



UNITRONICS (1989) (R" G) LTD.

PRESS RELEASE  
Airport City, Israel,  
May 29, 2016

\*\*\*Regulated Information\*\*\*

\*\*\*For Immediate Release\*\*\*

**An Immediate report concerning a transaction with a controlling shareholder or director that does not require General Meeting approval**

**Airport City, Israel – May 29, 2016** – Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, concerning a transaction with a controlling shareholder or director that does not require General Meeting approval.

**About Unitronics**

Unitronics (1989) (R" G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and sixty distributors (and a wholly owned US subsidiary) in approximately sixty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

**Unitronics (1989) (R"G) Ltd.**  
**(the "Company")**

**Re: An Immediate report on a transaction with a controlling shareholder or director that does not require General Meeting approval**

Pursuant to regulation 37a(5) to the Israeli Securities Regulation (Periodic and Immediate Reports), 5766 - 2006.

1. Unitronics hereby files a report concerning the approval of a transaction according to regulation 1b to the Companies Regulations (Reliefs in Transactions with Interested Parties) - 2000.

2. Date of approval of the transaction by the Board of Directors: May 29, 2016.

**3. Description of the main aspects of the transaction and the Board of Directors and Audit Committee for approval of the transaction:**

1. On May 29, 2016, the remuneration committee of the Company decided pursuant to the provisions of regulation 1b(5) and 1 (b)(1) of the Companies Regulations (Reliefs in Transactions with Interested Parties ), 2000 ( the "**Reliefs Regulations**"), to approve the purchase of directors and officers insurance liability policy for (hereinafter: "**the Policy**"), for the period of 12 months from May 18, 2016 through May 17, 2017, in accordance with the policy of remuneration of the Company which was amended at the shareholders meeting of the Company on 9 May 2016 (the "**Amended Remuneration Policy**") (to the version of the Amended Remuneration Policy see Appendix 2.1.4 to the immediate report on the convening of a meeting of May 2, 2016, reference number 2016-01-057655 included herein by reference). In addition, the Compensation Committee decided to insure, in accordance with the terms of the policy, both the directors and officers who are non-controlling shareholders of the Company or their relatives, and the directors and officers who are controlling shareholders of the Company or their relatives.

The principal terms of the policy are as follows: one event and in the aggregate for damages that may occur during the period of insurance in the amount of \$5,000,000 (five million U.S. dollars) (plus Reasonable legal defense expenses in Israel and abroad); Company's deductible for claims submitted in the U.S. and Canada is \$25,000 for any one event, except for securities claims, which the deductible will be \$35,000 for any one event ; Run-Off coverage for a period of 84 months from the date of termination of service of the officer.

**Reasons for the remuneration Committee approval of the transaction:**

i. The Policy gives proper protection to the officers of the Company, in light of the company's activities.

ii. The Policy is necessary for the Company's activities and it allows the directors to act freely and independently in the Company's best interests, in light of the enormous responsibility imposed on directors pursuant to their legal duties.

iii. The Policy is customary for the Company and for companies of its type and size and the Policy amount as well as its terms are reasonable and do not exceed customary terms under the company's specific circumstances.

- iv. The terms of the Policy match the Amended Remuneration Policy of the company.
- v. The terms of the Policy, as to directors and officers who are non-controlling shareholders of the Company or their relatives, are on market terms in comparison to the terms and conditions of other companies with similar characteristics to the company, the transaction is not likely to materially affect the company's profitability, assets or obligations, therefore the terms of rule 1B(1) of the Reliefs Regulations are met.
- vi. The terms of the Policy, as to directors and officers who are controlling shareholders of the company or their relatives, are equal to the terms of the Policy apply to other officers of the Company, the transaction is on market terms, in comparison to the terms and conditions of other companies with similar characteristics to the company, the transaction is not likely to materially affect the company's profitability, assets or obligations, therefore the terms of rule 1B(5) of the Reliefs Regulations are met.

2. In addition to the above, and pursuant to approval by the Compensation Committee as described above, on May 29, 2016 the Board of Directors of the Company decided, in accordance with regulations 1B(1) and 1B(5) to the Reliefs Regulations, to: (a) approve the purchase of this policy for a period of 12 months from May 18, 2016 through May 17, 2017, in accordance with the Amended Remuneration Policy of the Company; (b) to insure, in accordance with the terms of the policy, both the directors and officers who are non-controlling shareholders of the company or their relatives, and the directors and officers who are controlling shareholders in the company or their relatives.

The Company's Board's decisions were given based on the reasons detailed above.

3. Follows is the form of regulation 1c. of the Companies Regulations (Easements in Transactions with an Interested Party), 5760-2000: (a) The relieves in accordance with regulations 1 through 1b. shall not apply to a public company if one or more shareholders, holding at least one percent of the issued capital or of the voting rights in the company, notifies of his objection to the grant of relief as aforesaid, provided the objection had been submitted in writing no later than fourteen days from the day that the public company had published a report in accordance with the Securities Law concerning the adoption of the resolution, or from the day of publishing a report amending the aforesaid report. (b) In the event than an objection has been submitted as aforesaid in sub- regulation(a), the transaction would require approval in accordance with the provisions of Section 273 or 275, as applicable.

Respectfully,

**Unitronics (1989) (R"G) Ltd.**