

Dear Shareholder:

The Board of Directors (the “Board”) and management of Modsys International Ltd. (the “Company”) invite you to attend this Special Meeting of Shareholders. The meeting will be held at the offices of the Company, 9930 Derby Lane, Suite 101, Westchester, IL 60154, on December 29, 2017, at 10:00 a.m. local time. The purpose of this meeting is to elect an Outside Director to serve on the Board.

We urge you to review carefully the accompanying material and to return the enclosed proxy card promptly. Whether or not you plan to attend the Special Meeting, please sign, date and return the enclosed proxy card without delay. If you attend the Special Meeting, you may vote in person even if you have previously mailed a proxy.

Sincerely yours,

/s/ Brandon Edenfield

Brandon Edenfield
Chief Executive Officer

**YOUR VOTE IS VERY IMPORTANT. PLEASE ENSURE THAT YOUR VOTE COUNTS BY
COMPLETING, SIGNING, DATING AND RETURNING YOUR PROXY.**

The date of this Proxy Statement is November 29, 2017.

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

To Be Held On December 29, 2017

The Special Meeting of Shareholders of Modsys International Ltd. (“Modern Systems,” the “Company,” “we” or “us”) will be held at our offices, 9930 Derby Lane, Suite 101, Westchester, IL 60154, on December 29, 2017 at 10:00 A.M. local time for the following purposes:

1. To elect Barry Goodman to the Board of Directors to serve as an Outside Director.

The record date for the Special Meeting is November 20, 2017. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors
<u>/s/ Brandon Edenfield</u>
Brandon Edenfield Chief Executive Officer

Dallas, Texas
November 29, 2017

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or by email as promptly as possible in order to ensure your representation at the meeting. Voting instructions are printed on your proxy card and included in the accompanying proxy statement. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

**PROXY STATEMENT
FOR THE SPECIAL MEETING OF SHAREHOLDERS**

December 29, 2017

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

These proxy materials have been made available because the Board of Directors of Modsys International Ltd. (sometimes referred to as the “Company,” “Modern Systems,” “we” or “us”) is soliciting your proxy to vote at the Special Meeting, including at any adjournments or postponements of the meeting. You are invited to attend the Special Meeting to vote on the proposal described in this Proxy Statement. However, you do not need to attend the meeting to vote your ordinary shares. Instead, you may simply complete, sign and return the proxy card found at the end of this document.

How do I attend the Special Meeting?

The meeting will be held on December 29, 2017 at 10:00 A.M. local time at 9930 Derby Lane, Suite 101, Westchester, IL 60154. Directions to the Special Meeting are available by calling (206) 395-4152.

Information on how to vote in person at the Special Meeting is discussed below.

Who can vote at the Special Meeting?

Only shareholders of record at the close of business on November 20, 2017 will be entitled to vote at the Special Meeting. On this record date, there were 23,663,084 shares outstanding and entitled to vote, consisting of 1,591,545 preferred shares and 22,071,539 ordinary shares.

Shareholder of Record: Shares Registered in Your Name

If on November 20, 2017, your shares were registered directly in your name with the Company’s transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on November 20, 2017, your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Special Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Special Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There is one matter scheduled for a vote:

- To elect Barry Goodman to the Board of Directors to serve as an Outside Director for a three-year term.

How do I vote?

You may either vote “For” or “Against” the nominee to the Board of Directors.

The procedures for voting are fairly simple:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote in person at the Special Meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Special Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card as instructed on the proxy card.

If you return your signed proxy card to us before the Special Meeting, we will vote your shares as you direct.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should complete and mail the voting instructions form to ensure that your vote is counted. To vote in person at the Special Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, or contact your broker or bank to request a proxy form.

How many votes do I have?

On each matter to be voted upon, you have one vote for each ordinary share and one vote for each preferred share you own as of November 20, 2017.

What happens if I do not vote?

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record and do not vote by completing the enclosed proxy card or in person at the Special Meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner your bank, broker or other nominee will vote your shares only if you provide instructions to your bank, broker or other nominee on how to vote. If you do not instruct your broker, bank, or other nominee how to vote your shares, your shares will not be voted. You should follow the procedures provided by your bank, broker or other nominee regarding the voting of your shares and be sure to provide your bank, broker or other nominee with instructions on how to vote your shares. If your shares are held in “street name” you must contact your bank, broker or other nominee to change or revoke your voting instructions.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable:

- To elect Barry Goodman to the Board of Directors to serve as an Outside Director for a three-year term.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Can I change my vote after submitting my proxy?

