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Press Release

294 supermarkets are located in concentrated areas; 83 percent of them belong to the two largest food retail chains

Shufersal Ltd. is required to obtain approval from the Director General in order to open a large store in areas covering about 79% of Israel's population. Mega is required to obtain approval in order to open stores in areas covering about 21 percent of Israel's population.

The Israeli Antitrust Authority ("IAA") released today (Wednesday) the final version of a report that defines the methodology for implementation of the chapter within the new Food Law concerning geographic competition between large supermarkets. The document is the result of an in-depth statistical research.

According to the authority granted by the Food Law, the Director General of the IAA has defined for each large store of a major retail chain the catchment area in which potential consumers reside and the set of competing stores as means to determine the retailer's share of sales in the catchment area of the store. If the share of the retailer's sales (from all its stores in the area) from total sales in the area exceeds 30 percent, the retailer will be required to obtain prior approval from the Director General in order to open new stores in that area. The intention of the Law is to prevent a situation in which a retail chain saturates an area with its stores, in such a way that competing retailers may be deterred from entering that area and compete for consumers.

In the event that the retailer's share of sales in the area exceeds 50 percent and the retailer maintains at least three stores in that area, the Director General can request the Antitrust Tribunal to issue an order to the retailer to sell (one or more) stores in the area.

Currently, for about 8 percent of the stores the retailer's share of sales in the area exceeds 50 percent.

Based on the reports of the large retailers for fiscal year 2013, there are 18 large retailers operating in Israel, which together account for 728 large stores. Of that total, 294 stores, which account for 40 percent of the stores, are stores where the retailer's share of sales in the area exceeds 30 percent. These retailers require the approval of the Director in order to

open an additional store. Among these stores, for 231 (about 32 percent of the total) the retailer's share of total sales is between 30 percent and 50 percent. For Sixty-three stores (8 percent of the total) the retailer's share of sales exceeds 50 percent, and with 16 stores where this share exceeds 75 percent.

Shufersal will be required to obtain approval from the Director General in order to open a store in areas covering 79 percent of Israel's population

The areas in which Shufersal accounts for over 30 percent of total sales account for about 79 percent of Israel's population. The maps presented to the public indicate that these include, among others, the areas of Beer Sheva, Mitzpe Ramon and Eilat in the South, Tel Aviv and Rishon Lezion in the Center and Haifa, Kiryat Shemoneh and other cities in the North.

The areas in which Mega (including some stores that belong to the retail chains Eden Teva Market, Alonit and AM:PM) accounts for over 30 percent of sales cover about 21 percent of Israel's total population. The areas in which Mega has a high level of concentration include, among others, the Beit Shean area and Sahnin in the North, the Sharon area (Ramat Hasharon and Ranana) and Tel Aviv, Givatayim and Ramat Gan in the Center.

Areas where the share of sales accounted for by Rami Levy and Hatzi Hinam (each separately) from total sales exceeds 30 percent cover about 14 percent of Israel's total population. With respect to Rami Levy, these areas are primarily Jerusalem, Zichron Yaakov and Afula and with regard to Hatzi Hinam, they are Rishon Lezion and Holon.

Retailer	Number of stores with a calculated share of over 30 percent
Shufersal Ltd.	201
Mega Retailing Ltd.	45
Ramy Levy Stores – Hashikma Marketing 2006 Ltd.	10
Yeinot Bitan Ltd.	10
Cohen Mahsaneit Hashuk Ltd.	6
M. Yohaninoff and Sons (1988) Ltd.	5
Kol Bi Hatzi Hinam Ltd.	5
Victoria Supermarket Chain Ltd.	3
Coop Israeli Supermarket Chain Ltd.	3
Bar Kol Chains Ltd.	2
Meirav-Mazon Kol Ltd. (Osher Ad)	1
Tiv Taam Chain Ltd.	1
Freshmarket Ltd.	1
Zol Ubegadol Ltd.	1
Total	294

The significance of the document: The Director General will thus determine the boundaries of geographic competition between retailers.

At the end of March of this year, the Law for Advancing Competition in the Food Sector was enacted. Its goal is to improve competition in the food sector in order to reduce prices to the consumer. The Food Law has three main components: regulation regarding conduct and agreements between suppliers and retailers, regulation on retailers which is aimed at improvement of regional competition between retailers and acts to enhance price transparency.

In recent weeks, the IAA has taken a series of steps in preparation for the implementation of the Law, which is expected to go into effect in January 2015. Among other things, the IAA has published a list of large and very large suppliers and a list of large retailers. The lists are relevant to that part of the Law which deals with the regulation of the relations between suppliers and retailers.

The document which the IAA is publishing today is related to the chapter on geographic competition. For every large store in Israel, the Authority mapped the stores that compete with it and the areas in which its potential consumers reside. The goal is to implement the model as part of the enforcement of the Law. As mentioned, according to the Law, large retailers that account for over 30 percent of the sales in the relevant area must obtain approval from the Director General of the IAA in order to open a new store in that area.

The process for determining the geographic concentration of retailers:

