed to have been received within 12 (twelve) hours after the time of sending.

- (d) The Borrower hereby irrevocably designates, appoints and empowers Mr. Richard M. Roberts, of 46 Montefiore Street, Tel Aviv, Israel, to receive for and on behalf of the Borrower and Mr. Dabah, service of process issued out of the courts of the State of Israel or by or on behalf of the Bank or in any other manner in any legal action or proceedings arising out of or in connection with this Agreement. (Letter of Acceptance of Service of Process is hereby attached as Appendix I).
- (e) If any process agent appointed pursuant to Clause 19(d) (or any successor thereto) shall cease to exist for any reason where process may be served, the Borrower will forthwith appoint another process agent with an office in Israel where process may be served and will forthwith notify the Agent thereof.
- (f) Each of the parties hereto shall be entitled at any time and from time to time to give the other party notice in writing of any change in any of the addresses relating to the party giving such notice, and paragraphs (b) and (c) of this Clause shall be deemed modified by and in accordance with every such notice of change.
20. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Israel.
21. The parties agree that the Courts of the City of Tel Aviv shall have

exclusive jurisdiction over any dispute arising from or in connection with the existence, the interpretation, the performance, enforcement or the termination of this Agreement, but nothing herein contained shall derogate from the right of the Bank to institute, at its sole choice and discretion, proceedings against the Borrower in any other competent courts.

22. This Agreement shall enter into force as of the day and year first above written after having been signed by both parties and shall inure to the benefit of the parties and their permitted successor and assigns; provided, however, that the Borrower shall not be entitled to assign, transfer or otherwise dispose of any of its rights or obligations hereunder without the prior written consent of the Bank. The Borrower hereby gives its consent to the assignment and transfer of its rights and obligations hereunder and under the Ancillary Documents to third parties.

IN WITNESS WHEREOF, the Bank and the Borrower have caused this Agreement to be duly executed at the respective places and on the respective dates below written.

UNITED MIZRAHI BANK LIMITED                      GMM Capital LLC

By: /s/ Shmuel Messenbergh                      By: : /s/ Isaac Dabah

At: \_\_\_\_\_ At: \_\_\_\_\_

This 30 day of August, 2005                      This 30 day of August, 2005.

</TEXT>  
</DOCUMENT>  
<DOCUMENT>  
<TYPE>EX-99  
<SEQUENCE>3  
<FILENAME>ny526742.txt  
<DESCRIPTION>EXHIBIT 5 - SECURITIES PLEDGE DEED  
<TEXT>

Exhibit 5

-----

#### APPENDIX D

-----

#### SECURITIES PLEDGE DEED

-----

Pledgor Customer

Guaranteed Customer

-----

Pledgor's Name: GMM Capital LLC                      Guaranteed Party's Name: GMM Capital LLC

Account No. 122222                      Account No. 122222

Branch: Industrial Zone, Rishon                      Branch: Industrial Zone, Rishon Lezion  
Lezion

-----

Made this 30th day of August , 2005

between GMM CAPITAL LLC, of the State of Delaware U.S.A.

(hereinafter referred to as "Pledgor" and the "Customer")

and UNITED MIZRAHI BANK LIMITED  
(hereinafter referred to as "the Bank");

WHEREAS it has been agreed between the Pledgor and the Bank that the Pledgor shall secure all the liabilities and obligations of whatever type, whether in Israeli currency or any foreign currency, due and/or that shall be due to the Bank from the Pledgor, by pledging the Pledgor's securities;

ACCORDINGLY, this Securities Pledge Deed witnesseth as follows:

1. Preamble

-----

The recitals to this Deed constitute an integral part hereof.

2. The Secured Amounts

-----

- (a) This Securities Pledge Deed (hereinafter referred to as "this Deed") is created to secure the full and precise payment of all the amounts, whether in Israeli currency or in any foreign currency whatsoever, due and/or that shall be due to the Bank from the Pledgor in any manner, form, mode and reason whatsoever, whether the amounts are due from the Pledgor in connection with the grant of credit and/or loans and/or banking services or otherwise, whether due from the Pledgor alone or together with others, whether the Pledgor has already given an undertaking therefor or shall give an undertaking therefor in the future as a debtor and/or as a guarantor and/or as an endorser and/or otherwise, including the Pledgor's liabilities pursuant to promissory notes or bills of exchange delivered or that shall be delivered to the Bank either by the Pledgor or by third parties for discounting or security and/or pursuant to any other liability of the Pledgor to the Bank that are due now and/or that shall be due in the future, that are repayable prior to the enforcement of the collateral hereby given or thereafter, that are due absolutely or conditionally, that are due directly or indirectly, that are due pursuant to the Pledgor's original obligation or liability or that derive from a judgment of a court or otherwise - together with interest, maximum interest, default interest, linkage differentials, commission charges and any expenses whatsoever, including enforcement expenses, legal fees, insurance fees, stamp duty and other payments pursuant to this Deed (all the said payments are hereinafter referred to as "the Secured Amounts").

