

**FRUTAROM INDUSTRIES LTD.
("THE COMPANY")**

**TRANSACTION REPORT AND NOTICE OF CONVENING OF THE ANNUAL
AND SPECIAL GENERAL MEETING OF THE COMPANY**

In accordance with the Companies Law, 1999 ("**Companies Law**"), the Securities Regulations (Periodic and Immediate Reports), 1970 ("**Securities Regulations**"), the Companies Regulations (Notice and Announcement of General Meeting and Class Meeting in Public Company) 2000, notice is hereby given of the Annual General and Special Meeting of the Shareholders of the Company to be held on Wednesday, September 11, 2013 at 12:00 noon (Israel time) at the Company's offices at 34 Pinchas Rosen Street, Hertzelia, Israel (the "**Meeting**").

1. Agenda and Proposed Resolutions in Brief

1.1. Review of the Annual Financial Reports and the Board of Directors' Report

Review of the Company's Annual Financial Reports and the Directors' Reports for the year ended December 31, 2012.

1.2. Appointment of Directors

Re-appointment of the directors serving in the Company who are not external directors: Dr. John J. Farber, Ms. Maya Farber, Ms. Sandra Farber, Mr. Hans Abderhalden and Mr. Gil Leidner (independent director) for a term expiring at the next Annual General Meeting of the Company's shareholders; insofar as such re-appointments are approved, no changes shall be made in the conditions of engagement as were up to the date of the Meeting. Each candidate for directorship will be voted on individually.

For details regarding the directors up for re-appointment in accordance with regulation 26 of the Securities Regulations, see chapter D of the Company's 2012 Periodic Report (Additional Details), published on March 13, 2013.

The candidates' declarations under section 224b of the Companies Law are attached to this notice.

1.3. Appointment of Auditor

To re-appoint the firm of Kesselman & Kesselman members of PricewaterhouseCoopers, as the independent auditors of the Company for the year 2013 and until the next Annual General Meeting of the Company's shareholders, and to authorize the Company's Board of Directors to determine its fees.

1.4. Approval of Compensation Policy

To approve the Company's compensation policy as approved (unanimously) by the Compensation Committee on August 4, 2013 and by the Company's Board of Directors on August 5, 2013, attached hereto as Appendix A.

1.5 Purchase of Insurance Policy for Directors and Office Holders who are not Controlling Members or Relatives

To approve the purchase of liability insurance for insurance of directors and office holders who are not controlling members of the Company or their relatives for a period of three years from the date of approval of this resolution, or until the annual General Meeting of 2016, the later of the two options. The amount of coverage will not exceed US\$80 million, and the annual premium for such aforesaid policy will not exceed US\$200,000 (remaining the same as the currently approved premium). The conditions of all policies purchased will be the customary conditions in the market with regard to the Company, the nature of its activities and exposure. Note that if and insofar as this expansion is not approved, the Company's authorization to engage under an insurance policy for directors and office holders who are not controlling members of the Company or their relatives with a limit of liability of up to US\$40 million approved by the General Meeting on June 10, 2013 will remain in effect.

2. Majority Required for the above Resolutions

- 2.1. For sub-sections 1.2 and 1.3, – an ordinary majority of the shareholders participating in the voting.
- 2.2. For sub-section 1.4 and 1.5 – the majority prescribed under section 267A(B) to the Companies Law as follows:
 - (A) the majority of votes counted includes a majority out of all voting shareholders who are not controlling parties in the Company or parties having a personal interest in the approval of the compensation policy, participating in the vote; the overall count of votes as stated above will not include abstentions; Shareholders participating in the vote will notify the Company whether or not they have any personal interest in the approval of the compensation policy before the vote at the Meeting, or, if voting by written ballot, on the written ballot. If a shareholder has not so notified, such shareholder shall not participate in the voting and his vote shall not be counted.
 - (B) the total number of opposing votes of shareholders named in sub-section (A) above does not exceed two percent of all voting rights in the Company.

3. **Dates**

- 3.1. The date for determining the rights of the shareholders to attend and vote at the Meeting is the closing of trade on the Company's securities in the Tel Aviv Stock Exchange on Wednesday, August 14, 2013 ("**Record Date**").
- 3.2. The last date for submitting position notices to the Company is Sunday, August 25, 2013.
- 3.3. The last date for submitting voting ballots to the Company is by no later than 72 hours before the time of the Meeting.

4. **Quorum for Holding the Meeting**

Two or more shareholders, present in person or by proxy or by voting ballot when the Meeting proceeds to business, and holding shares representing in the aggregate one third or more of the total voting power attached to the shares then outstanding, shall constitute a quorum.

If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting shall stand adjourned to the same day in the following week, at the same time and place, or any other time and place as the Board of Directors may designate in a notice to the shareholders. The requisite quorum at an adjourned Meeting will be one or more shareholders present or by proxy, holding at least one share.

5. **Attending and Voting in the Meeting**

- 5.1. According to the Companies Regulations (Voting Ballot and Position Notices) - 2005, participation in the Meeting may be through the attached voting ballot with regards to resolutions 1.2 - 1.5 above.
- 5.2. The wording of the voting ballot and position notice, if applicable, may be found at the website addresses of the Israeli Securities Authority and the Tel Aviv Stock Exchange, www.magna.isa.gov.il and <http://maya.tase.co.il>, respectively. Shareholders may also approach the Company directly to obtain the voting ballot and position notices. Voting may not be performed through the Internet.
- 5.3. A shareholder who wishes to attend the Meeting through a voting ballot must do so using the second part of the voting ballot. The voting ballot must be delivered to the Company or mailed to the Company as registered mail, along with the ownership confirmation, if the shareholder is a non-registered shareholder, and with a copy of the shareholder's identification card or passport or certificate of association attached, if the shareholder is registered in the membership register, all provided that the voting ballot arrives at the Company's registered offices by no later than 72 hours before the time the Meeting is to be convened.
- 5.4. A Stock Exchange member will send, at no cost, a link to the voting ballot and position notices on the distribution website, by email, to any

shareholder who is not registered in the membership register and whose shares are registered with that Stock Exchange member, unless the shareholder has advised that he has no desire to do so and only when the notice is made regarding a particular share account and prior to the Record Date.

5.5. A shareholder who has a registered share with a Stock Exchange member is required to submit to the Company a confirmation regarding his ownership of the share on the Record Date in accordance with the Companies Law Regulations (Proof of Share Ownership for Purposes of Voting at the General Meeting) - 2000. Shareholders may also vote by a duly appointed proxy. The proxy appointment for voting will be deposited at the Company's offices at 34 Pinchas Rosen St., Hertzelia, by no less than 48 hours before the time the Meeting is to be convened.

