STATE OF ISRAEL
GOVERNMENT COMPANIES AUTHORITY

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State of Israel

Government Companies Authority

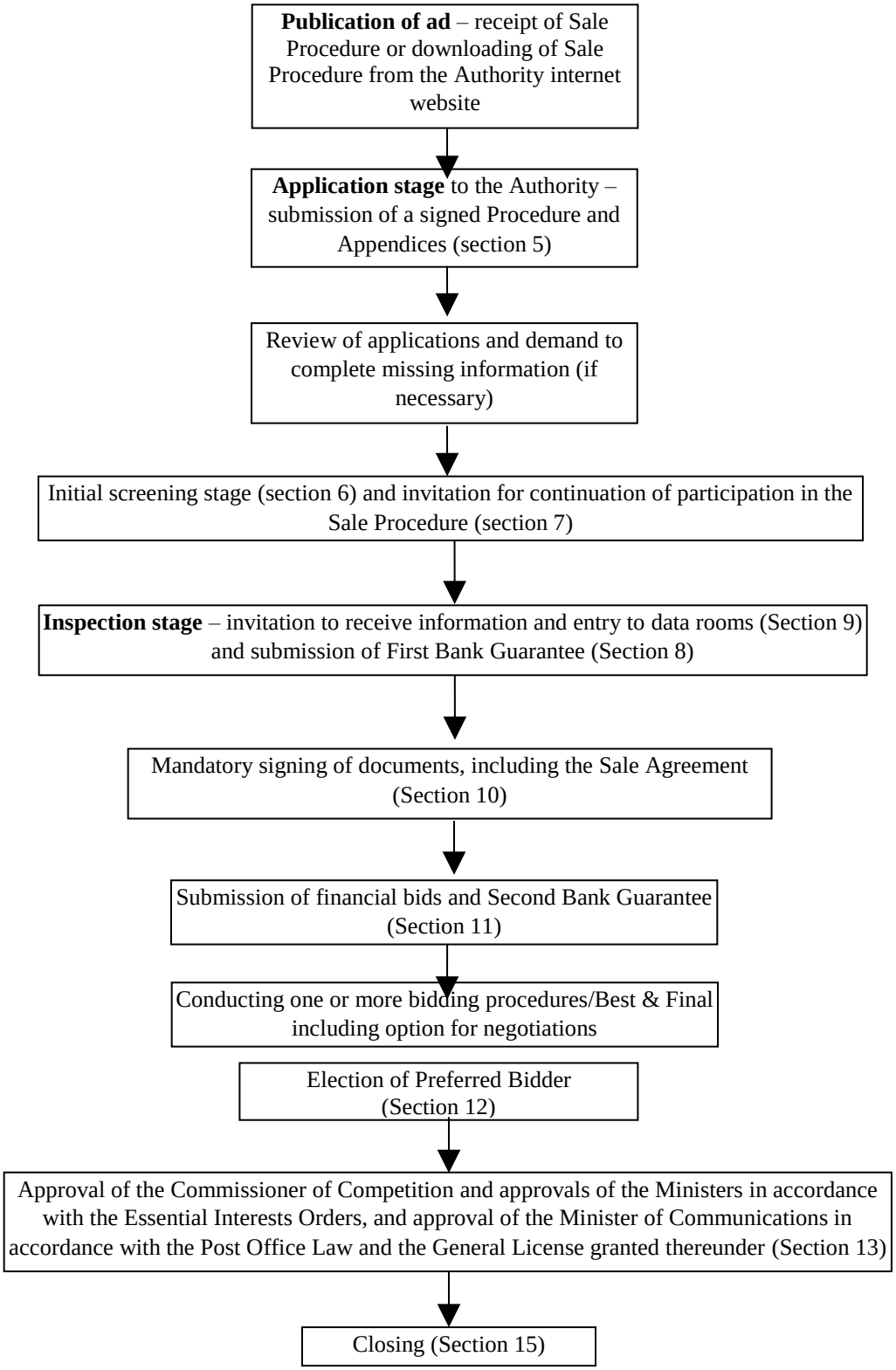
Procedure for the sale of shares of Israel Postal Company Ltd. Company No. 51-3467191

Date: 10/7/2023

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Diagram of the Sale Procedure of the shares of Israel Postal Company Ltd.



This diagram is intended for clarification purposes only. In the event of discrepancy or non-conformance between this diagram and the Sale Procedure, the provisions of the Sale Procedure shall take precedence. This diagram shall not serve for the purpose of interpreting the Sale Procedure. The stages described above are liable to change, including the splitting of stages.

STATE OF ISRAEL

GOVERNMENT COMPANIES AUTHORITY

Sale Procedure of the shares of Israel Postal Company Ltd.