For the avoidance of doubt, it is hereby agreed and declared that this Deed is also made to secure all the amounts or obligations which the Pledgor has undertaken to the Bank in this Deed and also to secure linkage differentials and/or rate differentials of any type whatsoever due and/or that shall be due to the Bank from the Pledgor in respect of linked principal and/or interest from the Secured Amounts, and accordingly the expression "the Secured Amounts" also includes such amounts or obligations and also the said linkage differentials and rate differentials.

- (b) The total amount which the Pledgor shall be liable to pay the Bank pursuant to this Deed is limited \_\_\_\_\_\* to the

amounts owing to the Bank pursuant to the Loan Agreement between the Pledgor and the Bank Signature (hereinafter referred to as "the Deed Amount").

3. Demands for Payment

-----  
The Pledgor hereby undertakes to pay the Bank any amount of the Secured Amounts as stipulated hereunder:

- (a) On the agreed repayment date of such amount (hereinafter referred to as the "Agreed Repayment Date") if it has been or shall be agreed between the Bank and the Pledgor that such amount shall be payable on a specific date or upon demand or upon the occurrence of a specific event, or a specific time after demand or after the occurrence of the specific event.
- (b) Five (5) days from the date of the Bank sending its first written demand to the Pledgor, in the event that a repayment date as provided in sub-clause (a) above has not been agreed upon.

4. Early Repayment

-----  
Except as provided for in the Loan Agreement with the Bank, the Pledgor shall not be entitled to discharge any amount whatsoever from the Secured Amounts prior to the Agreed Repayment Date in the event that a repayment date has been or shall be agreed in respect thereof between the Pledgor and the Bank, save with the Bank's prior written consent. Having regard to the aforesaid, the Pledgor hereby agrees that the provisions of Section 13(b) of the Pledge Law, 5727-1967, shall not apply.

5. Interest

-----  
The Bank shall be entitled to calculate interest on the Secured Amounts at such rate that shall be agreed upon from time to time between the Bank and the Customer and in cases where the interest rate is not agreed upon, the Bank shall be entitled to determine the interest rate itself by giving notice to the Customer. The Bank shall be entitled to add the interest to the principal at the end of each quarter or at the end of any other period. In any event which confers upon the Bank the right to enforce the collateral pursuant to this Deed, the Bank shall be entitled to increase the interest rate that was agreed upon in accordance with the maximum interest rate provided for in the Loan Agreement from the date of the occurrence of such event until the full discharge of the debt.

6. The Collateral

-----  
As collateral and surety for the full and precise discharge of all the secured amounts and in accordance with the provisions of the Companies Ordinance (New Version), 5743-1983, and of the Pledge Law, 5727-1967, and any other law prevailing at such time in Israel and which validates such charge, the Pledgor hereby pledges and charges in favour of the Bank and/or to its order as a first-ranking fixed pledge and charge all his rights as hereinafter stipulated:

- (a)\*\*\* All the Pledgor's rights existing today and that shall exist in the future in account no. 122222 maintained at the Rishon Industrial Zone Branch (495) of the Bank (hereinafter referred to as "the Account").
- (b) All the securities and income derived therefrom (including all the rights and benefits ancillary to and/or that shall be



added to the said securities) and/or all the rights to receive securities as shall be registered in favour of the Pledgor in the Account from time to time and/or the securities stipulated in Appendix "A" annexed hereto as an integral part hereof The securities that have been delivered and/or shall be delivered in favour of the Account and all the benefits and rights, whether monetary or otherwise, that shall accrue as aforesaid to the securities within the definition stipulated in Clause 29 below and as provided in this clause are hereinafter referred to as "the Pledged Securities".

7. Registration of the Pledge

-----  
In order to secure the Bank's rights pursuant to this Deed against existing or future creditors of the Customer, the Pledgor hereby agrees that the pledge hereby created in favour of the Bank shall be registered with the applicable laws governing the perfection of pledges and charges on the Pledgor and/or at the appropriate Registrar of Pledges office and/or with the appropriate Registrar of Companies or Registrar of Pledges abroad, and in order to effect the registration as aforesaid, the Pledgor hereby undertakes to sign a Notice of Pledge and also every other document required by law (including any Notice of Particulars of an Assignment of Rights and Affidavit, if such documents are required) and any other document which the Bank shall, at its discretion, determine is required with regard to this Deed and the registration hereof. All the expenses involved in drawing up this Deed and the stamping and registration hereof shall be paid by the Pledgor to the Bank and, until the full discharge thereof, all the said expenses shall be secured by this Deed. The Pledgor hereby confirms that the validity of the pledge over the Pledged Securities shall not be impaired even if the pledge has not been registered as provided in this clause, and the Bank shall be granted all the rights of a charge and pledge pursuant to this charge, in such an event, as against the Pledgor.

