



Press Release

Tel Aviv, Israel, July 12, 2009.

Ofra Strauss, Chairperson of Strauss Group's Board of Directors, and Gadi Lesin, President & CEO of Strauss Group, presented today the strategy of Strauss Water.

Strauss Water will lead and manage the Strauss Group's water activity, becoming one of the Group's main growth drivers in the years ahead. This Company will gather knowledge in the development, production, marketing, distribution and business development of this category both in Israel and the world.

Rami Ronen, appointed Strauss Water CEO, has been steering the H2Q activity over the past two and a half years.

The acquisition of Tana Industries (Tami 4) is a direct extension of Strauss' penetration into the drinking water category initiated over two years ago with Strauss' investment in H2Q, a developer of a drinking-water maintenance technology, with a view to becoming a global player supplying drinking water solutions to consumers worldwide.

Strauss Water will gradually incorporate the activities of H2Q and Tami 4, in order to create integration between H2Q's technologies and Tami 4's capabilities. Tami 4's capabilities will help Strauss Water to build the needed infrastructure for its activity in Israel and the world.

H2Q will acquire 100% of Tana's equity in consideration for NIS 291 million. The consideration will be funded by Strauss Group, which will increase Strauss's holding in H2Q to approximately 90%.

The closing of the transaction is subject to due diligence and the meeting of several pre-requisite conditions.

Ofra Strauss, Strauss Group Chairperson commented "Several years ago the Strauss Group identified water as a strategic category presenting significant business opportunity, in line with the Group's long term business strategy and vision. We view the development of a technology that enables high quality drinking water for both home and offices as a means to improve the quality of life of millions of people worldwide. About three years ago we teamed up with a group of Israeli entrepreneurs and scientists, and invested in the H2Q venture which develops a water purifier using a breakthrough technology. Strauss' water activities, which highlight both its social responsibility and commitment to the environment, meet a genuine need of people around the world today."

Gadi Lesin, Strauss Group President & CEO added "Strauss Group has identified the opportunity inherent in water treatment at the point of use, granting consumers high quality drinking water meeting their everyday needs. We started this journey in 2007,

when we invested in a breakthrough water technology. Simultaneously, we defined a business model that best-serves our water vision: to build a business that will become a world leader in providing solutions for drinking water for consumers in various regions of the world, enabling them to access healthy and high quality water directly through their tap. For almost three years we have managed this venture as a start-up alongside other Group businesses, and today we are proud to officially establish Strauss Water.

The acquisition of Tami 4 will enable Strauss Water to accelerate the implementation of its strategy, and as such it constitutes an important milestone in the realization of this vision. Strauss Water will lead and manage the Strauss Group's water activities and will coordinate the know-how development, production, marketing, distribution and business development of the category in Israel and internationally. Strauss Water will be headed by Rami Ronen, who has led the H2Q activity for the past two years."

Rami Ronen, Strauss Water CEO, concluded "Tami 4 is a world leader in purified water solutions for homes and Away From Home (AFH). As such, the company has a proven, successful business model and extensive know-how in the development and marketing of quality drinking water solutions. Tami 4 has presented solid growth and high profitability every year. H2Q is currently completing successfully tests for its water purifier, to ensure its compliance with the most stringent of international standards (EPA/NSF Standards). Tami 4's capabilities in developing water purification systems for the home market, combined with H2Q's technology and Strauss's experience in developing and managing international businesses, will enable the Group to introduce comprehensive solutions both in and outside of Israel."

About H2Q

H2Q is a joint venture of Strauss and a group of scientists and entrepreneurs. H2Q started as a venture launched by a group of scientists from the Hebrew University of Jerusalem, and was based on a water-purification patent. The developers behind this technology are Professor Avi Domb and Mr. Haim Wilder from the Hebrew University, who have 25 years of entrepreneurship and product development experience. H2Q developed an innovative technology for water purification which is intended for home use at the first stage. With a unique engineering design and innovations in chemistry and microbiology, that are supported by 8 patents, H2Q's purifier is capable of handling a very wide range of potential pollutants. The compact size of this purifier facilitates a wider range of applications such as bars, bottles, refrigerators, jars and more. H2Q also developed innovative technologies for cooling and boiling drinking water, and other innovations in bacteriostatic polymers. The company is currently completing approval and standardization processes for its technology, ensuring its compliance with the strictest of international standards (the American EPA/NSF Standards). Strauss Group started investing in this venture about three years ago, managing it as a start-up alongside other Group businesses. As a result of the acquisition of Tana, which is being funded by the Strauss Group, the Group will increase its shareholding in H2Q to approximately 90%.

About Tana Industries

Tana Industries is the company behind the Tami 4 brand. Founded in Kibbutz Netiv Ha Lamed Hei in 1971, Tana is today a market leader in Israel, with about 250,000 households, and a world leader in the developing, production and marketing of water purification, filtering, heating and cooling dispenser systems at points-of-use for homes

and offices. Tami's turnover grew from NIS193 million in 2007 to NIS 248 million in 2008 and its EBIDA doubled itself from NIS 20 million to NIS 40 million during these years. The operating profit in 2008 stood at NIS 34,154 thousand. Tami 4 generated a drinking-water revolution in Israeli households: it made a revolutionary breakthrough on a global scale by penetrating the home market and positioning itself as a truly-available substitute to bottled water. Tami 4 has gained world recognition and received many innovation and design awards.

About Strauss Group

Strauss, Israel's second largest food and beverage group, has in recent years become an international company as a steadily growing part of its business is conducted outside of Israel. The Group presently employs 11,600 people and operates 19 production facilities in 16 countries. For the past six years the company has grown rapidly, more than doubling its sales and achieving a business turnover of NIS 6,245.9 million at the end of 2008, 47% of this figure accounted for by the Group's international operations. In Israel the Group is active through three business divisions: Health & Wellness, Fun & Indulgence and Coffee. Strauss Coffee, the sixth largest company in the world in terms of green coffee consumption, is presently active in twelve countries (principally Israel, Central and Eastern Europe and Brazil) and holds a leading position in every market in which it is active. Strauss North America is active in Health & Wellness through Sabra which produces and sells Mediterranean salads, and in Fun & Indulgence through the Max Brenner Chocolate Bar chain. The Group has collaborations with a number of leading multinationals – Danone, PepsiCo and Lavazza, and it is traded on the TA-25 Index, which includes the largest public companies in Israel.

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