5.6. A shareholder whose shares are registered with a member of the Stock Exchange is entitled to receive confirmation of his ownership from the Stock Exchange member through whom he holds the shares, at the Stock Exchange member's branch or by mail at his mailing address, at the cost of the mailing alone, if the shareholder has so requested. Such request must be made in advance to a particular security account.

6. **Voting method - interested parties, senior office holders and institutional bodies**

In accordance with the guidelines published by the Securities Authority on November 30, 2011 on the matter of "Disclosure of Voting Method in Meetings by Interested Parties, Senior Office Holders and Institutional Bodies" (**Guidelines**), a shareholder participating in a vote will notify the Company whether he is an interested party, senior office holder or institutional investor as defined in the Guidelines, and whether he is a legal representative of such shareholder who is an interested party, senior office holder or institutional investor.

7. **Review of Documents**

The proposed resolutions may be reviewed at the Company's offices at 34 Pinchas Rosen Street, Hertzelia, Israel, Sundays through Thursdays from 9:00 - 16:00, with advance coordination at +972-9-9603800.

Frutarom Industries Ltd.
Karin Ben Ari, Adv.
Legal Counsel and acting
Corporate Secretary

Directors Declarations

August 5, 2013

DECLARATION

I the undersigned, a director or a nominee for the position of director in Frutarom Industries Ltd., an Israeli company with shares traded on the Tel Aviv Stock Exchange and on the London Stock Exchange (the "**Company**"), hereby confirm as follows

I am providing this declaration in accordance with the requirements of Israel's Companies Law, 1999 (the "**Law**") .1

I possess the necessary qualifications, and have sufficient time allowing me to fulfill my duties as a director of the Company, taking into account the Company's size and special needs .2

I possess the following business and professional expertise (specify, or indicate "none"; please attach copies of any relevant academic degrees, certificates, proof of experience, etc., not previously provided to the Company) relevant in order to examine the existence of the conditions and requirements for my serving in the office as a director in the Company and/or for assessing my accounting and financial expertise and/or for assessing my professional capacity in accordance with the Companies Regulations (Conditions and Requirements for Directors with Accounting and Financial Expertise and for Directors with Professional Capacities) 2005

Ph.D. Polymer Chemistry; Founder, Chairman of the Board, and Principal Owner of ICC Industries Inc., New York

Note: The Law requires a director to have the necessary qualifications and sufficient time to devote to fulfill his or her duties as a Director of the Company, taking into account the Company's size and special needs

During the last five years, I have not been convicted, by a final verdict of a court of competent jurisdiction, of any of the following offenses .3

i) offenses under Sections 290-297, 392, 415, 418-420 or 422-428 of the Israeli Penal Law, (1977, or under Sections 52C, 52D, 53(a) or 54 of the Israel Securities Law, 1968;¹ or

ii) offenses of bribery, fraud, other managers' offenses or insider trading offenses, in which the conviction was by a court of competent jurisdiction outside Israel; or

iii) any other offense that a court has determined disqualifies me from serving as a director in a public company

never

Alternatively, the director can simply confirm that he or she has never been convicted by an Israeli court of any criminal offense .1

No means of enforcement prohibiting me from serving as the director of a public company .4
has been imposed on me by any administrative enforcement committee. In this matter, "means of
enforcement" and "administrative enforcement committee" are as defined in section 225(b) to
.the Companies Law

.I have never been declared bankrupt .5

If any changes occur in any of the particulars I have declared in this declaration during my .6
service as a director in the Company, or if any facts which could change what I have declared in
this declaration are brought to my attention, I hereby undertake to report such to the Company
.without delay

My name and signature appear below, and I hereby declare that the facts contained herein are .7
.the truth


John J. Farber, Director

August 5, 2013

DECLARATION

I the undersigned, a director or a nominee for the position of director in Frutarom Industries Ltd., an Israeli company with shares traded on the Tel Aviv Stock Exchange and on the London Stock Exchange (the "**Company**"), hereby confirm as follows

I am providing this declaration in accordance with the requirements of Israel's Companies Law, 1999 (the "**Law**") .1

I possess the necessary qualifications, and have sufficient time allowing me to fulfill my duties as a director of the Company, taking into account the Company's size and special needs .2

I possess the following business and professional expertise (specify, or indicate "none"; please attach copies of any relevant academic degrees, certificates, proof of experience, etc., not previously provided to the Company) relevant in order to examine the existence of the conditions and requirements for my serving in the office as a director in the Company and for assessing my professional capacity in accordance with the Companies Regulations (Conditions and Requirements for Directors with Accounting and Financial Expertise and for Directors with Professional Capacities) 2005
Member of the Board of ICC Industries Inc., New York, Since 1979

Note: The Law requires a director to have the necessary qualifications and sufficient time to devote to fulfill his or her duties as a Director of the Company, taking into account the Company's size and special needs

During the last five years, I have not been convicted, by a final verdict of a court of competent jurisdiction, of any of the following offenses .3

i) offenses under Sections 290-297, 392, 415, 418-420 or 422-428 of the Israeli Penal Law, 1977, or under Sections 52C, 52D, 53(a) or 54 of the Israel Securities Law, 1968;¹ or

ii) offenses of bribery, fraud, other managers' offenses or insider trading offenses, in which the conviction was by a court of competent jurisdiction outside Israel; or

iii) any other offense that a court has determined disqualifies me from serving as a director in a public company

never

Alternatively, the director can simply confirm that he or she has never been convicted by an Israeli court of any criminal offense .1

No means of enforcement prohibiting me from serving as the director of a public company .4
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enforcement" and "administrative enforcement committee" are as defined in section 225(b) to
.the Companies Law

.I have never been declared bankrupt .5

If any changes occur in any of the particulars I have declared in this declaration during my .6
service as a director in the Company, or if any facts which could change what I have declared in
this declaration are brought to my attention, I hereby undertake to report such to the Company
.without delay

My name and signature appear below, and I hereby declare that the facts contained herein are .7
.the truth



Maya Farber, Director

August 5, 2013

DECLARATION

I the undersigned, a director or a nominee for the position of director in Frutarom Industries Ltd., an Israeli company with shares traded on the Tel Aviv Stock Exchange and on the London Stock Exchange (the "**Company**"), hereby confirm as follows:

1. I am providing this declaration in accordance with the requirements of Israel's Companies Law, 1999 (the "**Law**").
2. I possess the necessary qualifications, and have sufficient time allowing me to fulfill my duties as a director of the Company, taking into account the Company's size and special needs.

I possess the following business and professional expertise (specify, or indicate "none"; please attach copies of any relevant academic degrees, certificates, proof of experience, etc., not previously provided to the Company) relevant in order to examine the existence of the conditions and requirements for my serving in the office as a director in the Company and for assessing my professional capacity in accordance with the Companies Regulations (Conditions and Requirements for Directors with Accounting and Financial Expertise and for Directors with Professional Capacities) 2005.