8. Undertakings of the Pledgor

- 
- (a) With regard to the registered Pledged Securities, the Pledgor undertakes to transfer them prior to depositing them or immediately thereafter to trustees or custodians of the Bank that shall be determined by the Bank and for such purpose the Pledgor undertakes to sign and send the Bank transfer instruments, certificates, shares and other documents which, in the Bank's opinion, are required to transfer the Pledged Securities to such trustees or custodians as aforesaid, subject to the pledge in favour of the Bank.
  - (b) In the event that the Pledged Securities are already registered in the name of the trustees, the Pledgor hereby undertakes to give the said trustees irrevocable instructions to hold them for the Bank, in such form as shall be determined by the Bank, or to transfer them to trustees as the Bank shall instruct.
  - (c) The Pledgor hereby declares that the Pledged Securities are not and shall not at the time of the delivery thereof to the Bank or the Bank's custodians and/or trustees be charged, pledged or attached for the benefit of anyone else, save for the Bank, and that the Pledgor has title thereto and that there is no restriction thereon, or terms and conditions applicable by law or by agreement regarding the transfer of title thereto or the pledging or charging thereof to the Bank.

- (d) Furthermore, the Pledgor undertakes not to create any other pledge or charge of any description whatsoever over all or some of the Pledged Securities with rights that shall take priority or shall be equal or subsequent to the rights given to the Bank pursuant to this Deed, and also to give immediate notice to the Bank upon the issuing of an attachment order with respect to the Pledged Securities or any part thereof, and also to give the placer of the attachment immediate notice of the pledge in favour of the Bank and to take, at its own expense, forthwith and immediately, all necessary steps to have such attachment removed.

9. Deposit in a Special Account

-----

- (a) Subject to the provisions of Clause 10(b) below, the Pledgor hereby agrees that should the Bank collect sums in connection with the Pledged Securities or by way of the redemption of the Pledged Securities or any part thereof, the Bank shall, upon the actual collection thereof, be entitled to deposit such sums in a special account in the name of the Pledgor and the amounts that shall be deposited as aforesaid in such account shall also be pledged and charged in favour of the Bank pursuant to the terms and conditions hereof.
- (b) The Bank shall, at its sole discretion, be entitled, at any time it deems fit, to set off any amount due and/or that shall be due to it from the Pledgor in respect of the said Secured Amounts and which have not been paid on their due date, against any amount standing to the credit of the said special account without being required to first obtain the consent of the Pledgor or to give the Pledgor prior notice.
- (c) The amounts deposited in the said special account shall bear creditory interest in accordance with the practice at the Bank in respect of current accounts and the Pledgor shall not be able to withdraw such amounts prior to the full discharge of all the Secured Amounts due to the Bank.

10. Sale and Realisation of the Pledged Securities

-----

- (a) Notwithstanding anything stated in any other document whatsoever, the Pledgor shall not be entitled to transfer and/or demand that the Bank deliver the Pledged Securities to him and/or to any other person or entity whatsoever or to deliver them and/or redeem them, until after the full discharge of all the said Secured Amounts to the Bank, and the Bank shall not be under a duty to return the Pledged Securities to the Pledgor or to transfer them to another or others or to sell them or to transfer the proceeds of the sale thereof to the Pledgor or to others, until after the full discharge of the Secured Amounts as aforesaid.
- (b) It is hereby expressly agreed that notwithstanding the provisions of Clause 9(a) and Clause 10(a) above, the Pledgor shall be entitled to sell or redeem the Pledged Securities from time to time and/or to use the monies accrued in the said special account referred to in Clause 9 above from time to time, subject to the performance of all the following terms and conditions:
  - (1) The said authorization is given to the Pledgor only for the purpose mentioned in sub-clause (2) below and provided that the Customer shall not, at the time of exercising such authorization, be in default in any

amount whatsoever in the repayment of the Secured Amounts on any due date.

- (2) Such authorization is only given to the Pledgor for the purposes of investing the proceeds of the sale or redemption of the Pledged Securities and/or the monies accrued in the said special account in securities that shall be recorded and/or put into the said account, provided that the investment or investments as aforesaid in such securities at the Bank's sole discretion, shall not derogate from the Bank's rights in respect of the collateral given pursuant to this Deed (hereinafter referred to as "the Additional Securities").
- (3) It is hereby expressly agreed that the Additional Securities, including all the benefits and rights deriving therefrom, shall also be included in the expression "the Pledged Securities" stipulated herein and shall be deemed pledged and charged in favour of the Bank pursuant hereto. Furthermore, all the Pledgor's undertakings and warranties in this Deed referring to "the Pledged Securities" shall also refer to "the Additional Securities".