Shareholder of Record: Shares Registered in Your Name

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may send a timely written notice that you are revoking your proxy to the Company's Chief Financial Officer at 6600 LBJ Freeway, Suite 210, Dallas, TX 75240.
- You may attend the Special Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are shareholder proposals and director nominations due?

Under the Companies Law, resolutions may only be adopted at a general shareholder meeting with respect to matters that are set forth on the agenda. Section 66(b) of the Companies Law provides that one or more shareholders holding, in the aggregate, at least one percent (1%) of the voting power entitled to vote at the company's shareholder meetings, may request that an item be included in the agenda of a future shareholder meeting, if the subject matter is appropriate to be considered at a shareholder meeting.

Under the Companies Regulations (Notice and Advertisement of General Meetings and Class Meetings of a Public Company and Addition of Items to the Agenda) 2000 (the "Notice Regulations"), a shareholder who meets the conditions of Section 66(b) of the Companies Law, must submit its request to include an agenda item within seven days following the company's notice of convening of a shareholders' meeting if the request relates to any of the following matters:

- appointment or removal of director(s);
- approval of related party transaction(s);
- approval of a merger;
- appointment of an existing CEO as Chairman of the Board or an existing Chairman of the Board as CEO pursuant to Section 121(c) of the Companies Law; or
- setting the company's compensation policy for office holders.

For all other matters, a shareholder has up to three days following the company's notice of convening shareholders' meeting to submit an agenda item request. To the extent that the requested agenda item consists of the appointment of director(s), the Amendments impose particular information and documentary requirements that must be included in the request.

A shareholder proposal to include the nomination of a director pursuant to the Notice Regulations, must include a declaration of the nominee regarding his or her necessary qualifications and ability to devote an appropriate amount of time to the performance of his or her duties as directors as further detailed in the section of this Proxy Statement entitled “Information Regarding the Board of Directors and Corporate Governance” below.

To the extent that the board of directors determines that the shareholder-proposed agenda item is appropriate for consideration by the shareholders, the company shall publish an updated notice of the shareholder meeting within seven days following the deadline for shareholders to submit their proposed agenda items. The publication of the updated notice of the shareholder meeting by the company would not impact the record date as to shareholders entitled to participate in the meeting.

To be considered for inclusion in next year’s proxy materials, your proposal must be submitted in writing not later than the 120th day prior to the date of the Proxy Statement for this year’s Annual Meeting; *provided, however*, that if the date of the annual meeting is more than 30 days after the anniversary date of this Annual Meeting, notice to be timely must be so delivered a reasonable time in advance of the mailing of our Proxy Statement for the annual meeting for the current year.

Shareholder proposals in accordance with above should be provided to the Company’s Chief Financial Officer at 6600 LBJ Freeway, Suite 210, Dallas, TX 75240 or emailed to shareholders@modernsystems.com.

How are votes counted?

Each outstanding share entitles the holder thereof to one vote on each matter voted at the meeting. Votes will be counted by the inspector of election appointed for the Special Meeting, who will separately count, for all proposals, votes “For” and “Against,” abstentions and, if applicable, broker non-votes. Abstentions and broker non-votes will have no effect and will not be counted towards the vote total for any proposal.

What are “broker non-votes”?

A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. While counted for quorum purposes, abstentions and broker non-votes will not be treated as voting shares and will not have any effect on whether the requisite vote is obtained for all matters placed before shareholders for their vote.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if two or more shareholders holding at least 35% of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 23,663,084 shares outstanding and entitled to vote, consisting of 1,591,545 preferred shares and 22,071,539 ordinary shares. Thus, the holders of 8,282,079 shares must be present in person or represented by proxy at the meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum present within one hour of the time set for the meeting, the meeting shall automatically be adjourned to the same day and same time one week thereafter (unless such day shall fall on a public holiday either in Israel or the United States, in which case the Annual Meeting will be adjourned to the first day, not being Friday, Saturday or Sunday, which follows such public holiday), at the same place fixed for the original meeting (with no need for any notice to the shareholders) or until such other later time if such time is specified in the original notice convening the Annual Meeting, or if the Company gives notice to the shareholders no less than 72 hours before the date fixed for the adjourned meeting.

How many votes are needed?