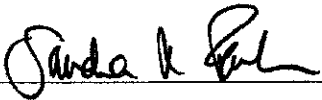
Legal degree- JD (Juris Doctor)

Note: The Law requires a director to have the necessary qualifications and sufficient time to devote to fulfill his or her duties as a Director of the Company, taking into account the Company's size and special needs.

3. During the last five years, I have not been convicted, by a final verdict of a court of competent jurisdiction, of any of the following offenses:
 - (i) offenses under Sections 290-297, 392, 415, 418-420 or 422-428 of the Israeli Penal Law, 1977, or under Sections 52C, 52D, 53(a) or 54 of the Israel Securities Law, 1968;¹ or
 - (ii) offenses of bribery, fraud, other managers' offenses or insider trading offenses, in which the conviction was by a court of competent jurisdiction outside Israel; or
 - (iii) any other offense that a court has determined disqualifies me from serving as a director in a public company.
4. No means of enforcement prohibiting me from serving as the director of a public company has been imposed on me by any administrative enforcement committee. In this matter, "means of enforcement" and "administrative enforcement committee" are as defined in section 225(b) to the Companies Law.

¹ Alternatively, the director can simply confirm that he or she has never been convicted by an Israeli court of any criminal offense.

5. I have never been declared bankrupt.
6. If any changes occur in any of the particulars I have declared in this declaration during my service as a director in the Company, or if any facts which could change what I have declared in this declaration are brought to my attention, I hereby undertake to report such to the Company without delay.
7. My name and signature appear below, and I hereby declare that the facts contained herein are the truth.



Sandra Farber, Director

August 5, 2013

DECLARATION

I the undersigned, a director or a nominee for the position of director in Frutarom Industries Ltd., an Israeli company with shares traded on the Tel Aviv Stock Exchange and on the London Stock Exchange (the "Company"), hereby confirm as follows:

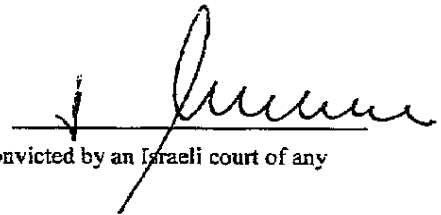
1. I am providing this declaration in accordance with the requirements of Israel's Companies Law, 1999 (the "Law").
2. I possess the necessary qualifications, and have sufficient time allowing me to fulfill my duties as a director of the Company, taking into account the Company's size and special needs.

I possess the following business and professional expertise (specify, or indicate "none"; please attach copies of any relevant academic degrees, certificates, proof of experience, etc., not previously provided to the Company) relevant in order to examine the existence of the conditions and requirements for my serving in the office as a director in the Company and/or for assessing my accounting and financial expertise and/or for assessing my professional capacity in accordance with the Companies Regulations (Conditions and Requirements for Directors with Accounting and Financial Expertise and for Directors with Professional Capacities) 2005.

IMD Program for Executive Development from IMD, Switzerland.
Director and Consultant in various companies.

Note: The Law requires a director to have the necessary qualifications and sufficient time to devote to fulfill his or her duties as a Director of the Company, taking into account the Company's size and special needs.

3. During the last five years, I have not been convicted, by a final verdict of a court of competent jurisdiction, of any of the following offenses:
 - (i) offenses under Sections 290-297, 392, 415, 418-420 or 422-428 of the Israeli Penal Law, 1977, or under Sections 52C, 52D, 53(a) or 54 of the Israel Securities Law, 1968;¹ or
 - (ii) offenses of bribery, fraud, other managers' offenses or insider trading offenses, in which the conviction was by a court of competent jurisdiction outside Israel; or
 - (iii) any other offense that a court has determined disqualifies me from serving as a director in a public company.



¹ Alternatively, the director can simply confirm that he or she has never been convicted by an Israeli court of any criminal offense.

4. No means of enforcement prohibiting me from serving as the director of a public company has been imposed on me by any administrative enforcement committee. In this matter, "means of enforcement" and "administrative enforcement committee" are as defined in section 225(b) to the Companies Law.
5. I have never been declared bankrupt.
6. If any changes occur in any of the particulars I have declared in this declaration during my service as a director in the Company, or if any facts which could change what I have declared in this declaration are brought to my attention, I hereby undertake to report such to the Company without delay.
7. My name and signature appear below, and I hereby declare that the facts contained herein are the truth.

A handwritten signature in cursive script, appearing to read 'Hans Abderhalden', is written over a horizontal line.

Hans Abderhalden, Director

DECLARATION

I the undersigned, an independent director or a nominee for the position of independent director in Frutarom Industries Ltd., an Israeli company with shares traded on the Tel Aviv Stock Exchange and on the London Stock Exchange (the "Company"), hereby confirm as follows:

1. I am providing this declaration in accordance with the requirements of Israel's Companies Law, 1999 (the "Law").
2. I possess the necessary qualifications, and have sufficient time allowing me to fulfill my duties as a director of the Company, taking into account the Company's size and special needs.

I possess the following business and professional expertise (specify, or indicate "none"; please attach copies of any relevant academic degrees, certificates, proof of experience, etc., not previously provided to the Company) relevant in order to examine the existence of the conditions and requirements for my serving in the office as a director in the Company and/or for assessing my accounting and financial expertise and/or for assessing my professional capacity in accordance with the Companies Regulations (Conditions and Requirements for Directors with Accounting and Financial Expertise and for Directors with Professional Capacities) 2005.

C.V. attached

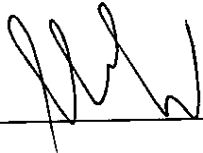
Note: The Law requires a director to have the necessary qualifications and sufficient time to devote to fulfill his or her duties as a Director of the Company, taking into account the Company's size and special needs.

3. During the last five years, I have not been convicted, by a final verdict of a court of competent jurisdiction, of any of the following offenses:
 - (i) offenses under Sections 290-297, 392, 415, 418-420 or 422-428 of the Israeli Penal Law, 1977, or under Sections 52C, 52D, 53(a) or 54 of the Israel Securities Law, 1968;¹ or
 - (ii) offenses of bribery, fraud, other managers' offenses or insider trading offenses, in which the conviction was by a court of competent jurisdiction outside Israel; or
 - (iii) any other offense that a court has determined disqualifies me from serving as a director in a public company.

¹ Alternatively, the director can simply confirm that he or she has never been convicted by an Israeli court of any criminal offense.