Private Company No. 51-3467191

The Government of Israel (hereinafter: the "**Government**"), by the Government Companies Authority, wishes to sell, en bloc, the entire shares of Israel Postal Company Ltd. in accordance with the Sale Procedure as stated in this Procedure hereunder (hereinafter: the "**Sale Procedure**" or the "**Procedure**").

1. Definitions

"**Person**" – including a body corporate.

The "**Postal Bank**" – Postal Bank Ltd., Private Company Reg. No. 513800367 that is a company wholly-owned by Israel Post (and that is the "subsidiary" as meant by this term in section 88K of the Postal Law 5746-1986).

"**Interested Party**," "**Holding**," "**Control**," "**Means of Control**" – as meant by these terms in the Securities Law 5728-1968.

The "**Committee for the Sale of the State Shares**" or the "**Committee**" – the Committee for the Sale of the State Shares in Government Companies, appointed under Regulation 8 of the Mandatory Tenders Regulations 5753-1993.

The "**Committee for the Reduction of Concentration**" – the committee that was formed pursuant to section 40 of the Law for Promotion of Competition and Reduction of Concentration 5774-2013.

The "**Company**" or "**Israel Post**" – Israel Postal Company Ltd., Private Company Reg. No. 51-3467191. Anywhere in this Procedure that includes an undertaking towards the Company, or that the approval of the Company is required, or if any action is required on behalf of the Company, or if any authority or authorization to consult with the Company or to transfer to or from the Company any information and other actions was granted, or if any declarations, representations or waivers were made towards the said Company – the term "**the Company**" shall be deemed as also including the Postal Bank.

The "**Privatization Resolution**" – the resolution of the Ministerial Committee for Privatization Matters MH/7 dated July 2, 2018, that was amended in Resolution MH/10 of the Ministerial Committee for Privatization Matters dated January 21,

2020 and in Resolution MH/1 of the Ministerial Committee for Privatization Matters dated April 12, 2022[1].

The "**Commissioner of Competition**" – as meant by the term "Commissioner" in the Economic Competition Law 5748 – 1988.

The "**Offered Shares**" – shares constituting the entire issued and paid-up share capital of the Company on the Closing Date, held by the State.

The "**Buyer**" – as defined in section 14.1 hereunder.

The "**General License**" – a general license granted to Israel Postal Company Ltd. for the provision of postal services, financial services on behalf of the subsidiary and additional services, by virtue of the provisions of the Postal Law 5746-1986.

The "**Authority**" – the Government Companies Authority, acting by virtue of Government Companies Law 5735-1975.

The "**Ministers**" – as defined in Chapter H2 of the Government Companies Law (as defined below).

The "**Finance Committee**" – the Knesset Finance Committee.

The "**Postal Law**" – the Postal Law 5746-1986.

The "**Economic Competition Law**" – the Economic Competition Law 5748 – 1988.

The "**Government Companies Law**" – the Government Companies Law 5735-1975.

The "**Concentration Law**" – the Law for Promotion of Competition and Reduction of Concentration 5774-2013.

The "**Members of the Group**" – the components of the Group, including the shareholders in a corporation that was formed for the purpose of purchasing the Offered Shares or a corporation whose main occupation is participation in the Sale Procedure.

"**Hostile State**" – a state that the Minister of Defense, in consultation with the Minister of Foreign Affairs, notified the Company is a Hostile State, or any other entity, other than a state, that the Minister of Defense notified the Company is a hostile entity.

The "**Closing Date**" – as defined in section 3.1.

"**Bidder**" – an Invited Applicant who submitted a bid, pursuant to section 11.4.

"**Preferred Bidder**" – as defined in section 12.6 hereunder.

"**Participant**" – including an Applicant, Invited Applicant, Bidder, Prefer Bidder, or a Buyer.

"**Applicant**" – who filed an application in accordance with section 5 of this Procedure.

[1] The Privatization Resolution appears in the internet website of the Authority.

"**Invited Applicant**" or "**Invitee**" – whoever was invited to participate in the next stages of the Sale Procedure after the initial screening procedure as stated in section 7.1 hereunder.

The "**Essential Interests Order in Israel Postal Company**" – the Government Companies Order (Declaration of the Essential Interests of the State in Israel Postal Company Ltd.) as published in the Official Gazette.

The "**Essential Interests Order in the Postal Bank**" - the Government Companies Order (Declaration of Essential Interests of the State in Postal Bank Ltd.) as published in the Official Gazette.

The "**Essential Interests Orders**" – the Essential Interests Order in Israel Postal Company and the Essential Interests Order in the Postal Bank.

"**Group**" – a participant in the Sale Procedure that includes more than one person, including a corporation that was founded for the purpose of purchasing the Offered Shares or a corporation whose main occupation is participation in the Sale Procedure.