For the election of Barry Goodman as an “outside director,” such person must receive “For” votes from the holders of a majority of ordinary shares present at the meeting, in person or by proxy, and voting on the resolution, provided that (i) the shares voting in favor of such resolution include at least the majority of the shares voted by shareholders who are not “controlling shareholders” (as defined below) and who are not interested parties other than interests that do not stem from connections with the controlling shareholders; or (ii) the total number of shares voted against the resolution by shareholders who are not controlling shareholders and interested parties does not exceed two percent of the Company’s outstanding shares. A “controlling shareholder” under the Companies Law is defined as a shareholder who has the ability to direct the activity of a company, except for an ability that stems from the fulfillment of his or her duty as a director or as a holder of any other position at the company. Abstentions and broker non-votes will have no effect.

Am I entitled to dissenter’s or appraisal rights?

No. Under Israeli law, you do not have any rights of appraisal or similar rights of dissenters, whether you vote for or against the resolutions. You may vote “Against” any proposal.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BOARD STRUCTURE

Pursuant to our Articles of Association, directors are elected at a general meeting of our shareholders by a vote of the holders of a majority of the voting power represented at the meeting. Additional directors may be elected between general meetings by a majority of our directors. Our Board of Directors is currently comprised of three persons. With the exception of Scott Miller, all of the other directors meet the criteria of independent directors under the SEC Rules. One of our independent directors (Carla Corkern) was elected by our shareholders on April 10, 2016 to a three-year term, as an outside director mandated under Israeli law and as such was subject to additional criteria to help ensure their independence (See “—Outside Directors under the Companies Law”). Each director, except for Ms. Corkern, holds office until the next annual general meeting of shareholders, when, subject to any law, such director may be reappointed for an additional term of service. Officers are appointed by our Board of Directors.

Under the Companies Law, a person who lacks the necessary qualifications and the ability to devote an appropriate amount of time to the performance of his or her duties as a director shall not be appointed to serve as a director of a publicly traded company. While determining a person’s compliance with such provisions, the company’s special requirements and its scope of business shall be taken into account. Where the agenda of a shareholders meeting of a publicly traded company includes the appointment of directors, each director nominee is required to submit a declaration to the company confirming that he or she has the necessary qualifications and he or she is able to devote an appropriate amount of time to performance of his or her duties as a director. In the declaration, the director nominee shall specify his or her qualifications and confirm that the restrictions set out in the Companies Law do not apply.

In addition, each director nominee must include in his or her declaration a statement, the content of which shall be that he or she was not convicted for certain criminal or securities laws offenses provided under the Companies Law. Any person nominated to serve as an office holder of a publicly-traded company shall also comply with such disclosure requirements.

Furthermore, under the Companies Law, a person shall not be appointed as a director or an office holder of a publicly-traded company (i) if a court has ordered that due to the severity and circumstances of an offense committed by a nominee, such nominee is not fit to serve as a director or an office holder of a public company; or (ii) the administrative enforcement committee mandated under the Israeli Securities Law, 1969, referred to as the Securities Law, imposed on such nominee restrictions with respect to serving as a director or office holder, as applicable, of a publicly-traded company for a certain period of time.

Under the Companies Law, if a director or office holder ceases to comply with any of the requirements provided in the Companies Law, such director must notify the company immediately, and his or her term of service shall terminate on the date of the notice.

Outside Directors under the Companies Law

Under the Companies Law, companies incorporated under the laws of Israel whose shares have been offered to the public in or outside of Israel, are required to appoint at least two outside directors. Under the Companies Regulations (Alleviation for Public Companies Whose Shares are Listed on a Stock Exchange Outside of Israel) 2000, (the “Alleviation Regulations”) promulgated under the Companies Law (the “Companies Regulations Amendment”) permits the Company, as long as it does not have a controlling shareholder (as defined in the Company's Law) and is compliant with certain rules of certain foreign stock exchanges, such as the NASDAQ, to elect not to comply with the obligations to appoint outside directors, to establish and maintain an Israeli audit committee and to nominate an outside director to each of the board of directors committees. The Companies Regulations Amendment further provides that an outside director, who was appointed by a company prior to adopting the Companies Regulations Amendment, may continue to serve as an ordinary/independent director in the

company until the earlier of: (a) the end of his or her tenure, or (b) the end of the second annual general meeting following the adoption of the Companies Regulations Amendment by the Company. Accordingly, the Company elected not to comply with the obligations to appoint outside directors and Carla Corkern was appointed to continue to serve until our next annual general meeting of shareholders, or until her earlier resignation or removal. Once the Company was deregistered from NASDAQ and began trading Over The Counter, it no longer meet the conditions for the aforementioned Alleviation Regulations, and is therefore acting to appoint outside directors as required under law (including through the proposed appointed set forth in this Proxy Statement).