4. No means of enforcement prohibiting me from serving as the director of a public company has been imposed on me by any administrative enforcement committee. In this matter, "means of enforcement" and "administrative enforcement committee" are as defined in section 225(b) to the Companies Law.
5. I am not a relative of the controlling shareholder, and neither I, my relatives, my partners, employers or any person to whom I am directly or indirectly subordinate, or any corporation in which I am a controlling shareholder, at the time of my appointment or in the two years preceding my appointment, have any association to the Company, a controlling shareholder of the Company or a relation of any controlling shareholder. In this section:
 - "Association" – employment relations, commercial or other general professional relations or control, and service in the office of an officeholder.
 - "Other corporation" – a corporation in which the controlling shareholder, at the time of appointment or in the two years preceding the date of appointment, is the Company or a controlling shareholder of the Company;
 - "Relation" – spouse, brother or sister, parent, grandparent, child or child of a spouse or the spouse of any of these;
 - "Date of appointment" – on the date of my appointment as a director in the Company.
6. Other positions I hold and my other occupations do not create and it is not probable that such will create conflicts of interest with my service as a director in the Company, and do not impair my capacity to serve as a director in the Company.
7. No person serving as a director in the Company serves as an external director or as an independent director in any other company in which I serve as a director.
8. I am not a member or employee of the Israeli Securities Authority and I do not serve as a member of the board of directors and am not employed with the Tel – Aviv Stock Exchange.
9. Neither I nor my relatives, my partners, employers or any person to whom I am directly or indirectly subordinate, or any corporation in which I am a controlling shareholder have commercial or professional relations with anyone with whom association is prohibited under the provisions of sub-section 1, even such associations which are not regular, save negligible associations, and I have not received remuneration contrary to the provisions of section 244(b) to the Law.
10. I have not been acting as director in the Company for more than nine consequent years.
11. I have never been declared bankrupt.

12. If any changes occur in any of the particulars I have declared in this declaration during my service as a director in the Company, or if any facts which could change what I have declared in this declaration are brought to my attention, I hereby undertake to report such to the Company without delay.
13. My name and signature appear below, and I hereby declare that the facts contained herein are the truth.

A handwritten signature in black ink, appearing to read 'Gil Leidner', is written over a horizontal line.

Gil Leidner, Director

Gil Leidner

C.V. Summary

Personal:

Age: 61

Personal status: Married+ 2 Children

Education

1978- LLB, Tel Aviv University Law School

Employment

- 2001- Managing Partner, GLRM Consultants.
An investment banking and financial advisory firm, established in 2001. Galram specialize in debt and equity financing for infrastructure projects and industrial ventures and companies both in Israel and abroad.
- 1996-2001 Senior V.P. Mergers, Acquisitions and Capital Markets- Koor Industries LTD. one of Israel's major industrial conglomerates
- 1992-1996 President- M.I. Holdings
The Government of Israel Agency in charge of the privatization of the Israeli banking system.
- 1989-1992 Deputy Accountant General- Ministry of Finance, the Government of Israel in charge of major Inter-Ministries Projects, including all the financial aspects of the massive immigration influx from the former Soviet Unions during the early 90's, the financial restructuring of the Agricultural sector in Israel and the turnaround program for major industrial conglomerates in Israel.
- 1984-1989 V.P Business Development- Ormat Systems, USA
- 1981-1984 Assistant to the Chairman- Ampal American Israel Corp.

Board of Directors

Technion- Member of the Investments Committee

Soraski Medical Center- Member of the Managing Committee, the Research Foundation

Appendix A

Compensation

Policy

Compensation Policy

Frutarom Industries Ltd. (the "Company")

1. General

- 1.1** This document contains the compensation policy for Company office holders, as defined in section 267A(a) to the Companies Law, 1999 ("**Companies Law**").
- 1.2** The purpose of this document is to set out guidelines regarding the issue and the method for compensation of Company office holders, taking into account principles which will allow the Company to maintain an appropriate balance between the desire to compensate office holders on their performance, to recruit, provide incentive and maintain quality office holders for the long term and the need to ensure that the structure of the compensation complies with the Company's business strategy and goals for the long term, taking into account, inter alia, the Company's risk management policy.
- 1.3** The Company has determined its compensation policy for office holders according to the following considerations, inter alia:
- 1.3.1** Promotion of the Company's goals, work plans and policy, with a view towards the long term.
 - 1.3.2** Creating appropriate incentives for Company office holders, taking into account the Company's risk management policy.
 - 1.3.3** The size of the Company and nature of its activities.
 - 1.3.4** With regard to the variable components – the office holder's contribution to the achievement of the Company's goals and profit maximization, all with a view towards the long term and in accordance with the office holder's position.
- 1.4** It should be emphasized that the act of adopting this policy does not award the existing or future office holders in the Company any right to receive the compensation set forth in this Compensation Policy. Office holders serving in the Company presently or in future will be entitled to compensation according to the specific conditions to be prescribed for such office holder and approved by the authorized bodies in the Company, subject to the provisions of law.
- 1.5** It is further emphasized that although the compensation policy sets ceilings for the various compensation components, should an office holder receive compensation in an amount lower than compensation set in this policy, this shall not be deemed a deviation from or exception to the Company's compensation policy, and shall not require the approval of the General Meeting, required in the event of approval of conditions of office and employment deviating from compensation policy.

2. Components of the Compensation Package

2.1 The overall compensation for Company office holder will be made up of a number of compensation components (all or some of these):

2.1.1 Basic wage or salary.

2.1.2 Social and ancillary benefits – these benefits include, inter alia, pension savings, compensation allowance, insurance for loss of work capacity, vacation days, sick days, leisure days, travel expenses, further education fund savings, a company vehicle for work purposes, holiday gifts, participation in the Company's customary welfare and leisure activities, media and newspapers as is customary within the Company from time to time.

2.1.3 Performance based variable compensation - a cash bonus and equity based bonus (hereinafter jointly referred to as: "**Annual Bonus**").

2.1.4 Variable compensation – equity based.

2.1.5 Termination of office settlement – compensation, adjustment period, advance notice or any other benefit awarded to office holders in connection with termination of employment with the Company.

2.2 Definitions:

2.2.1 "**Basic wage**" or "**salary**" – gross wages per month.

2.2.2 "**Wage cost**" – basic wage plus social and ancillary benefits in terms of cost to employer.

2.2.3 "**Compensation package**" – total cost of compensation in terms of cost to employer, including wage cost, annual bonus and equity based compensation in terms of average value for vesting year.

2.2.4 "**Office holder**" – as defined in the Companies Law.

3. Method of Determining Compensation

The terms of office and employment of Company office holders will be determined and approved, inter alia, with attention to and taking into account the following principles:

3.1 The education, skills, expertise, professional experience and achievements of the office holder.

3.2 The office holder's position, areas of responsibility and previous wage agreements;

3.3 Internal comparison - the ratio between the office holder's compensation to that of other Company employees.

In determining office holders' terms of office and employment, the Company will examine the average and median wages of other Company employees, and the impact such gap could have on work relations within the Company. The Compensation Committee and the Board of Directors reviewed said relations at the time they adopted this compensation policy, and determined that in their estimate, said relations will not harm work relations within the Company.

