

Quarterly Report

2015
Q1



TEL-AVIV STOCK EXCHANGE



News Headlines

Q1

TASE Launches Socially Responsible Investment Index

The TASE launched the Maala Socially Responsible Investment (SRI) Index in February. The new index comprises the shares of the twenty companies with the highest social responsibility rating of Maala. Maala is a non-profit professional organization that promotes social and environmental responsibility in business. Shares in the Maala SRI Index must comply with the minimum requirements used for entering the TA-100 Index. The complete criteria for Maala ratings is available at www.maala.org.il. Shortly after the launch, an ETF tracking the index began trading on the TASE.

New Products: Covered Warrants and Reverse Certificates

The TASE Board of Directors recently approved new regulations regarding the issue of two new products successfully traded on many stock exchanges: covered warrants (call and put) tracking international indices and reverse certificates tracking local and international indices.

The new products will join ten ETFs traded on the TASE, which track eight international indices, enabling exposure to international markets, easily and cost-effectively, through the TASE.

Perrigo and Internet Gold Dual-List

The American pharmaceutical company Perrigo (Nasdaq: PRGO) dual-listed on the TASE in mid-March, right before its merger with Agis Industries. With Perrigo's listing, the number of TASE companies listed under the dual-listing law rises to 27. The merged company's shares entered the TA-25 index, replacing Agis, and joining three other dual listed companies: Partner Communications, Given Imaging and Alvarion that are included in the TASE leading stock index.



 **Dave Gibbons**, Chairman, President, and CEO of Perrigo (right), and **Mori Arkin**, Chairman and President of Agis Industries, open trading on the TASE, with Prof. **Yair Orgler** and **Saul Bronfeld** of the TASE.

The Internet Gold shares, traded on Nasdaq (IGLD), also began trading on the TASE at the beginning of March. Subsequently Internet Gold issued convertible bonds in Tel-Aviv, at a total of \$50 million.

Partner Issues \$0.5 Billion in Bonds

The Israeli cellular operator Partner Communications (Nasdaq: PTNR, LSE: PCCD) issued close to \$500 million in bonds in March, the largest public issue in Israel in recent years. This quarter over 90% of partner's share trading took place in Tel-Aviv.

Israel Opportunity 2005 - The Annual TASE Investors Conference in London

In June, the TASE will hold its fourth annual investors conference in London. Israel Opportunity 2005 will include presentations by government officials and executives from leading TASE-listed companies.

The Equity Market - Main Indicators

	2003	2004	Q1 2005
Average Daily Turnover (US \$ Millions)	80	147	221
Market Capitalization (US \$ Billions)	70	92	100
TA-25 Index (US\$ terms)	63.3%	24.6%	2.7%
TA-100 Index (US\$ terms)	73.9%	21.0%	3.2%
Tel-Tech Index (US\$ terms)	138.1%	17.9%	-5.5%

The TA-25 Index Composition

As of March 31, 2005

Company	Market Capitalization (in US\$ millions)	Weighting* (%)
1. Teva	19,590	9.50
2. Bank Hapoalim	4,232	9.50
3. Bank Leumi	3,960	9.21
4. Israel Chemicals	3,469	8.07
5. Bezeq	3,058	7.11
6. Makhteshim-Agan	2,282	5.31
7. Perrigo	1,794	4.17
8. Israel Corporation	1,792	4.17
9. IDB Development	1,785	4.15
10. Partner	1,701	3.96
11. Africa	1,457	3.39
12. Migdal Insurance	1,443	3.36
13. Bank Discount	1,356	3.15
14. Discount Investment	1,142	2.66
15. Clal Insurance	1,052	2.45
16. Bank Mizrahi	1,021	2.37
17. Elbit Systems	956	2.22
18. Strauss-Elite	895	2.08
19. Osem	884	2.06
20. Delek Group	884	2.06
21. Harel Insurance	870	2.02
22. IDB Holdings	863	2.01
23. Given Imaging	822	1.91
24. Clal Industries	785	1.83
25. Alvarion	552	1.28
TOTAL	58,645	100%

* Weightings are capped at 9.5%

Market Watch

The TA-100 Index gained 3% in the first quarter of 2005, completing a rise of 25% since mid-October 2004. The Yeter Index, comprised of small-cap shares, recorded a significant increase of 19% this year.