"**Private Investments Fund**" – a partnership whose purpose is to make capital investments, and that is managed by a general partner, and whose investors include, *inter alia*, one or more institutional investor. "**Institutional investors**" for the purpose of this Procedure – entities enumerated in items 2 to 3 in the First Schedule of the Securities Law 5728-1968, and with respect to foreign investors – entities that engage in the occupations enumerated in the said items pursuant to the laws governing the operation of the said entities.

"**Israeli Government Corporation**" – any of the following: (1) A government company, a government subsidiary, a mixed company (as defined in the Government Companies Law); (2) An Israeli corporation established in accordance with the law; (3) The companies and corporations as stated in section 60 of the Government Companies Law; (4) A municipal corporation, as defined in the Municipalities Ordinance [New Version]; (5) A corporation controlled by one or more of the aforenamed, or by the State, or which one or more of the aforenamed (except for a mixed company) hold therein 25% or more of the share capital or the means of control.

2. General background of the privatization process

2.1. On July 2, 2018 the Ministerial Committee for Privatization Matters adopted Resolution MH/7 regarding the privatization of Israel Postal Company Ltd.[2], that was amended in Resolution MH/10 of the Ministerial Committee for Privatization Matters dated January 21, 2020 and in Resolution MH/1 dated April 12, 2022 of the Ministerial Committee for Privatization Matters, according to which it was decided, *inter alia*, to sell up to 40% (on fully-diluted basis) of the share capital of the Company in two stages: by way of an offering, one or more, to the public in a prospectus, in the Tel Aviv Stock

[2] It should be noted that according to the Privatization Resolution, it also constitutes, subject to the said therein, a privatization resolution of Postal Bank Ltd.

Exchange, that will include an offer for sale by the State, the issue of shares with capital raising for the Company, or any combination thereof (hereinafter: the "**Issue in the Stock Exchange**"); The remaining part of the State holdings in the Company (60%) will be sold, en bloc, by way of a sale to a private investor or a group of investors from Israel or abroad (hereinafter: the "**Private Sale**") that can be performed together with capital raising for the Company by way of issue of the shares of the Company to the Buyer, and all as stated in the Privatization Resolution.

2.2. In addition, the Privatization Resolution states that if the Minister of Finance and the Minister of Communications concluded that there was no benefit, in terms of the privatization, to perform the Issue in the Stock Exchange prior to the Private Sale, including as a result of the schedules for the performance of the issue and taking into consideration the financing requirements of the Company, and as a result of the position of the market and the feasibility of the transaction, or if, until March 31, 2023 no issue to the Stock Exchange is performed, they shall be entitled to decide that the share capital of the Company, that was allocated for sale by way of an issue in the Stock Exchange, will be added to the rate of the share capital of the Company that will be included within the framework of the Private Sale, in such manner that 100% of the shares of the State in the Company will be sold, en bloc, in a Private Sale.

2.3. Pursuant to the decision of the Minister of Finance and the Minister of Communications dated September 21, 2022 (hereinafter: the "**Ministers' Decision**") it was stated that there was no benefit, in terms of the privatization, to perform the Issue in the Stock Exchange prior to the Private Sale, and that it is necessary to privatize the entire holdings of the State in the Company by way of a Private Sale, en bloc, of the entire shares of the State of Israel in the Company (100%) to the Buyer or to a group of buyers as follows, and all as stated in the Ministers' Decision. This Sale Procedure is the result of the Ministers' Decision by virtue of the Privatization Resolution.

Approval of the Knesset Finance Committee

2.4. Pursuant to section 59B of the Government Companies Law, the privatization procedure of the Company requires the approval of the Finance Committee. As of the publication date of this Procedure, the procedure for the privatization of the Company was not yet presented for the approval of the Finance Committee. If the approval of the Finance Committee is not granted until the submission date of the bids as stated hereunder, the Sale Procedure will be discontinued, and the Participants shall have no claim or demand against the State or the Company (or anyone acting on their behalf) in connection therewith.

2.5. Pursuant to section 59B(i) of the Government Companies Law, the approval of the Finance Committee as said, pursuant to section 2.4 above, also

constitutes approval pursuant to section 5(d)(2) of the State Property Law 5711-1951.

The Essential Interests Orders

2.6. Pursuant to section 59H of the Government Companies Law, a draft of the Government Companies Order (Declaration of Essential Interests of the State in Israel Postal Company Ltd.) and a draft of the Government Companies Order (Declaration of Essential Interests of the State in Postal Bank Ltd.) were prepared in connection with the Postal Bank (as hereinafter defined) with the approval of the Ministry of Communications and in coordination will all relevant authorities.