3.4 The table below shows the mix of compensation components, in a manner describing the possible ratio range between the components of the overall compensation for a Company office holder for given year and the fixed compensation components in annual terms:

Position	Minimal fixed compensation cost	Maximum variable compensation cost ¹
President and CEO	25%	75%
Executive Vice President	35%	65%
Vice President and other office holders	45%	55%

4. Basic Wage

4.1 Basic wage expresses an employee's skills, experience, knowhow he brings to the position, expertise in the area of employment, education, professional certifications and the like, taking into account the areas of responsibility such employee is responsible for and the demand deriving from such position.

4.2 An office holder's basic wage will be determined during the course of negotiations prior to employment in the Company, after reviewing the considerations and parameters set forth in section 3 above.

4.3 The Company's compensation policy states that:

4.3.1 The monthly basic wage of the President and CEO of the Company will not exceed NIS 220 thousand.

4.3.2 The monthly basic wage of the Executive Vice President of the Company will not exceed NIS 130 thousand.

¹ In calculating the variable compensation ceiling, one-time bonuses as mentioned in section 7.6 below will not be taken into account.

- 4.3.3** The monthly basic wage of the Vice President and other office holders will not exceed NIS 60 thousand.
- 4.3.4** The maximum amounts of basic wage named above will be linked to the rate of the rise in the consumer price index of September 10, 2013.
- 4.4** The Compensation Committee and the Company's Board of Directors may update wage conditions for an office holder subject to the provisions of section 3 above.
- 4.5** The Company may approve linking of wages for office holders in accordance with the rate of the increase of the consumer price index, with the approval of the Compensation Committee and the Board of Directors.

5. Social and ancillary benefits

In addition to the basic wage set forth in section 4 above, the Company, with the approval of the Compensation Committee and the Board of Directors, may approve social and ancillary benefits for office holders to be added to the basic wage as set forth below and as may be customary within the Company from time to time:

- 5.1 Allowances for pension and loss of work capacity insurance** – the Company will pay allowances into pension funds and/or directors' insurance, in accordance with the applicable provisions of law on the matter.
- 5.2 Severance pay** – the Company may set aside severance pay for office holders, into a pension fund/ directors' insurance, at the office holder's choice in the matter of allowances for pension insurance. In addition, the Company may also resolve on severance pay for the CEO and President of the Company at the rate of 200% of compensation by law. The Company will set aside such allowances, as necessary.
- 5.3 Study fund** – the Company may set aside allowances to an advanced study fund, and the cost of the Company's portion will be up to 7.5% of the office holder's wages.
- 5.4 Vehicle** – the Company may provide office holders with a personal vehicle and bear maintenance costs as is customary within the Company.
- 5.5 Communications** – the Company may bear communications expenses for office holders, such as: mobile phones, landlines and internet.
- 5.6 Annual vacation** – office holders will be entitled to at least the minimum of annual vacation leave in accordance with the Annual Vacation Law, and no more than 22 work days a year. Office holder will be entitled to accumulation and redemption of annual vacation day value, as is customary within the Company.

Upon termination of employment, office holders are entitled to redeem accrued vacations days subject to utilization of vacation days, as is customary within the Company.

- 5.7 Sick leave** – office holders will be entitled to be absent from work because of illness as defined by the law, up to a period of 30 days per calendar year. Office holders will be entitled to payment for absence from work on account of illness starting from the first day of absence.
- 5.8 Leisure pay** – office holders will be entitled to the leisure pay by law at least, and no more than 14 days per calendar year.
- 5.9 Exculpation, indemnification and insurance of office holders** – The Company may grant all office holders letters of exculpation and indemnity, in the broadest manner possible under the Companies Law, 1999, and as approved by the Company's authorized bodies. In addition, the Company may from time to time purchase insurance policies to cover office holders' liability (including purchase of run-off insurance), in the Company's customary scope of coverage.
- 5.10 Return of expenses** – all office holder in the Company are entitled to a return of reasonable expenses actually spent in the performance of their duties, including expenses for participation in meetings, travel abroad, per diem and all hospitality expenses, as against presentation of receipts. The Company may pay office holder's expenses in advance via credit card. Return of expenses in the case of travel abroad will be performed in accordance with Company policy.
- 5.11 Miscellaneous** – the Company may grant office holders ancillary benefits such as: a 13th salary, gifts for the holidays, participation in leisure and welfare activities as customary within the Company, subscriptions to newspapers and professional literature according to profession, may pay membership fees to professional associations and reimburse for professional seminars, academic studies, license fees, return of relocation expenses and other various benefits as may be customary within the Company from time to time.
- 5.12 Office holders abroad** - if an office holder is working abroad, eligibility for social benefits and ancillaries will be subject to the customary law and accepted practices for office holders of such rank in the country he or she is residing.

6. Terms of Termination of Employment

6.1 Advance Notice

- 6.1.1 The Compensation Committee and the Board of Directors may determine the advance notice period for office holders, up to a ceiling as appears in the table below:

Position	Advance notice period
President and CEO	Up to 6 months
Executive Vice President	Up to 6 months
Vice President and other office holders	Up to 3 months

- 6.1.2 During the course of the advance notice period, office holders will be required to continue their employment and will be entitled to all conditions of employment without change, unless the Compensation Committee and the Board of Directors decide to release an office holder from this obligation.

- 6.1.3 **Change in control** - the Company may decide in advance, for any office holder, that in the event such office holder's employment is terminated during a period of up to 12 months from the time at which ICC Handels AG's holdings in the Company have fallen below 26%, such office holder will be entitled to his basic wage (not including vacation, sickness, bonuses and bonuses options) for a period of up to 12 months for the CEO of the Company, and up to 6 months for the Executive Vice President, starting from the end of the advance notice period prescribed for each office holder in his employment agreement. In addition, the Company in such event may allow immediate exercise of all options granted to office holder in the past, even if the vesting period for such has not been completed.

- 6.2 **Increased compensation** – office holder are entitled to increased compensation as prescribed by law. In addition, as stated in section 5.2, the Company may award the President and CEO increased compensation.

- 6.3 **Adjustment bonus** – as a rule, the Company does not award adjustment bonuses to office holders. However, subject to the approval of the Compensation Committee and the Board of Directors, the Company may award an office holder employed over three years in the Company a one-time adjustment bonus, in an amount not exceeding three months basic wages. Adjustment bonuses will be approved for office holders on the condition that the office holder's leaving the Company is not under circumstances justifying revoking severance pay, and taking into consideration the following parameters: (1) the Company's performance during the period employment is terminated; (2) the office holder's contribution to the achievement of Company goals and to maximization of profit; and (3) the circumstances under which the office holder is leaving the Company.

7. Annual Bonus – Cash and Equity

7.1 The Company's compensation policy is based, inter alia, on the principle that the overall compensation to senior office holders in the Company must be effected by the Company's business results and by each office holder's contribution to the achievement of the Company's strategic goals.