The Companies Law provides that a person may not be appointed as an outside director if such person is a relative of the controlling shareholder, or if such person or the person's relative, partner, employer, another person to whom he was directly or indirectly subject, or any entity under the person's control, has, as of the date of the person's appointment to serve as outside director, or had, during the two years preceding that date, any affiliation with any of the following:

- the company;
- the company's controlling shareholder;
- a relative of the controlling shareholder;
- any entity controlled by the company or by the controlling shareholder; or
- if the company has no controlling shareholder or a shareholder holding 25% or more of the voting rights — a person that at the time of appointment is the chairman of the board of directors, the chief executive officer or the most senior financial officer of the company, or a shareholder holding 5% or more of the outstanding shares or voting rights of the company.

The term "affiliation" includes:

- an employment relationship;
- a business or professional relationship maintained on a regular basis;
- control; and
- tenure as an office holder.

No person may serve as an outside director if: (a) the person's position or other business activities create, or may create a conflict of interest with the person's responsibilities as an outside director or may otherwise interfere with the person's ability to serve as an outside director; (b) at the same time such person serves as a director of another company on whose board of directors, a director of the other company serves as an outside director; (c) the person is an employee of the Israel Securities Authority or of an Israeli stock exchange; (d) such person or such person's relative, partner, employer or anyone to whom such person is directly or indirectly subordinate, or any entity under such person's control, has business or professional relations with any person or entity he or she should not be affiliated with, as described in the preceding paragraph, unless such relations are negligible; or (e) such person received compensation, directly or indirectly, in connection with his or her service as a director, other than as permitted under the Companies Law and the regulations promulgated thereunder.

If, at the time of election of an outside director, all other directors who are not controlling shareholders of such company or their relatives, are of the same gender, the outside director to be elected must be of the other gender. Outside directors are elected by a majority vote at a shareholders' meeting, provided that either:

- (1) a majority of the shareholders who are not controlling shareholders and who do not have a personal interest in the appointment (other than a personal interest which does not stem from an affiliation with a controlling shareholder), present and voting at the meeting, voted in favor of the appointment; or
- (2) the non-controlling shareholders or shareholders who do not have a personal interest in the appointment (other than a personal interest which does not stem from an affiliation with a controlling shareholder) who were present and voted against the election, hold no more than two percent of the voting rights at the company.

Pursuant to the Companies Law, all outside directors must have financial and accounting expertise or professional qualifications, and at least one outside director must have financial and accounting expertise. The terms “financial and accounting expertise” and “professional qualifications” have been defined in regulations promulgated under the Companies Law.

If an outside director ceases to comply with any of the requirements provided in the Companies Law with respect to the appointment of outside directors, such outside director must notify the company immediately, and his or her term of service shall terminate on the date of such notice.

Outside directors are elected for a three-year term and may be re-elected for two additional terms of three years each, provided that with respect to the appointment for each such additional three-year term, one of the following has occurred:

- (a) the reappointment of the outside director has been proposed by one or more shareholders holding together one percent or more of the voting rights in the company, and the appointment was approved at the general meeting of the shareholders by a simple majority, provided that: (i) in calculating the majority, votes of controlling shareholders or shareholders having a personal interest in the appointment (other than a personal interest which does not stem from an affiliation with the controlling shareholder) and abstentions are disregarded; and (ii) the total number of shares which voted for the appointment held by shareholders who do not have a personal interest in the appointment (other than a personal interest which does not stem from an affiliation with a controlling shareholder) and/or who are not controlling shareholders, exceed two percent of the voting rights in the company; or
- (b) the reappointment of the outside director has been proposed by the board of directors and the appointment was approved by such special majority required for the initial appointment of an outside director.

Qualifications of Other Directors under the Companies Law

Under the Companies Law, the board of directors of a publicly traded company is required to make a determination as to the minimum number of directors who must have financial and accounting expertise according to criteria that is defined in regulations promulgated under the Companies Law. In accordance with the Companies Law, the determination of the board should be based on, among other things, the type of the company, its size, the volume and complexity of its activities and the total number of directors serving on the board. Based on the aforementioned considerations, our Board of Directors determined that the number of directors with financial and accounting expertise in our company shall not be less than two.