Contributing to the optimistic atmosphere were the progress in the political-diplomatic process, the low interest rate and the favorable macro-economic climate.

The turnover in shares and bonds reached new records in the first quarter and was 50% higher than last year. The daily volume in shares totaled \$221 million and in bonds \$315 million.

The primary market recorded a brisk activity. Capital raised through share issues since January totaled one billion dollars. An additional \$3.3 billion were raised in bonds - equal to the total amount of 2004.

The ETF market continued to grow rapidly and in the first quarter of 2005 seven new exchange-traded funds tracking Israeli stock indices and a first ETF on gold were issued. The trading volume in the 28 ETFs traded at the TASE is 10% of the total turnover in the equity market.

As part of the privatization process, the government raised \$270 million by selling 6.5% of the shares of **Bank Leumi**. An additional \$300 million will be raised in the sale of 26% of the shares of **Discount Bank** to the Bronfman group.

The trading volume of TA-25 Index options also increased, reaching a record daily average of 205 thousand contracts in the first quarter, versus 155 thousand last year. Dollar options traded at a daily volume of 23 thousand contracts, similar to the average rate for 2004.

Key Issues for International Investors

International Investments: No Restrictions and Tax-Free

International investors face no regulatory restrictions in buying or selling TASE-listed securities, and they are exempt from capital gains tax.

Market Regulation: Transparency

The market's advanced regulatory framework is based on U.S. legislation. The comprehensive Securities Law, enforced by the Israel Securities Authority, provides investors with a fully transparent investment environment. To maintain market integrity, the ISA puts special emphasis on preventing insider trading and price manipulation. Regulators' efforts have substantially improved corporate-governance standards in recent years.

Membership: Reputation and Reliability

11 banks and 14 brokerage firms are serving local and international investors on the TASE. All are renowned for stability, reliability and professionalism. The capital and liquidity requirements of the Exchange are very stringent, helping ensure the members' financial stability and increasing investor protection.

Trading and Clearing: A Seamless One-Stop Shop

A fully-electronic order-driven and integrated trading system is serving the equity, fixed income and derivatives markets simultaneously. The system's efficiency enables the TASE to consistently cut its commissions. The central order book is based on international mainstream rules.

Trading Hours (GMT+2) - The TA-100 Shares

Pre Opening	08:30-09:45
Opening (Call Auction)	09:45
Continuous Trading	09:45-16:45
Closing (Crossing)	16:45-17:00

All trades are cleared by the TASE Clearing House, Israel's Central Securities Depository. Paperless Straight-Through-Processing technologies enable trade-date clearing, while cash settlement takes place on the following day (T+1). The TASE clearing members comply with strict requirements for capital and liquid assets.

The Derivatives Market: Dynamic and Liquid

The TASE trades various derivative products: TA-25 Index options and futures and currency (shekel-dollar and shekel-euro) options and futures. Trading is executed via the fully automated Tel Aviv Continuous Trading (TACT) system.

About Us

The Tel-Aviv Stock Exchange, founded in 1953, is owned by its member firms and is regulated by the Israel Securities Authority. The Exchange provides a highly advanced electronic trading system for shares, bonds, Treasury bills and derivatives. All trades are cleared and settled by the TASE Clearing House. The TASE offers international investors a combination of attractive investment opportunities and a full complement of market services.

For further information, Visit our Website at: www.tase.co.il

You are also welcome to contact: the Marketing and Media Relations Unit

Phone: (972) 3 567-7405/6 Fax: (972) 3 510-5376 E-Mail: info@tase.co.il