7.2 Therefore, the Company is entitled to grant office holders an annual grant (annual bonus), based on their fulfillment of performance goals as set for them, in accordance with the annual bonus plan, to be brought before the Company's Compensation Committee and Board of Directors.

7.3 Preconditions

Bonuses for office holders are contingent on office holder's fulfillment of the following cumulative conditions, to be calculated on the basis of the Company's reports:

7.3.1 Consolidated EBITDA, after deduction of one-time events, higher than US\$ 50 million.

7.3.2 Consolidated net profit, after deduction of one-time events, after bonuses, higher than US\$25 million.

7.3.3 Bonuses will not be awarded to office holders for any year that these preconditions do not exist.

7.4 Goals according to which annual bonuses are calculated for each office holder, and relative weight

7.4.1 Overall Company Goal

The bonus for the overall Company index will be measured as variable rates of the Company's consolidated EBITDA after deduction of one-time events, as determined in advance for each office holder, according to the following brackets:

EBITDA after deduction of onetime events and after bonuses, in millions of US\$	Bonus
0 – 50	Not eligible for bonus
50 – 70	Rate out of total amount (starting from the first dollar)
70 – 100	Rate out of total amount or the delta only.
Over 100	Rate out of total amount or the delta only, up to the bonus ceiling relating to this component

7.4.2 Personal Goals

Fulfillment of measurable personal goals according to office holder's areas of employment and responsibility, as determined in advance for the measured year. Personal goals will be set for each office holder, deriving, inter alia, from the Company's strategic work plan and the work plans of the unit which the office holder is responsible for. The personal goals component will include at least two personal measures, each of which will be given relative weight of not less than 30% of the ceiling for the personal goal bonus component. Sample measures: achievement of division budget, improvement goals using financial parameters, P&L / balance / cash flow impacted by the office holder's contribution, achievement of project goals / milestones, other operational parameters (efficiency, replacement of employees, expenses savings and the like).

The evaluation of an office holder will be based on said personal measures, which will be defined in advance for each office holder, and performed by the superior level, approved by the Compensation Committee and the Board of Directors.

7.4.3 Evaluation of performance by supervisors

In calculating the annual bonus, the Compensation Committee and the Board of Directors (after receiving the recommendation of the President and CEO of the Company) may grant a portion of the bonus based on an evaluation of quality performance on the part of the office holder, relating to measures such as initiative, excellence and contribution to the Company's performance, separate from the personal financial measures set as previously stated. This criterion will have the weight of no more than 20% of the ceiling of the total bonus.

7.4.4 Composition of Bonus

Superiors will make recommendations, and the Compensation Committee and the Board of Directors will approve in advance the relative weight of the goals set and the bonus, at their discretion, out of the bonus ceiling for the measured year. The relative weight determined will be within the following limits:

	"Overall Company" goal	Personal goals	Performance assessment
President and CEO	Up to 100%	0%	Up to 20%
Executive Vice President	Up to 40%	No less than 40%	Up to 20%
Vice President and other office holders	Up to 40%	No less than 40%	Up to 20%

7.4.5 Spread

7.4.5.1 The total bonus for office holders will be paid in part in cash and the remainder will be a deferred equity bonus. Accordingly, in the year following the year for which bonus is being granted, the Company will purchase shares against which options will be granted, according to the following division:

	Cash bonus	Equity bonus
President and CEO	80%	20%
Executive Vice President	60%	40%
Vice President and other office holders	60%	40%

7.4.5.2 The equity bonus will be paid in options for the purchase of Company shares, whose total market value at the time of purchase will be equal to 1.5 times the rate of the aforesaid bonus component, such that the rate of the bonus will constitute a bonus of 2/3 of the value of the options granted to office holder, and the exercise price of the options to be paid to office holders will be 1/3 of the value of the Company shares at the time of purchase.

7.4.5.3 The options granted to office holders against the shares purchased by the Company for this purpose will be granted in two parts, in April and in October in the year following the year for which bonus is being granted.

7.4.5.4 The options will vest in the following manner: (A) the first 1/3 of the options will vest after 12 months have passed from the grant date (subject to any restriction by power of law or taxation ruling, in the event of any such); (B) an additional 1/3 will vest after 24 months have passed from the grant date; and (C) the last 1/3 of the options will vest after 36 months have passed from the grant date.

7.4.5.5 Exercise price of the options will stand at 1/3 of the average price of the shares the Company purchased for the purpose of granting the options, so that the difference between the purchase price of the shares and the exercise price of the options multiplied by the number of options granted to an office holder will reflect the value of the deferred equity based component awarded.

7.4.5.6 The Options shall remain valid for 6 years from the date of grant, and the provisions of the option plan under which they were granted shall apply.

7.4.5.7 The Compensation Committee and the Board of Directors shall determine the conditions for exercising the options upon termination of employee-employer relations between the office holder and the Company (following dismissal, resignation and death or disability).

7.4.5.8 The Compensation Committee and the Board of Directors may resolve on allowing an accelerated vesting period for all or some of the options which have not yet vested.

7.4.6 Cap for annual bonus

The ceiling for the annual bonus, including the cash component and the equity based component as described above will be determined at the start of the measured year, but, shall not exceed the following:

7.4.6.1 President and CEO – US\$ 2.5 million

7.4.6.2 Executive Vice President – 17 salaries;

7.4.6.3 Vice presidents and other office holders – 10 salaries.

7.5 Annual Bonus – General

7.5.1 The annual bonuses in cash for office holders, as approved by the Compensation Committee and the Board of Directors, shall be paid together with the first salary to be paid after approval of the Company's annual financial reports.

7.5.2 The Compensation Committee and the Board of Directors may in special cases resolve to reduce the variable compensation for office holders set for that year in accordance with the compensation mechanism determined according to the compensation policy, by up to 25%.

7.5.3 Office holders will undertake to return the amount of the bonus or any portion thereof to the Company in the event it is later discovered that a bonus was granted based on data which was discovered to be misleading, and has been reported anew in the Company's financial statements, over the course of a period of four consecutive annual financial reports after the approval of the bonus. In any event where the office holder is required to return the amount of the bonuses as stated, the office holder's entitlement to a future bonus will first be setoff. The provisions of this section shall apply to the Company, mutatis mutandis, in the event data presented anew in the Company's audited financial statements satisfy eligibility for a higher bonus for that year.

The obligation to return money to the Company shall not apply with regard to an office holder, and the Company shall not make any payment to an office holder as stated above in any of the following cases:

7.5.3.1 In the event the amendment to the financial statements derived from a change in accounting standards.

7.5.3.2 In the event the Compensation Committee and the Board of Directors resolved under special circumstances that the return of the bonus by the

office holder (or part thereof) as stated hereinabove, is impossible or cannot be performed from a commercial, legal or any other aspect.