#### 11. Events of Default

-----

Except as agreed between the Customer and the Bank in the Loan Agreement, in any of the following events, the Bank shall be entitled to demand immediate repayment of all the amounts due and/or that shall be due from the Customer to the Bank in any manner whatsoever, and such amount shall bear interest at the maximum interest rate prevailing from time to time at the Bank in respect of debit balances in debitory current accounts, from the date of the occurrence of such event, until the full discharge thereof:

- (a) If on due date, the Customer has not paid any principal or interest or commission or linkage increments or expenses, including any levies, taxes, fees or any other sums.
- (b) If the Customer breaches and/or does not perform any of the terms and conditions hereof or of any other instrument or document that has been signed or shall be signed by the Customer, or if it becomes evident that any of the declarations that have been or shall be given by the Customer herein or in another document are incorrect or inaccurate.
- (c) If a petition is filed for the appointment of a permanent or provisional receiver or a permanent or provisional receiver and manager or if a petition is filed for the granting of a Receiving Order against the Customer or any party constituting the Customer or if a Receiving Order is issued against the Customer or any party constituting the Customer or if a Winding Up Order is issued against the Customer or any party constituting the Customer or if the Customer or any party constituting the Customer passes an effective resolution for voluntary winding up.
- (d) If a permanent or provisional receiver or a permanent or provisional receiver and manager is appointed for all or any portion of the assets of the Customer or any party constituting the Customer.
- (e) If any competent court in Israel institutes attachment or execution or any like proceedings against any portion of the assets of the Customer or any party constituting the Customer or if attachment or execution or any like proceedings are

instituted over all or any portion of the Collateral which has been or shall be furnished to the Bank, or over goods for which bills of lading have been or shall be delivered to the Bank or over sums that shall be credited to the Customer in any account whatsoever.

- (f) If the Bank, at its absolute discretion, deems that since the signing of this Agreement a change has occurred in the condition of the Customer to which the Bank had not given its prior written consent. Without derogating from the generality of the foregoing, the following acts shall (inter alia) be deemed to constitute a change in the condition of the Customer:
  - (i) a voluntary or other transfer of shares.
  - (ii) resolutions of parties constituting the Customer which affect or are likely to affect the condition of the Customer.
  - (iii) any change in the composition of the parties constituting the Customer, in the relationships amongst and/or the composition of persons or institutions who pass resolutions or are authorized to pass resolution on behalf of the Customer or in the number of persons required by law to act or who are authorized to act in accordance with the law.
- (g) If the Customer or a party constituting the Customer ceases to pay his debts or manage his affairs or reaches a compromise or settlement with his creditors.
- (h) If the Customer, or a substantial part thereof or any party constituting the Customer shall cease to operate and in the opinion of the Bank such cessation is the result of the inability of the Customer to meet his obligations towards the Bank or towards any other parties.
- (i) If the Bank, at its discretion, deems that an event has occurred which impairs or is likely to impair the financial position of the Customer.
- (j) In any event in which, in respect of the securities registered in the account, the Pledgor, directly or indirectly, requests to receive from the nominee companies share certificates in his name and/or in the name of any other transferee that is not the Bank, without first obtaining the Bank's prior written consent thereto.

12. Preservation of Rights upon the Occurrence of an Event of Default

-----  
On the occurrence of one of the events stipulated in Clause 11 above, the Bank shall, at its discretion, be entitled to use all the means it deems appropriate to recover the Secured Amounts from the Customer and/or to exercise all its rights pursuant thereto.

13. Realisation and Order of the Application of the Amounts

- 
- (a) In the event of the non-payment on due date (or any later date agreed upon between the Customer and the Bank in the Loan Agreement) of any amount whatsoever which the Customer shall owe the Bank in respect of the said Secured Amounts or on the occurrence of one of the events which confers upon the Bank the right to demand immediate repayment of all or part of the Secured Amounts, the Bank shall be entitled, in order to recover the Secured Amounts and any part thereof from the Customer, and is hereby granted an irrevocable power of attorney by the Pledgor, to realise its rights either by the

sale of the Pledged Securities (including the Additional Securities) by the Bank itself pursuant to the provisions of the Pledge Law, 5727-1967, or in any other manner which it deems fit in accordance with any law and/or by realising the pledge on the monies that shall be deposited in the special fund and/or by realising any other right that the Bank has pursuant hereto and/or pursuant to any other document whatsoever.

- (b) The Pledgor hereby agrees that if the Bank itself decides to sell the Pledged Securities or any part thereof, notice in respect of the proceedings which the Bank is about to take, sent in accordance with the Loan Agreement ("Notice Period"), shall be deemed a reasonable time for the purposes of Section 19(b) of the Pledge Law, 5727-1967. Notwithstanding the above provisions in this clause, the Pledgor hereby expressly agrees that the Bank shall be entitled to sell the Pledged Securities immediately and even prior to the expiry of the period mentioned above in this clause if, in the Bank's opinion, the value of the Pledged Shares at the time of the realisation thereof at the end of the Notice Period is likely to decrease, compared with their value on the date of actual realisation if they would be realised forthwith.
- (c) In any event in which the Bank realises the Pledged Securities prior to the expiry of the Notice Period, the Pledgor shall have no cause and/or claim and/or right of demand against the Bank for any indemnity and/or compensation, even if it is determined at the end of the Notice Period that the value of the Pledged Securities that have been realised in fact increased compared with their value on the date of actual realisation.
- (d) The amount that shall be recovered and/or realised in consequence of enforcing the Bank's rights pursuant to this Deed shall be applied to the discharge of the amounts owing to the Bank as follows:
  - (1) First, to discharge the expenses incurred in consequence of the Bank enforcing this Deed.
  - (2) Secondly, to discharge the other expenses, bank charges and interest that shall be due to the Bank, including additional amounts in consequence of linking the interest to the Consumer Price Index or to any other index or rate whatsoever.
  - (3) Thirdly, to discharge the principal amounts that shall be due to the Bank, including Additional Amounts, in consequence of linking the principal to the Consumer Price Index or to any other index or rate whatsoever, or according to another arrangement for the application of amounts repaid that shall be determined by the Bank.

