



Insider Trading Policy

Background

Law enforcement officials in the United States vigorously pursue violations of United States insider trading laws, which in general prohibit the purchase or sale of a company's securities while in possession of material information that has not been publicly disclosed. The United States Congress has encouraged such prosecutions by adopting laws which, among other things, dramatically increase the penalties for insider trading and expose the Company and possibly other "controlling persons" to liability for violations by Company personnel. If we do not take active steps to adopt preventive policies and procedures covering stock trading by Company personnel, the consequences could be severe.

We have adopted this Policy Statement to avoid even the appearance of improper conduct on the part of anyone employed by or associated with our Company. We have all worked hard to establish the Company's reputation for integrity and ethical conduct. Compliance with this Policy Statement will help to avoid situations which could tarnish this important corporate asset.

The Consequences

The consequences of insider trading violations can be staggering:

For individuals who trade on inside information (or tip information to others):

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$1 million; and
- A jail term of up to ten years.

For a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading:

- A civil penalty of the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$2.5 million.

Moreover, if an employee violates the Company's insider trading policy, Company-imposed sanctions, including dismissal for cause, could result from failing to comply with the Company's policy or procedures. Needless to say, any of the above consequences, even an investigation by the Securities Exchange Commission ("SEC") that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.

Our Policy

If a director, officer or any employee has material non-public information relating to our Company, it is our policy that neither that person nor any related person may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to information relating to any other company, including our customers or suppliers, obtained in the course of employment.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. Material information is any information that a reasonable investor would consider important in a decision to buy, hold or sell stock. In short, any information which could reasonably affect the price of the stock.

Examples. Common examples of information that will frequently be regarded as material are: annual or quarterly financial results; projections of future earnings or losses; news of a pending or proposed merger, acquisition or tender offer; news of a significant sale of assets or the disposition of subsidiary; changes in dividend policies or the declaration of a stock split or the offering of additional securities; major management changes; significant new products or discoveries; financial liquidity problems; and the gain or loss of a substantial customer or supplier. Either positive or negative information may be material.

Hindsight. Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

Transactions By Family Members. The very same restrictions apply to your family members and others living in your household. Employees are expected to be responsible for the compliance of their immediate family and household members.

Tipping Information To Others. Each individual who has access to material non-public information must exercise great caution in preserving the confidentiality of that information within the Company. The communication of such information on other than a “need to know” basis to third parties, or recommending, suggesting or discussing the purchase or sale of Company stock while in possession of such information, is a violation of Company policy and can be unlawful, whether or not you derive any benefit from another’s actions. In fact, the SEC has imposed a \$470,000 penalty on a tipper even though he did not profit from his tippees’ trading.

When Information is Public. It is also improper for an officer, director or employee to enter a trade immediately after the Company has made a public announcement of material information. Because the Company’s shareholders and the investing public should be afforded the time to receive the information and act upon it, as a general rule you should not engage in any transactions until the second business day after the information has been publicly released.

“*Quiet Periods*”. Because Company personnel may be deemed likely to have advance access to periodic financial and other material information, the Company has established a regular “quiet period” further restricting trading by Company personnel. The Company policy is that all personnel — and their family members — must refrain from trading in its securities as follows:

- March 16th through the second business day during which Gilat shares are traded (“trading day”) after the Company has put out an earnings press release for the first fiscal quarter of the year. The day of publication shall be included as a “trading day” if the stock is traded on that day.
- June 16th through the second business/trading day after the Company has put out an earnings press release for the second fiscal quarter of the year.
- September 16th through the second business/trading day after the Company has put out an earnings press release for the third fiscal quarter of the year.
- December 16th through the second business/trading day after the Company has put out an earnings press release for the fiscal year.

Company Assistance

If you have any questions about specific transactions, you may obtain additional guidance from the Company’s legal department, and are strongly encouraged to do so. Remember, however, the ultimate responsibility for adhering to the Policy Statement and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment.

Pre-Clearance Of All Trades By Directors and Officers

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), it is highly recommended that directors, officers, senior managers and employees having access to Company financial matters consult with Tal Payne – VP Finance prior to engaging in such a transaction. No transactions in Company stock will be approved during a “quiet period”.