8. One Time Bonus

8.1 The Board of Directors may resolve to grant a one-time bonus during the course of the policy period, for recognized achievement on the part of a Company of, as part of a transaction not in the ordinary course of business for the Company (hereinafter and hereinabove: "One-time bonus").

8.2 One-time bonuses shall not exceed three salaries.

8.3 Should a one-time bonus be paid, it shall be separate and unrelated to the annual bonus.

9. Equity Based Bonus

9.1 The Company reserves the right to grant senior office holders options for ordinary shares in accordance with the equity based bonus plan adopted from time to time, subject to the provisions of law.

9.2 Office holders shall be entitled to equity based bonus in accordance with the definitions appearing in the plans approved by the Company from time to time. These definitions will relate to the following issues at the very least:

9.2.1 Average maximum annual dilution percentage deriving from the allocation of options during the policy period will not exceed 1.25% in full dilution;

9.2.2 Maximum value of the options for the vesting year² to be allocated to a single office holder shall not exceed: 10 salaries for the President and CEO, 9 salaries for the Executive Vice President, and 8 salaries for Vice Presidents and other office holders; this amount is not necessarily equal to the amounts recorded as expenses in the financial statements according to customary accounting rules at the time of approval of the compensation policy.

9.2.3 Exercise price of option unit - shall not be less than the closing rate of the Company shares on the last trading day before the Company's Board of Directors' resolution regarding allocation of options, and in the event of future grant according to the average closing rate of the Company's shares over the ten days preceding the date of grant.

² Value of benefit of total options granted as was at the time of granting, according to one of the accepted valuation methods, divided by the number of vesting years. The value for vesting year will be calculated cumulatively, so as to include the value for vesting year of all bonuses planned having options that will vest during that year.

- 9.2.4** Vesting period – options will vest in three tranches, vesting over four years in equal parts, starting from 24 months after the date of grant.
- 9.2.5** Expiry date of option units – six years after the date of grant;
- 9.2.6** The Compensation Committee and the Board of Directors shall determine the conditions for exercising the options upon termination of employee-employer relations between the office holder and the Company (following dismissal, resignation and death or disability).
- 9.2.7** The Compensation Committee and the Board of Directors may resolve on allowing the option of accelerating the vesting period for all or some of the options which have not yet vested.
- 9.2.8** The Company may resolve that the options will be granted to an employee according to the tax track which will maximize tax benefits for the employee.

10. Director's Wages

- 10.1** The Company may pay remuneration to all directors in the Company, including the external directors, in the amount of up to the “maximum amount” according to the Company’s equity rating as may be from time to time, as prescribed in the Companies Regulations (Rules Regarding Compensation of External Directors) 2000 for an expert director.
- 10.2** External independent directors in the Company are entitled to a return of expenses in accordance with the Remuneration of External Directors Regulations. The Company may return other directors in the Company reasonable expenses actually spent in the performance of their duties, including expenses for participation in meetings, travel abroad, per diem and all hospitality expenses, as against presentation of receipts. The Company may pay office holder’s expenses in advance via credit card. Return of expenses in the case of travel abroad will be performed in accordance with Company policy.
- 10.3** Section 5.9 above will also apply with regard to directors and external directors.

11. Employment through a Management Company

If an office holder is employed through a management company, the ceiling for wage costs will be calculated according to the cost for an employed worker in the same position, and the principles of compensation policy will apply with regard to such office holder, mutatis mutandis.

12. Miscellaneous

- 12.1** The Compensation Committee and the Board of Directors are responsible for management of the compensation policy and on the implementation of all actions required for this purpose, including the authority to interpret the provisions of the compensation policy in the event of any doubts regarding the manner of implementation.

- 12.2** It should be emphasized that the provisions of this compensation policy shall not derogate from existing agreements and/or binding customary practice (if any such exist) between the Company and its office holders on the eve of approval of this compensation policy.
- 12.3** Should there be any changes in the relevant law, allowing more leniency in the provisions of this compensation policy, the Compensation Committee and the Board of Directors may adopt such more lenient provisions, without requiring the approval of the Company's General Meeting for such.
- 12.4** The Compensation Committee and the Board of Directors will from time to time examine the compensation policy and the need to adjust it, if any material changes have occurred in the circumstances existing at the time of determining such, or for other reasons.

* * *

Voting Ballot

FRUTAROM INDUSTRIES LTD.

VOTING BALLOT ACCORDING TO THE COMPANIES REGULATIONS (WRITTEN VOTE AND POSITION NOTICE) – 2005 (the "Regulations")

PART ONE

1. **Company name:** Frutarom Industries Ltd. (the "**Company**")
2. **Type of general meeting, date and location:** Annual General and Special Meeting to be held on Wednesday, September 11, 2013 at 12:00 noon (local time Israel) at the Company's offices at 34 Pinchas Rosen St., Hertzelia, Israel (hereinafter: **the "AGM"** or the "**Meeting**").
3. **Details of items on the agenda on which votes may be cast on this voting ballot:**
 - 3.1 Approval of the reelection of the directors serving in the Company who are not external directors: Dr. John J. Farber, Mrs. Maya Farber, Ms. Sandra Farber, Mr. Hans Abderhalden and Mr. Gil Leidner (independent director) all for a term expiring at the next Annual General Meeting,. If the aforesaid reelection of directors is approved, no changes will be made in their terms of office as have been up to the date of the Meeting. Each candidate for directorship will be voted on individually.
 - 3.2 Approval of the re-appointment of the firm of Kesselman & Kesselman members of PricewaterhouseCoopers, to serve as the independent auditors of the Company for the year 2013 and until the next Annual General meeting of the Company's shareholders, and to authorize the Company's Board of Directors to determine its fees.
 - 3.3 Approval of the Company's compensation policy as approved (unanimously) by the Compensation Committee on August 4, 2013 and approved by the Company's Board of Directors on August 5, 2013, attached as Appendix A to the Notice of Convening of the General Meeting published by the Company together with this voting ballot.
 - 3.4 Approval of the purchase of a liability insurance policy for directors and office holders, who are not controlling members of the Company or their relatives, for a period of three years from the date of approval of this resolution, or until the date of the annual General Meeting for 2016, the later of the two options. The amount of coverage will not exceed US\$80 million, and the yearly premium paid for said policy will not exceed US\$200,000 (remaining the same as the currently approved premium). The conditions of all policies purchased will be the customary conditions in the market with regard to the Company, the nature of its activities and exposure. Note that if and insofar as this expansion is not approved, the Company's authorization to engage under an insurance policy for directors and office holders who are not controlling members of the Company or their relatives with a limit of liability of up to

US\$40 million approved by the General Meeting on June 10, 2013 will remain in effect.