#### 14. Right of Set-Off and Lien

- (a) Without derogating from the other clauses herein and without prejudice to the Bank's other rights, in the event of non-payment on due date of any amount which the Customer shall owe the Bank in respect of the Secured Amounts, or on the occurrence of one of the events of default which confers upon the Bank the right to demand immediate repayment of all or part of the Secured Amounts, the Bank shall have:
  - (1) A right of set-off over all the amounts or valuables held at any time whatsoever to the Customer's credit

in any account whatsoever. The Bank shall also have a right of possession, a bankers' lien and a charge over all the monies held at the Bank at any time to the Customer's credit in any account whatsoever, and also over all the bills and other negotiable documents that are and/or shall be in its possession that stand and/or that shall stand to the Customer's credit and/or for him at the Bank in any manner, mode and form, including those delivered and/or that shall be delivered to the Bank for collection and/or security and/or custody and over the proceeds thereof.

- (2) The right to credit any amount which the Bank receives in any manner, mode and form from the Customer and/or for the Customer and/or on account of the Customer and/or by realising the Pledged Securities and/or realising any right or collateral given to the Bank and/or which is and/or shall be held by the Bank on account of the said Secured Amounts or any part thereof as the Bank shall deem fit, and also to transfer any amount that shall be credited to the Customer at the Bank in any account whatsoever to any other account of the Customer, as the Bank deems fit.
- (3) The right at any time to sell amounts in foreign currency credited to the Customer at the Bank, and the Bank may also collect additional amounts and government grants given to the Customer in consequence of selling foreign currency and use the monies received in consequence of the sale of foreign currency as aforesaid for the full or partial discharge of the Secured Amounts.
- (b) It is hereby expressly warranted that the provisions of Clause 14(a) above are in addition to and do not derogate in any manner from the right of set-off and the lien or the charge which the Bank has or shall have pursuant to any other document or at law.

#### 15. Insurance

-----

The Bank is entitled at any time to insure the Pledged Securities at its own expense or make demand of the Pledgor to insure them against the risk that they will be redeemed by way of lottery at a price lower than the market price or against any other damage or risk, as it deems fit, provided that the Bank shall be exempt from any liability or obligation in connection with any insurance as aforesaid, or in the event that it does not insure the Pledged Securities or does not demand the insurance thereof, whether or not the Bank caused the said insurance to be effected or whether it did not effect it in the correct amount, time or manner for whatsoever reason.

#### 16. Commissions

-----

The Pledgor hereby agrees that the Bank shall debit him from time to time with the Bank's customary commission in respect of its handling the Pledged Securities, until otherwise expressly and in writing agreed upon between the Pledgor and the Bank.

#### 17. Bank Entries

-----

The Bank's accounts as recorded in its books and all the particulars thereof shall be deemed correct and shall serve as evidence against the Customer both in respect of the said Secured Amounts and also in respect of the Pledged Securities and the proceeds thereof.

18. Autonomous Nature of the Collateral of the Pledgor

-----  
The collateral furnished to the Bank by the Pledgor shall be independent of any other collateral which the Bank has received or shall receive from the Customer or on his behalf and shall not affect any such other collateral or be affected by any such other collateral and shall serve as revolving collateral, notwithstanding the order of the accounts or of any account of the Customer, and shall always serve as revolving collateral for all the other amounts which the Customer shall owe the Bank at any of its branches in any manner whatsoever, directly or indirectly, and shall remain in full force until the Bank gives the Pledgor notice signed by the Bank that this Deed has been revoked.

19. Application of the Guarantee Law

-----  
The Pledgor hereby waives all the rights and/or options conferred upon a guarantor pursuant to the Guarantee Law, 5727-1967, and the Pledgor shall not be entitled to plead that his obligations pursuant to this Deed are void for any reason whatsoever.