2.7. The drafts of the Essential Interests Orders state that the State has essential interests in connection with the Company and the Postal Bank. In addition, the drafts of the said orders lay down different provisions that are intended to allow the State to protect the said interests in the companies, including the assurance of the continuity and uninterrupted performance of essential services as stated in the said drafts, maintenance of the features of each of the said companies (the Company and the Postal Bank) as Israeli companies whose center of business and management is in Israel, prevention of any position of influence on any of the aforesaid companies by hostile entities or by entities that might compromise the State security or its foreign affairs, prevention of disclosure or discovery of information for reasons relating to the State security or the State foreign affairs, and all as stated in the drafts of the Essential Interests Orders.

The issuance of the Orders by the Ministers after their approval by the Ministerial Committee for Privatization Matters, pursuant to section 59H of the Government Companies Law, and the approval of certain aspects therein by the Knesset Finance Committee, as required by law, shall be performed until the completion date of the Sale Procedure. The Sale Procedure was written while taking into consideration the updated drafts of the orders as of the publication date of the Procedure, approved by the Ministerial Committee for Privatization Matters on July 5, 2023, that were not yet signed by the Ministers and that were not yet published as said, and the Authority shall provide to the Participants in the Sale Procedure, prior to the submission date of the bids, an updated draft of the Essential Interests Orders. It is emphasized that until the publication date of the orders in the Official Gazette, after obtaining all approvals that are required, the versions of the Essential Interests Orders might change, and the Participants shall have no claim or demand from the State or the Company (or anyone acting on their behalf) in connection therewith.

3. Key points in the Sale Procedure and general provisions

3.1. The Sale Procedure of the Offered Shares shall be conducted in accordance with the provisions set forth in this Procedure and subject to the

Committee's decisions (including its decisions in connection with the amendment of this Procedure, to the extent that there are any). This Procedure defines the relationship between the State and the Participants in the Sale Procedure, during the entire Sale Procedure, and until the closing date of the transfer of the Offered Shares to the Buyer (hereinafter: the "**Closing Date**").

3.2. For the avoidance of doubt, it is clarified that this Procedure constitutes a separate document with relation to the sale agreement for the Offered Shares that will be signed between the State and the buyer (hereinafter: the "**Sale Agreement**") and any additional agreement(s), to the extent that such agreements will be signed between the State or the Company and the Buyer in connection with the Sale Procedure of the Offered Shares. This Procedure does not constitute in any manner part of the said agreements and will not serve as a substitute, addition or means for the purpose of interpreting these agreements. In the event of discrepancy or non-conformance between the provisions set forth in this Procedure and the provisions set forth in the aforesaid agreements, the provisions set forth in the agreements shall take precedence, however this shall not derogate from the option of the Committee to amend the provisions of the Sale Agreement in accordance with the provisions set forth in the Procedure.

3.3. This Procedure will be published in Hebrew and English. The English translation of this Procedure will be provided for the purpose of convenience only. In the event of any discrepancies between the Hebrew original and this translation, the Hebrew original shall be binding for all intents and purposes.

3.4. The Sale Procedure will be carried out by way of a competition between the participants in the Sale Procedure (and not by way of a tender) in a number of principal stages:

3.4.1. Publication of ads in the press and in the Authority website in the following address: HTTPS://WWW.GOV.IL/HE/DEPARTMENTS/GCA/GOVIL-LANDING-PAGE regarding the commencement of the Sale Procedure and the publication of this Procedure. Additional documents that are related to the Sale Procedure will be published on the website including, *inter alia*, a general description of the Company, its assets and operations, the Privatization Resolution and the Drafts of the Essential Interests Orders; the Authority will also publish information regarding a conference for prospective buyers (hereinafter: the "**Prospective Buyers Conference**"), to the extent that the Authority decides to hold such a conference prior to the submission stage of the applications pursuant to section **5** of this Procedure. It should be emphasized that participation in the Prospective Buyers Conference is not a condition for participation in the Sale Procedure.

3.4.2. The application stage, in which the Applicants will provide the State with the necessary information and documents for the initial screening stage in accordance with the relevant sections in this Procedure;

3.4.3. The initial screening procedure of the Participants by the Committee;

3.4.4. The stage of provision of information regarding the Company, in which the Applicants who passed the initial screening procedure will be invited to review the information about the Company, including by way of entry to the data room that the Company will set up, in the manner ordered by the Committee. At this stage the Applicants will be required to submit the First Bank Guarantee; It will be clarified that in preparation for the submission of the bids, the State will address certain limitations on the Company's operations in the period between the date of submission of the bids and the date of completion, as applicable.