4. Location and time for reviewing the complete text of the proposed resolutions:

The complete text of the proposed resolutions may be found on the distribution websites of the Israeli Securities Authority and the Israeli Stock Exchange, www.magna.isa.gov.il and <http://maya.tase.co.il>, respectively, or at the Company's Offices at 34 Pinchas Rosen St., Hertzelia, from Sunday through Thursday between 9:00 to 16:00, with advance coordination by phone (tel. +972 9 960 3800).

5. Information on the candidates for directorships, to the best of the Company's knowledge:

For details regarding the directors up for re-election as required under regulation 26 to the Securities Regulations (Immediate and Periodic Reports) – 1970 ("Securities Regulations"), see chapter 4 of the Company's 2012 Periodic Report ("Additional Details"), published on March 13, 2013.

6. Each candidate for directorship will be voted on individually.

7. Majority required for resolutions at the Meeting:

7.1 The majority required for the approval of the resolutions in sections 3.1 and 3.2 above is a simple majority of the shareholders participating in the vote.

7.2 The majority required for the approval of the resolutions in sections 3.3 and 3.4 above is the majority as prescribed under section 267A(B) to the Companies Law, as follows:

(A) the majority of votes counted includes a majority out of all voting shareholders who are not controlling parties or parties having a personal interest in the approval of the compensation policy, participating in the vote; the overall count of votes as stated above will not include abstentions;

(B) the total number of opposing votes of shareholders named in sub-section (A) above does not exceed two percent of all voting rights in the Company.

8. Note that in the second half of this voting ballot there is a section allocated for voting in the matter of the resolution set forth in sections 3.3 and 3.4 for marking the existence of absence of personal interest and for a description of the personal interest, as required under the provisions of the Companies Law and the Regulations.

9.

10. The vote of any shareholder who has not marked the existence or absence of a personal interest as stated or has not described what the personal interest is, if such exists, shall not be taken into account.

11. Validity of voting ballot:

This voting ballot will be valid for a non registered shareholder only if accompanied by a confirmation of ownership, or for a registered shareholder if accompanied by a

copy of the identification card, passport or certificate of association. The voting ballot must be submitted to the Company at least 72 hours before the time of the Meeting.

11. **The Company does not enable voting via the Internet.**
12. **The Company's address for submitting voting ballots and position notices:**
The Company's offices at 34 Pinchas Rosen St., Hertzelia, Israel.
13. **Last date for submitting position notices to the Company:** Sunday, August 25, 2013.
14. **Last date for Board of Directors to submit its position with respect to the position notices:** Friday, August 30, 2013.
15. **Internet address of the Israeli Securities Authority's website and website of the Tel Aviv Stock Exchange, on which voting ballots and position notices may be found:**
 - 15.1 The Israeli Securities Authority's distribution website: www.magna.isa.gov.il
 - 15.2 The Tel Aviv Stock Exchange's distribution website: <http://maya.tase.co.il>
16. **Receiving ownership confirmation:** A shareholder is entitled to receive confirmation of his ownership at a branch of a Stock Exchange member or by mail, if so requested, and a request to this effect will be made in advance to a particular securities account.
17. **Receiving voting ballots and position notices:** A non registered shareholder is entitled to receive by email at no cost a link to the voting ballot and position notice text on the distribution site, from a Stock Exchange member through whom the shares are held, unless he has notified the Stock Exchange member that he is not interested in receiving the aforementioned link or wishes to receive the voting ballots by mail for a mailing fee; notice regarding the voting ballot will also apply to receiving position notices.
18. **Reviewing voting ballots and position notices:** One or more shareholders holding shares constituting 5% or more of the total voting rights in the Company and anyone holding the stated amount of shares of the total voting rights not held by a controlling party in the Company as defined in section 268 of the Companies Law, is entitled to review the voting ballots as detailed in regulation 10 of the Regulations.

As of the date of this report, the number of shares constituting 5% of the total voting rights in the Company is 2,903,899 ordinary shares of the Company of NIS1.00 par value each.

The number of shares constituting 5% of the total voting rights in the Company that are not held by a controlling shareholder, as defined in section 268 of the Companies Law, is 1,850,221 ordinary shares of the Company of NIS1.00 par value each.
19. **Shareholders must make note of their manner of voting regarding each item on the agenda on the attached form - the second half of this voting ballot.**

VOTING BALLOT

PART TWO

COMPANIES REGULATIONS (WRITTEN BALLOT AND POSITION NOTICES) – 2005 (HEREINAFTER: “THE REGULATIONS”)

Company name: Frutarom Industries Ltd.
Company address (for submitting and sending position notices): The Company's offices at 34 Pinchas Rosen St., Hertzelia, Israel
Company registration number: 520042805
Date of Meeting: Wednesday, September 11, 2013 at 12:00 noon (Israel time)
Type of meeting: Annual General and Special Meeting
Record date: Wednesday, August 14, 2013

Shareholder's details:

Name of shareholder: _____
Identification number: _____
Telephone number: _____

If the shareholder does not have an Israeli identification number:

Passport number: _____
Country of issue: _____
Expiry date: _____

If the shareholder is a company:

Company registration number: _____
Country of association: _____

Voting:

	Agenda item as detailed in this ballot	Vote ¹			Are you an interested party in the approval of the resolution ²	
		For	Against	Abstain	Yes	No
3.1	Reelection of Dr. John J. Farber as a Director in the Company				N/A	N/A
	Reelection of Mrs. Maya Farber as a Director in the Company				N/A	N/A
	Reelection of Ms. Sandra Farber as a Director in the Company				N/A	N/A
	Reelection of Mr. Hans Abderhalden as a Director in the Company				N/A	N/A
	Election of Mr. Gil Leidner as a Director in the Company (independent director)				N/A	N/A
3.2	Approval of the re-appointment of the firm of Kesselman & Kesselman members of PricewaterhouseCoopers, to serve					

¹ Failure to mark one of these options will be considered abstention from voting on the subject.

² The votes of any shareholders who fail to fill this column in or who marks "yes" without providing details will not be counted.

	as the independent auditors of the Company for the year 2013 and until the next Annual General meeting of the Company's shareholders, and to authorize the Company's Board of Directors to determine its fees.					
3.3	Approval of the Company's compensation policy				N/A	N/A
3.4	Approval of the purchase of liability insurance for insurance of directors and office holders who are not controlling members of the Company or their relatives, for a period of three years from the date of approval of this resolution, until the annual General Meeting of 2016, the later of the two options.					

The details of my personal interest in resolution 3.3 are as follows:

The details of my personal interest in resolution 3.4 are as follows:

Signature

Date

Note:

- Shareholders holding shares through a Stock Exchange member (according to section 177(1)) – this ballot is valid only when accompanied by confirmation of ownership.
- Shareholders registered in the shareholder registry of the Company – this ballot is valid when accompanied by a copy of Israeli identification card/passport/certification of association.