20. Appointment of Receiver

-----  
The Pledgor hereby agrees and consents that in the event of non-payment on due date of any amount which the Customer shall owe the Bank in respect of the Secured Amounts, or if the Bank becomes entitled to demand repayment pursuant to Section 31 or on the occurrence of one of the events of default which, given appropriate notice, would confer upon the Bank the right to demand immediate repayment of all or part of the Secured Amounts, the Bank shall be entitled, without providing any guarantee, surety, bond, security, deposit or pledge, to appoint or have appointed, with or without the presence of the Pledgor or the Customer (Ex Parte), one or more receivers over the assets of the Pledgor, with full and complete authority to manage and dispose the assets of the Pledgor for the purpose of discharging the Secured Amounts, including, without limitation the sale, assignment or other disposal of the Pledged Securities and any other assets of the Pledgor as may be necessary to fully discharge and repay to the Bank all of the Secured Amounts in accordance herewith. The Bank shall have full discretion over the identity of the Receiver and any replacement thereof and the Pledgor hereby releases and waives any right or claim and shall not have any demands or assertions against the Bank or the appointed receiver in such regard.

22. Governing Law

-----  
This Deed shall be governed by, and construed in accordance with, the laws of the State of Israel.

In the event that this Deed is executed by a company registered pursuant to the Companies Law, 5759-1999, or by a cooperative society, the pledge and/or charge created pursuant hereto shall be deemed to have been made pursuant to the Companies Law, the Pledge Law, 5727-1967 and the Cooperative Societies Ordinance, as the case may be.

23. Jurisdiction

-----

The Pledgor and the Bank hereby determine the city of Tel Aviv-Jaffa as the place of jurisdiction for all the purposes of this Deed, but nothing herein contained shall derogate from the right of the Bank to institute, at its sole choice and discretion, proceedings against the Pledgor in any other competent courts wheresoever situated.

24. Irrevocable Instructions and Undertakings

-----

The instructions and undertakings contained in this Deed are irrevocable and cannot be rescinded or amended without the Bank's express written consent and shall also bind the Pledgor's successors and assigns, including the Pledgor's heirs, administrators of estate, trustees, guardians, liquidators and receivers.

25. Assignment of Bank's Rights

-----

The Bank shall be authorized at any time at its discretion, without requiring the Pledgor's prior consent, to transfer or assign this Deed and the rights pursuant hereto to another or others, including all or part of the collateral, and any transferee shall also be entitled to transfer the said rights without requiring further consent from the Pledgor. Such transfer or assignment may be made by way of endorsement in the margins or on the back of this Deed or in any other manner as the Bank shall deem appropriate.

26. Discharge of the Secured Amounts

-----

- (a) The giving of this Deed does not derogate from the Bank's right to recover the Secured Amounts in a manner other than by the enforcement of this Deed.
- (b) The realization of any rights pursuant to this Deed shall not derogate from the Bank's rights to recover from the Customer the balance of the Secured Amounts that shall not be repaid upon the enforcement of this Deed.

27. Preservation of Rights

-----

Without derogating from any other provision herein, any waiver, extension, presumption, silence, restraint from action (hereinafter referred to as a "waiver") on the part of the Bank in respect of the full or partial non-performance or incorrect performance of any of the Pledgor's obligations pursuant hereto shall not be deemed a waiver by the Bank of any right whatsoever, other than with consent limited to the specific case for which it has been given.

28. Addresses of the Parties and Agent for Service of Process

-----

- (a) The Pledgor's address is as set forth above or any other address in Israel or abroad of which notice has been given to the Bank by registered letter and receipt thereof has been acknowledged by the Bank in writing. Any notice sent to the Pledgor by the Bank by ordinary post to the said address shall be deemed to have been received by the Pledgor in accordance with the ordinary postal arrangements. A written declaration by the Bank with regard to the sending of notice and the time of dispatch thereof shall be deemed prima facie evidence against the Pledgor as to the time and dispatch mentioned therein.



- (b) The Pledgor hereby irrevocably designates, appoints and empowers: Mr. Richard M. Roberts, 46 Montifiore Street, Tel Aviv, Israel, Zip Code 65201 to receive for and on behalf of the Pledgor, service of process issued out of the courts of the State of Israel or by or on behalf of the Bank or in any other manner in any legal action or proceedings arising out of or in connection with this Deed. Any service of Process to the above mentioned Agent shall be deemed as service of Process to the Pledgor itself.
- (c) If any process agent appointed pursuant to Clause 28(b) (or any successor thereto) shall cease to exist for any reason, the Pledgor will forthwith appoint another Process Agent with an office in Israel where process may be served and will supply the Bank with the New Agent's consent in writing.
- (d) Each of the parties hereto shall be entitled at any time and from time to time to give the other party notice in writing of any change in any of the addresses relating to the party giving such notice, and this Deed shall be deemed modified by and in accordance with every such notice of change.

## 29. Definitions

-----

In this Securities Pledge Deed:

- (a) "Bank" means - United Mizrahi Bank Ltd. and each of the existing branches and/or offices and/or subsidiaries and/or affiliates of the Bank in Israel and/or abroad as of the date of this Deed and/or that shall be established at any future date in any place in Israel or abroad, and the Bank's successors and assigns and any person or legal entity duly authorized to act on behalf of the Bank and its appointed representatives.
- (b) "Credit" or "banking services" means credit, in Israeli currency or in any foreign currency, whether in Israel or abroad, including every revolving credit, single credit, loan, discount and/or purchase and/or brokerage of bills, overdraft, granting of guarantee and/or letter of indemnity, opening of documentary credit, extension of time and of various banking facilities, handling of bills of lading, transactions in securities, services or other payments, given or that shall be given by the Bank to the Customer or to his order, as well as every transaction or other action which in accordance with or as a result thereof debts or liabilities are created or may be created by the Customer towards the Bank, whether as debtor or guarantor or endorser or in any other manner, whether jointly with others or separately, whether owing presently or in the future or shall be due, whether repayable prior to the execution of this Deed or from time to time thereafter, whether certain or contingent, whether owing directly or indirectly, expressly or impliedly.
- (c) "Bill" includes bills of exchange, promissory notes, withdrawals, cheques, and other negotiable instruments, unless the context otherwise demands.
- (d) In the event that this Deed is executed by two or more persons, the signatories shall be jointly and severally liable for the performance of all the obligations pursuant hereto.
- (e) Every mention in this Deed of the signatories hereto, whether in respect of their obligations or in any other matter, shall be deemed as referring to all of them jointly and to each of them severally.
- (f) In the event that this Deed is executed by only one person or

entity, it shall be deemed to have been written in the singular. Words importing the masculine gender shall include in feminine gender.

- (g) Every mention in this Deed of the Customer shall be deemed as referring to all the entities constituting the Customer jointly and to each of them severally.
- (h) "Monies" or "Securities" or "the Pledged Securities" as hereinafter defined:
  - (1) All securities of any type and description, including those defined as "securities" in Section 1 of the Securities Law, 5728-1968, and all other securities.
  - (2) Securities issued by the Government and/or pursuant to special laws, including all types of securities, whether issued and/or listed for trading in Israel or issued and/or listed for trading abroad.
  - (3) Securities listed for trading on a stock exchange, securities at the time of their issue pursuant to a prospectus or securities issued without a prospectus, including government bonds issued without a prospectus, convertible securities, warrants, rights or foreign securities.
  - (4) All types of mutual fund participation units.
  - (5) All the securities defined in Clause 6(b) above.
  - (6) Any right to receive assets and/or monies and/or rights derived by executing future transactions and/or transactions in options and/or transactions in rights and/or other transactions of any nature whatsoever, executed through any future and/or financial instruments in respect whereof which it is customary to trade on the capital markets whether issued pursuant to a prospectus or otherwise, whether traded on a stock exchange in Israel or abroad or not, whether traded over the counter or not and whether managed by the Bank and/or by other banks and/or by any other bodies, whether incorporated or otherwise, or not.

### 30. Headings

-----

The headings in this Deed have been inserted for ease of reference and shall not be utilized as a means of interpreting the intentions of the parties or the interpretation of this Agreement.

### 31. Special Conditions:

-----

Notwithstanding anything to the contrary herein, the following terms and conditions shall apply with respect to the Pledged Securities:

- (a) It is agreed between the Bank and the Customer and the Pledgor that on the date that the Bank makes the Loan available to the Customer pursuant to the Loan Agreement between the Bank and the Customer dated August 30, 2005 (the "Loan Agreement"), the ratio between the market value of the Pledged Securities and the Loan (as defined in the Loan Agreement) shall be not less than 130%.
- (b) The Customer and Pledgor undertake that at all times in the future, the ratio (hereinafter: the "Cover Ratio") between the market value of the Pledged Securities and the balance of the Loan and any due and payable Interest thereon and any other amounts payable pursuant to the Loan Agreement or Section 3 of the Upside Fee Agreement (as defined therein) shall in any

event not be less than 130%.

- (c) The calculation of the Cover Ratio shall be as follows: the market value of the Pledged Securities shall be the market price of the Pledged Securities as traded on the stock exchange on which they are traded at the end of the last trading day prior to the calculation of the Cover Ratio; the balance of the Loan and any other amounts payable shall be in accordance with the records maintained by the Bank. The Cover Ratio shall be calculated on a daily basis.
- (d) Notwithstanding anything to the contrary herein or in any other agreement, instrument, understanding or contract to which the Bank and/or the Customer and/or the Pledgor are party and without derogating from or prejudicing the entitlement of the Bank to demand an immediate repayment of the Loan and/or to realise the Pledged Securities as provided herein or in the Loan Agreement or elsewhere, the Bank shall be entitled to call for immediate repayment of the Loan and any interest or other amounts payable by the Customer to the Bank and to sell the Pledged Securities and to use the proceeds therefrom for the repayment of the Loan, the Interest (as defined in the Loan Agreement) and any other amounts payable by the Customer to the Bank in the event the Cover Ratio falls below 130%, all in accordance with and subject to the terms hereinafter stipulated.

1. In the event the Cover Ratio falls below 130%, the Customer and the Pledgor undertake to repay a portion of the Loan and/or deposit with the Bank additional collateral to the satisfaction of the Bank in order to bring the Cover Ratio to not less than 130%, all within 5 (five) business days from the day on which the Cover Ratio shall fall below 130%.