3.4.5. The stage of comments on the Sale Agreement and the stage of signatures of the Invited Applicants on the Sale Agreement, as required in accordance with this Procedure;

3.4.6. Submission of bids by the interested Invited Applicants, together with the second bank guarantee and additional documents, as stated in this Procedure;

3.4.7. Evaluating the bids and holding a competitive procedure (one or more) between the Bidders and, to the extent that the Committee makes such a decision, conducting negotiations between the State by the Committee or anyone acting on its behalf, and a Bidder or Bidders after the competition, in the manner ordered by the Committee;

3.4.8. Election of the Preferred Bidder and, to the extent that the Committee will see fit, election of the second-ranked and third-ranked eligible Bidder;

3.4.9. Obtaining each of the following approvals: (a) The approval of the Commissioner of Competition in accordance with the provisions of the Economic Competition Law (hereinafter: the "**Commissioner's Approval**"); (b) The Ministers' Approval in accordance with the Essential Interests Orders (hereinafter: the "**Ministers' Approval**") and (c) The Minister of Communications' Approval pursuant to the Postal Law and the General License by virtue of the said law (hereinafter: the "**Minister of Communications' Approval**"; And jointly with the Commissioner's Approval and the Ministers' Approval: the "**Approvals of the Competent Authorities for the Transaction**"). It is clarified that the provision of each of the

Approvals of the Competent Authorities for the Transaction is under the authority of the relevant authority (as stated above) and that the election of the Preferred Bidder shall not oblige any of the said authorities to grant such consent or approvals as said in general or under any conditions set out by them. It is further clarified and emphasized that the signing of the Sale Agreement on behalf of the State is conditional on obtaining the entire consents and approvals as stated above and as stated in section 13 hereunder.

3.4.10. The signature of the State on the Sale Agreement and the payment of the consideration for the Offered Shares purchased by the Buyer pursuant to section 14.2 and the transfer of the Offered Shares to the Buyer.

The aforesaid in this section 3.4 is provided for clarification purposes only and does not exhaust the provisions of this Procedure and the provisions of any relevant law that refers to the sale and will not serve as a tool for the purpose of interpreting this Procedure. This section shall not derogate from any other provisions set forth in this Procedure or take precedence over such provisions as said in the event of discrepancy or non-conformance. The stages of the sale as described above and the provisions set forth in this Procedure are liable to change, including splitting of the stages described above.

3.5. The Authority will conduct the Sale Procedure subject to the decisions of the Committee. The Committee shall be entitled to amend this Procedure from time to time and the Authority shall deliver written notice in connection therewith to whoever participates in the Sale Procedure at the time, or by a publication of notice in a daily newspaper or by publication on the Authority website, and the participants shall have no claim or suit against the State or the Company or anyone acting on their behalf in connection with such changes as said.

Any notice on behalf of the State in connection with this Procedure or the Sale Procedure, including with respect to the Committee resolutions, shall be null and void unless delivered in writing and signed by the Director-General of the Government Companies Authority or a deputy of the Director-General.

3.6. The address for the purpose of receiving documents in accordance with this Procedure and in connection with the Sale Procedure is:

Government Companies Authority, bldg. 23, The Tower, fl. 8, Malcha Technology Park, Jerusalem, 9695102, room 815 (hereinafter: the "**Authority Offices**"); Tel.: 02-5421502, unless a notice regarding change of address is delivered.

Arrival to the Authority Offices must be scheduled in advance, using the telephone numbers stated above.

Additional information regarding the Sale Procedure and this Sale Procedure and the documents that should be attached to the application to participate in the Sale Procedure as stated in this Procedure, can be found on the website of the Authority: HTTPS://WWW.GOV.IL/HE/DEPARTMENTS/GCA/GOVIL-LANDING-PAGE; Please refer to the terms of use of the information in the website. It is hereby clarified that the information displayed on the Authority website does not serve as any representation and/or undertaking of any kind on behalf of the State or anyone acting on their behalf, and they shall not be held liable for its truthfulness, integrity, accuracy, the existence or the lack of any particulars or data in this information, including, *inter alia*, a change that might occur in the information in consequence of a change in the position of the Company before the sale of the Offered Shares.

3.7. Notwithstanding anything to the contrary in the Procedure, the Committee shall be entitled, however not obligated, from time to time, and at its absolute and sole discretion, and in the manner that the Committee shall see fit from time to time, to delay or forward the dates set out in the Procedure or by virtue of the Procedure (including the submission dates of the bids), including its provisions in connection with the dates in which the bank guarantees are in effect, or the dates that will be set out further in the Sale Procedure, or change the Sale Procedure in a procedure or by virtue of such a procedure.

3.8. Without derogating from the provisions set forth in this Procedure, the Committee shall be entitled, however not obligated, at its absolute and sole discretion, to afford to the Participants an option to clarify, complete or amend documents whose submission is required in accordance with the Procedure.