Independent Directors under the Companies Law

Pursuant to the Companies Law, a public company, such as the Company, may include in its articles of association provisions relating to corporate governance. Such provisions may include the number of directors which shall be independent of management. Alternatively, a company may adopt the proposed standard provision included

in a supplement to the Companies Law, under which a majority of the directors are to be independent, or, if the company has a controlling shareholder or a 25% or more shareholder, that at least one-third of the directors serving on the board be independent. An “independent director” is defined as a director who meets all of the following:

- the audit committee confirms that he or she meets the qualifications for being appointed as an outside director, except for the requirement for financial and accounting expertise or professional qualifications; and
- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of up to two years in the service shall not be deemed to interrupt the continuation of the service.

The Alleviation Regulations provide that a director in a company whose shares are listed in a stock exchange outside of Israel, such as the NASDAQ, who meets the criteria of an independent director under the relevant non-Israeli rules relating to independence standards for audit committee membership and who meets certain non-affiliation criteria, which are less stringent than those applicable to outside directors, would be deemed an “independent” director pursuant to the Companies Law provided he or she has not served as a director for more than nine consecutive years. Once the Company was no longer registered on NASDAQ, the Company's audit committee must confirm that independent directors comply with the criteria set forth in the Israeli Companies Law as mentioned above.

As of the date of this Proxy Statement, our Articles of Association have not yet been amended to include these provisions of the Companies Law relating to corporate governance.

Information Regarding Committees of the Board of Directors

The Board of Directors has two committees: an Audit Committee and a Compensation Committee.

Audit Committee

Our Articles of Association require that our Board of Directors appoint an audit committee, comprised of at least three directors.

Under the Companies Law, the responsibilities of the audit committee include: (a) identifying flaws in the management of a company's business and making recommendations to the board of directors as to how to correct them; (b) with respect to certain actions involving conflicts of interests and with respect to certain related party transactions, deciding whether such actions are material actions and whether such transactions are extraordinary transactions, for the purpose of approving such actions or transactions; (c) reviewing and deciding whether to approve certain related party transactions and certain transactions involving conflicts of interest, when such authority with respect to such transactions is granted by law to the audit committee; (d) reviewing the comptroller's work program; (e) examining the company's internal control structure and processes, the performance of the comptroller and whether the comptroller has at his or her disposal the tools and resources required to perform his or her duties, considering, inter alia, the special needs of the company and its size; (f) examining the external auditor's scope of work, as well as the external auditor's fees and providing its recommendations to the board; and (g) providing for arrangements as to the manner in which the company deals with employee complaints with respect to deficiencies in the administration of the company's business, and protection to be provided to such employees.

Our Board of Directors authorized our Audit Committee to act as committee for review of financial statements under the Companies Regulations (Provisions and Terms with Respect to Procedures for Approval of Financial Statements), 2010. Under the regulations, the committee for review of financial statements is required to make recommendations to our Board of Directors with respect to various issues related to the financial statements, at a reasonable time prior to the approval the financial statements by the Board of Directors.

According to the Companies Law, the audit committee shall be comprised of no less than three directors. All of the outside directors must serve as members of the audit committee and shall constitute a majority thereof. The chairman shall be an outside director.

Compensation Committee

In December 2012, an amendment to the Companies Law came into effect which requires Israeli publicly traded companies, like us, to establish a compensation committee. In addition, under this amendment, we were required to adopt a compensation policy, to be recommended by the compensation committee, with respect to the remuneration of our executive officers and directors. Such compensation policy must include, among others, certain mandatory provisions as stipulated in the amendment.

The compensation committee is responsible to periodically advise the Board of Directors as to the necessity to update the compensation policy and to examine its implementation. In the event that a compensation policy is set to expire after a period longer than three years, the Compensation Committee shall advise the Board of Directors, every three years, whether such policy should be amended, discontinued or remain intact.

In addition, under the Companies Law, the Compensation Committee is authorized to approve the compensation of certain executive officers, including the chief executive officer, the company's directors and the controlling shareholder, if he or she is employed by the company. Furthermore, the Compensation Committee is authorized to exempt the company from bringing the chief executive officer's compensation to shareholders approval, under certain circumstances stipulated in the Companies Law.

According to the Companies Law, the compensation committee shall be comprised of no less than three directors and only directors eligible to serve as members of the audit committee may serve on the compensation committee. All of the outside directors must serve as members of the compensation committee and shall constitute a majority thereof.

The chairman shall be an outside director. The compensation of all members of the compensation committee shall be identical.

PROPOSAL 1

ELECTION OF OUTSIDE DIRECTOR

Under the Companies Law, companies incorporated under the laws of Israel whose shares have been offered to the public in or outside of Israel, are required to appoint at least two outside directors.