If the Cover Ratio is not increased to 130% or higher in accordance with the foregoing within the said 5 (five) business days, the Bank will have the right to realize the Pledged Securities in any manner it deems appropriate and apply the proceeds thereof in order to reduce the balance of the Loan and all interest accrued thereon and all other amounts payable in connection therewith pursuant to the Loan Agreement to bring the Cover Ratio to 130%. In the event the Bank is unable through the realization of the Pledged Securities to bring the Cover Ratio to 130% within an additional 9 (nine) business days, and if the Customer has failed to provide, within that period, additional collateral so that the Cover Ratio is increased to 130% or more, the balance of the Loan and all interest accrued thereon and all other amounts payable in connection therewith pursuant to the Loan Agreement shall be immediately and automatically payable in full and the Bank shall have full and unrestricted right to realize the Pledged Securities in any manner it deems appropriate. The Pledgor and/or the Customer shall not have any claim, right or demand against the Bank in connection with sale or other manner of realization of the Pledged Securities by the Bank, including, without limitation, with respect to the manner, price, timing or other terms or conditions of the sale (or other

manner of realization) of the Pledged Securities by the Bank on by third parties on its behalf.

It is hereby agreed that in the event the Bank has the right to, but does not sell or otherwise realize the Pledged Securities in accordance with the above provisions of this Section 31 (d) (1), and, the Cover Ratio increases to a rate exceeding 130% for a period of five consecutive trading days, the Cover Ratio shall be deemed not to have fallen below 130%.

2. In the event the Cover Ratio falls below 120%, the balance of the Loan and all interest accrued thereon and all other amounts payable in connection therewith pursuant to the Loan Agreement shall be immediately and automatically payable in full and the Bank shall have full and unrestricted right to realize the Pledged Securities in any manner it deems appropriate to effect the full and complete repayment of Secured Amounts.
3. In an event of a conflict between the application of the provisions of Section 31 (d) (1) and Section 31 (d) (2) above, the provisions of Section 31 (d) (2) shall prevail.
4. It is hereby agreed that the Bank shall not be required to give the Customer or the Pledgor notice of or data regarding the Cover Ratio nor shall it be required to give notice pursuant to Section 31 (d) (2) above of its election to sell or otherwise realize the Pledged Securities in accordance as set forth above. The failure of the Bank to give any such notice or to take any action to sell or otherwise realize the Pledged Securities shall not constitute a waiver of or estoppel against the Bank and in any event, the Customer's undertaking to maintain a minimum Cover Ratio as stipulated in Section 31 (b) above is independent and separate therefrom and binds it for all intents and purposes.
5. In the event any competent authority or any court of law rules that the foregoing provision is unlawful, the provisions of Section 31 (d) (1) and 31 (d) (2) shall be deemed to include notice requirements in accordance with such law, and the Pledgor hereby agrees that above periods to cure are a reasonable period of time under the circumstances.

A notice for the purposes of this Section may be given to the Customer orally and/or in writing, including by being sent to the Customer by fax or by e-mail. The Bank's written confirmation as to giving the notice or transmitting the notice by fax/e-mail or the fax/e-mail confirmation shall be deemed prima facie evidence of the sending of the said notice and the notices shall be deemed to have been received thereupon.

6. The Customer and the Pledgor are aware and agree that the Bank shall not be liable in any manner for any damage and/or loss which may be caused to the Customer or the Pledgor as a result of the Loan and all accrued and unpaid interest thereon and all other payments becoming immediately due and payable and the realisation of the Pledged Securities and they hereby irrevocably waive in advance any claim and/or demand against the Bank in respect thereof.

The Customer and Pledgor are likewise aware that upon the delivery of a notice by the Bank for the immediate repayment of the Loan, the Loan and any interest accrued thereon and any other payment payable in connection therewith shall be automatically deemed due and payable, for all intents and purposes and that the Bank shall be entitled to debit the Account with various amounts as stipulated in the Loan Agreement or any Ancillary Agreement (as defined in the Loan Agreement) with respect to the early repayment of loans or credit.

- (e) The provisions of this Section 31 shall apply and prevail over any contradictory provision contained in any agreement, document, instrument or contract between the Bank and/or the Customer or the Pledgor.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED THIS DEED  
AT THE PLACE AND ON THE DATE FIRST INDICATED ABOVE:

/s/ Shmuel Messenberg

/s/ Isaac Dabah

-----  
THE BANK

-----  
PLEDGOR

Appendix A

-----

4,256,537 (Four Million Two Hundred and Fifty Six Thousand Five Hundred and Thirty Seven) ordinary shares of Delta Galil Industries Ltd., a public Israeli Company (company number 520025602), and any dividends or other distributions made on account of such shares.

/s/ Shmuel Messenberg

/s/ Isaac Dabah

-----  
THE BANK

-----  
PLEDGOR

</TEXT>

</DOCUMENT>

</SEC-DOCUMENT>

-----END PRIVACY-ENHANCED MESSAGE-----