3.9. The Committee shall be entitled to demand, in any of the stages of the process, and after receiving an application to participate in the Sale Procedure, from any Participant and Interested Parties therein, information, undertakings and other documents that it requires (or that any of the other relevant State authorities require) at its absolute and sole discretion (in addition to the information that will be provided within the framework of the Appendices to this Sale Procedure), *inter alia*, for the purpose of selecting the Applicants according to the criteria set out in section 6.3 hereunder and also as a condition for continuing the processing of the application of the Applicant or continuing the participation of the Participant in the process. If the Applicant is a group, the Committee shall be entitled to demand such information as said also from the members of the group and their interested parties. This information may be delivered by the Committee, *inter alia*, to the relevant State authorities and to the Company or the Postal Bank, to the extent required for the Sale Procedure.

3.10. In the event that a Participant in the Sale Procedure did not provide to the Committee or to the Authority on the date that was set out for the purpose of this matter by the Authority the documents that were requested by the

Authority or that are required in accordance with the Sale Procedure, or did not provide the said documents when they are full and duly signed as required, the Committee shall be entitled to terminate his participation in the Sale Procedure.

3.11. The Committee shall be entitled, at its absolute and sole discretion, to withdraw from its intention to sell the Offered Shares or terminate the Sale Procedure at any time, including after the submission of the bids, and including in the course of the bidding process or during negotiations with Bidders, or refrain from the selection of a Preferred Bidder from the Bidders or avoid the selection of any bid, or not negotiate with any of the Participants in the Sale Procedure. None of the Participants in the Sale Procedure shall have any claim in respect of any of the actions or the decisions of the Committee as stated above, and none of the Participants shall have any right of action against the State or the Company (or anyone acting on their behalf) in connection therewith.

The termination of the Sale Procedure shall not be deemed as breach of this Procedure and shall not grant to the Participants in the Sale Procedure any reliefs against the State or the Company (or anyone acting on their behalf).

3.12. Without derogating from the authorities of the Committee and the Authority as stated in the other provisions set forth in this Procedure and the provisions set forth in any law, the Committee shall be entitled, at any time, to decide not to invite any Applicant to continue with the Sale Procedure or to discontinue the participation of a participant (or any of the members of the group, in the event the Participant is a group) or stipulate on conditions the continuation of their participation in the Sale Procedure. The Committee shall be entitled to act in such manner as said if the Committee is of the opinion, including in consequence of a notice or an application by any of the relevant State authorities (including the defense authorities) that there is a concern that the participation of the Participant or its winning in the Procedure might impair the public welfare, the public security, the national security, the public trust, the State foreign affairs, the international obligations of the State or any other public interest. The Committee shall also be entitled to exercise this authority if the Committee is of the opinion that there is a concern that the continuation of its participation or the winning of the Participant might impair the Sale Procedure (including a concern regarding the completion of the Sale Procedure under conditions and on the dates in accordance with the Sale Procedure and pursuant to the decisions of the Committee) or its results, the Company or the Postal Bank or the services that any thereof provides to the public. Without prejudice to the generality of the foregoing, the Committee shall be entitled to exercise its authorities as stated above also based on a change in the information provided to the Committee as stated in section 3.12 above or based on any new information regarding a Participant that reached the State in any manner. For the avoidance of doubt, the Participant shall have no right of

action against the State or the Company (or anyone acting on their behalf) in connection with the exercising of such authorities as said.

3.13. Without derogating from the foregoing and from the provisions of the Economic Competition Law and the Concentration Law, the Committee shall be entitled to decide that a Participant or any of the members of the group will no longer participate in the Procedure in the event the Participant is a group, in the Sale Procedure, or stipulate on conditions the continuation of their participation in the Sale Procedure, based on economy-wide concentration considerations or considerations relating to the promotion of competition in a specific sector.

3.14. Each of the Participants in the Sale Procedure shall deliver to the Authority a written notice, promptly and no later than 48 hours from the time of becoming aware for the first time of any change that occurred in the information it submitted to the Authority, including the information that was requested in questionnaires or in the affidavit, attached as Appendices B, B1 and B2 of the Procedure, and any other relevant change. For the avoidance of doubt, if the said information is in the public domain, this shall not release the Participant from the obligation to deliver notice to the Authority as stated in this section and the consequences of such a breach committed by the Participant as said.

3.15. The Committee shall be entitled to rely in its decisions on any relevant administrative proof including intelligence or any other classified information. The Committee shall be entitled to obtain any relevant material that can substantiate its decisions and the Committee shall not be obligated to make such materials available for the inspection of the Participant if the Committee is of the opinion that the exposure of the information might harm the public interest.

3.16. A Participant in the Sale Procedure shall not be entitled to inspect an application or a bid of another Participant or any other correspondence between another Participant and the State in connection with the sale of the Offered Shares, without obtaining the prior and written approval of the Committee.