In accordance with the Companies Law, the determination of the board should be based on, among other things, the type of the company, its size, the volume and complexity of its activities and the total number of directors serving on the board. Based on the aforementioned considerations, our Board of Directors determined that the number of directors with financial and accounting expertise in our company shall not be less than two. Pursuant to the Companies Law, all outside directors must have financial and accounting expertise or professional qualifications, and at least one outside director must have financial and accounting expertise. The terms “financial and accounting expertise” and “professional qualifications” have been defined in regulations promulgated under the Companies Law.

The following is a brief biography of the nominee.

NOMINEE FOR ELECTION

Barry Goodman. Mr. Goodman is a founder and partner with SVA Value Accelerators LLC formerly known as Birkdale Transition Partners LLC since September 2014. Prior to that he was a Partner in a local Chicago CPA firm and his own firm for over 35 years. He retired from his firm in 2014 to focus his time and expertise in working with families in business and closely held business to accelerate value and become ready for what is next. He has written several articles, an eBook and speaks regularly to various organizations and business groups on Value Acceleration and Transition Readiness of family and closely held businesses. He has a degree from Northern Illinois University and is a Certified Public Accountant in Illinois as well as a Certified Exit Planning Advisor (CEPA) and a Certified Merger & Acquisition Advisor (CMAA). We believe Mr. Goodman is qualified to serve as an Outside Director because of his consulting and business experience with closely held businesses and his knowledge of the technology industry.

The Board of Directors has determined that Mr. Barry Goodman qualifies as having “financial and accounting expertise” as defined under the Companies Law.

We are not aware of any reason why the nominees, if elected, Mr. Goodman would be unable or unwilling to serve as directors. Should Mr. Goodman be unavailable for election, the proxies will be voted for substitute nominees designated by our Board of Directors.

The Board has determined that Mr. Barry Goodman meets the criteria for having financial and accounting expertise, both as defined in the Companies Law and the regulations promulgated thereunder.

The Company proposes that at the Special General Meeting, the following resolution be adopted:

“RESOLVED, to appoint Mr. Barry Goodman, as an outside director of the Company for a three-year term commencing on [*] , and ending on [*].”

Adoption of this proposal requires the affirmative vote of a majority of Ordinary Shares present at the meeting, in person, by proxy or by voting instruction card, and voting on the resolution, provided that (i) the shares voting in favor of such resolution include at least the majority of the shares voted by shareholders who are not “controlling shareholders” (as defined below) and who are not interested parties other than interests that do not stem from connections with the controlling shareholders; or (ii) the total number of shares voted against the resolution by

shareholders who are not controlling shareholders and interested parties does not exceed two percent of the Company's outstanding shares.

A "controlling shareholder" under the Companies Law is defined as a shareholder who has the ability to direct the activity of a company, except for an ability that stems from the fulfillment of his or her duty as a director or as a holder of any other position at the company.

Please note that you are required to indicate on the proxy card whether or not you are a controlling shareholder of the Company, or acting on its behalf, with respect to this proposal, no matter whether you vote for or against this proposal. If you fail to notify us as to whether or not you are a controlling shareholder of the Company (as defined above) or acting on its behalf with respect to this proposal, your vote will not be counted with respect to this proposal.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR THE NOMINEE.**

SPECIAL MEETING OF SHAREHOLDERS OF
MODSYS INTERNATIONAL LTD.

December 29, 2017

Please sign, date and return your proxy card by one of the following means:

Email to: shareholders@modernsystems.com

By mail to: Modern Systems, 6600 LBJ Freeway, Suite 210, Dallas, TX 75240

By Fax: (331) 333-1151

To elect Barry Goodman to the Board of Directors to serve a three-year term.

FOR

AGAINST

ABSTAIN

Are you a "controlling shareholder" or acting on its behalf with respect to the proposal?

YES

NO

Are you an "interested party" or acting on its behalf with respect to the proposal?

YES

NO

TOTAL SHARES VOTING: _____

SIGNATURE OF SHAREHOLDER: _____ DATE: _____

SHAREHOLDER NAME PRINTED: _____

SIGNATURE OF SHAREHOLDER: _____ DATE: _____

SHAREHOLDER NAME PRINTED: _____

When shares are held jointly, each shareholder should sign. When signing as executor, administrator, attorney, trustee and guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

OTHER MATTERS

The Board of Directors knows of no other matters that will be presented for consideration at the Special Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ Brandon Edenfield

Brandon Edenfield
Chief Executive Officer

November 29, 2017