



**H.B.L – Hadasit Bio-Holdings Ltd.**

**(“The Company”)**

20 July 2014

Dear:

Securities Stock Market  
Ahad Ha’am Street 45  
Tel Aviv 54252  
By Means of the Magna System

And:

Securities Authority  
Kanfei Nesharim Street 22  
Jerusalem 44555  
By Means of the Magna System

Dear Sirs,

**The Subject: Decision in the Matter of the Extension of the Redemption Period and Reduction of the Price of Redemption of (Series 4) Options**

The Company is honored to announce that the company Directorate has decided that the company will work towards an extension of the period of redemption and lowering of the redemption price of the company’s (Series 4) options, such that the redemption date will be until 26.2.15 (instead of 30.8.14) and the redemption price will be reduced to 26 agorot for an option (instead of 1.75 NIS). This is towards the end, among other things, of increasing the chance to redeem the aforementioned options and to enable the raising of additional capital in amounts that are not of significance to the company.

The reduction in cost of a (Series 4) option's redemption will be done through the presentation of a petition to the court, in a request to authorize the convening of a general assembly of (Series 4) shareholders, for the purpose of the a settlement according to Section 350 of the Law of Corporations, HaTashnat-1999.

The Directorate's Arguments for this Decision Are:

1. The current redemption price (1.75 NIS, unlinked to the Index, for an option) is higher in a substantial way than the cost of a company share in the stock market (by 19.3 agorot). In this situation, and in the case that the period of redemption is not extended nor the price of redemption reduced, there is a low probability that the options will be redeemed by the end of the current redemption period or the suggested ones, as a result of which it appears that the options will expire at their original date without the company having raised any funds through them.
2. The extension of the options' redemption period and the reduction of their price will provide options owners additional time to weigh the economic value of redemption of options in the hope that in this period the stock value will raise so that in the final analysis there will be value to redemption of the options.
3. If redemption of the company's options does occur, the matter will bring about a flow of additional capital to the company, without essential additional fundraising costs to the company, in the context of increase of the company's internal capital and the placing of additional and needed financial sources at the company's disposal for the purpose of further activity. On the other hand, with the expiration of the options, the company will be prevented from raising as much as 2.3 million NIS by means of options redemptions.
4. The proposed settlement creates benefit for the company option holders, when taken into consideration the related costs in alternate fundraising, and it contains a significant advantage to the company, all without resulting in damage to the company shareholders or creditors, and without providing advantage to the controlling options holders over public options holders.

Besides the changes above, no additional changes in the terms of the (Series 4) options will apply.

With the greatest respect,

**H.B.L. Hadasit Bio-Holdings Ltd.**

Signed by Tamar Kfir, Company Director