3.17. Without derogating from the provisions of any law, a Participant shall not collude with another Participant in the Sale Procedure, or cooperate in any other manner with another Participant, whether directly or indirectly, in connection with their participation in the Sale Procedure, without obtaining the prior and written approval of the Authority.

3.18. It is clarified that the Participants in the Sale Procedure shall have no right to receive reimbursement for their expenses or indemnity for their damage on any grounds and for any reason, from the State or the Company or from any entity on their behalf, in respect of or in connection with the Sale Procedure, its performance, termination, a change in its conditions or its cancellation, except for reimbursement of expenses that will be paid to the second-ranked and the third-ranked Bidders (that were ranked as said based

on the amount stated in their bid) for inspections that are required in connection with their participation in the Sale Procedure for an amount of ILS 700 thousand for each, and except for payment in the amount of ILS 300 thousand that will be paid by the State to the second-ranked and the third-ranked Bidder (to the extent that there are any) in accordance with and subject to the provisions set forth in section 12.7 hereunder. The said payments shall be paid to the parties entitled to them without additional interest or linkage, up to 60 days as of the Closing Date of the Sale Procedure, as meant by this term in section 14.3 hereunder. It is clarified that notwithstanding the aforesaid, no compensation or payment shall be paid in the event of cancellation of the Sale Procedure for any reason. If the Committee approached the second-ranked eligible Bidder instead of the Preferred Bidder, or the third-ranked eligible Bidder instead of the second-ranked eligible Bidder, pursuant to its authority under section 13.5 or section 13.6 hereunder, and the transaction was consummated with the said Bidder, the eligibility of the said eligible Bidder pursuant to section 12.7 and this section 3.18 shall expire for all intents and purposes, and the said Bidder shall not be entitled to receive any payment or indemnity or compensation from the State or the Company or anyone on their behalf.

3.19. The Procedure or any application and invitation made in connection with the Procedure or any discussion with any of the representatives on behalf of the Authority or the Committee or the Company shall not be deemed as an invitation to the public to purchase the securities of the Company; and shall not give rise to any undertaking or offer on behalf of the State or the Company to sell the Offered Shares or an undertaking in connection with the terms of the sale or an undertaking to sell the Offered Shares by way of an invitation for bid or a tender.

3.20. The Sale Procedure is exempt from a tender, pursuant to Regulation 3(14) of the Mandatory Tenders Regulations 5753-1993. The Procedure shall not be deemed as a tender (including a public tender or a closed tender).

3.21. For the avoidance of doubt, it is hereby clarified that this document, its appendices and any other document or information that will be provided within the framework of the Sale Procedure shall not constitute any proof or basis for any engagement and shall not be deemed and shall not be considered as any representation and/or undertaking made on behalf of the State, the Company or anyone acting on their behalf. No Participant in the Sale Procedure shall have any claim regarding reliance or any other claim in connection with such documents and information as stated above, and it is clarified that each Participant shall be obligated to conduct its inspections independently in any manner it will see fit. The undertakings of the State shall include and shall be exhausted solely in the Sale Agreement, and the provisions set forth in the Procedure shall not be deemed as part of the Sale Agreement.

3.22. Subject to the provisions of section 3.23, a bid that will be submitted in the name of or by a group and any other document that will be signed or that

will be submitted in the name of a group within the framework the Sale Procedure shall bind each of the members of the group, jointly and severally, towards the State. If any group is approved by the State as an Invited Applicant, a Bidder or a Buyer, and one or more of the said members of the group wishes to retire from the group (to the extent that it is entitled to retire from the group in accordance with the provisions set forth in the Procedure and depending on the stage in which the said member wishes to retire), the Committee shall be entitled, however not obligated, to cancel the approval of the group as an Invited Applicant, a Bidder or a Buyer, as the case may be, or permit the replacement of the retiring member, and set out additional conditions, and all at its absolute and sole discretion, and without prejudice to any other relief the State may seek. It is clarified that the registration of the corporation by the members of the group for the purpose of purchasing the Offered Shares shall not be deemed, in and of itself, as a change in the group and shall therefore not require the Committee's approval, however shall require the delivery of a written notice.

3.23. It is clarified that if the Bidder or any of the Group members is a limited partnership, the bid and the documents attached thereto in accordance with this Procedure shall be signed in the name of the limited partnership by its general partner, who is authorized to bind the partnership, and the signature of its limited partners shall not be required (without derogating from the authority of the Authority and the Committee to demand relevant information and approvals from the limited partners or in connection therewith, including in connection with the investment undertakings of the limited partners in the limited partnership and the provisions set forth in this Procedure in connection with the duty to make available such information and approvals as said).

3.24. The Committee shall be entitled, however not obligated, within the period of time that the Committee shall set and in any event no later than the submission date of the bids as stated in section **11**, and at its absolute and sole discretion, and without granting to the Participant a right to delay the Sale Procedure, to approve the addition of a Participant to the Sale Procedure or the addition of a new or existing Participant (one or more) for another Participant subject to its compliance with the mandatory conditions set out in the Procedure with respect to the said stage and the previous stages, and after granting such approval as said the additional Participant shall be deemed to have been a party to the application as submitted, for all intents and purposes. Such approval as said may be stipulated on conditions. It is clarified that the discontinuation of the participation or the stipulation of the continuation of the participation of Participants in the Sale Procedure and the joining of new entities to the Procedure or a change in the composition of the Participants in the Procedure shall require the Committee's approval and the Committee shall have absolute and sole discretion for the purpose of this matter.

3.25. The laws of the State of Israel shall solely govern the Procedure and interpretation thereof. The competent courts in the State of Israel shall have sole and exclusive jurisdiction in anything relating to and arising out of this Procedure.

4. Inviting interested Bidders; holding a conference of interested Bidders

4.1. Concurrently with or shortly before the publication date of this Procedure, the State of Israel announced in ads that were published in the newspapers and in the internet website of the Authority that it is interested to sell 100% of the shares of the Company, en bloc, and invited any person (except for Israeli government corporations) who is interested to receive additional information in connection with the participation in the Sale Procedure, to apply to the Authority.

4.2. An Israeli government corporation shall not be permitted to participate in the Sale Procedure, whether by itself and whether as a sole member in an applying Bidder that is a group.

4.3. Bidders are informed that only Participants that meet the requirements laid down in this Procedure, and in particular the requirements laid down in section 6.3, shall be permitted to participate in the Sale Procedure.

4.4. Subject to the provisions of section 3.11, the Authority reserves the right to proactively approach other entities, subject to delivery of an update to the Committee, until the submission date of the bids, as stated in section 11 hereunder, in any manner that the Authority shall see fit, for the purpose of informing them regarding the intention of the State of Israel to sell the Offered Shares and invite them to participate in the Sale Procedure in accordance with this Procedure.

4.5. The Authority shall also publish information regarding the conference of interested Bidders, to the extent that the Authority decides to hold such a conference, prior to the stage of submission of the applications pursuant to section 5 of this Procedure, and shall be entitled to hold meetings and give initial presentations to the interested Bidders that will include only public information regarding the Company and the Sale Procedure. It is emphasized that participation in the conference of interested Bidders or initial meetings as said is not a condition for the participation in the Sale Procedure.

4.6. It is hereby clarified that the order of submission of the applications shall not oblige the Authority or the Committee regarding the order of review and selection of the Participants or the order of their inspection of the Company documents, including the entry to the data room.

5. Application to the Authority

An application to the Authority shall be made only by delivery of all documents as stated in this section hereunder, in four copies, completed and signed to the satisfaction of the Authority. The application to the Authority shall be made only on September 12, 2023, from 09:00 until 17:30 in the offices of the Authority, as stated in section 3.6 above. The Committee shall be entitled, at its discretion, to delay the date of delivery of the documents in a notice published in the newspaper and the internet website.

Whoever wishes to receive an invitation to participate in the next stages of the Sale Procedure shall file an application that will include all of the following documents[3]:

5.1. Appendix A of this Procedure (an application for an invitation to participate in the next stages of the Sale Procedure), completed and signed by the Applicant, by its authorized signatories. If an application was filed by a group, each of the members of the group shall attach Appendix A, completed, and signed by the said member. Signature on the said Appendix in accordance with this section shall be authenticated and confirmed by an attorney, in accordance with the form attached as Appendix A.

5.2. Appendix B of this Procedure (answers to the questionnaire), completed and signed by the Applicant, by its authorized signatories. If an application was filed by a group, each of the members of the group shall attach Appendix B, completed, and signed by him. Signature on the said Appendix in accordance with this section shall be authenticated and confirmed by an attorney, according to the form attached in Appendix B.

5.3. Appendix B1 of this Procedure (an affidavit regarding the participation of a concentrated entity in the Sale Procedure), completed and signed by the Applicant, by its authorized signatories. If an application was filed by a group, each of the members of the group shall attach separately Appendix B1, completed and signed. Signature on the said Appendix in accordance with this section shall be authenticated and confirmed by an attorney, according to the form attached in Appendix B1.

5.4. Appendix C of this Procedure, including a confirmation signed by the Applicant regarding the appointment of one person as a representative, and the contact information, as stated in the said Appendix, completed, and signed by the Applicant by its authorized signatories. The notices and applications of the Authority to the representative to the address that was provided in accordance with Appendix C shall be deemed as an application to the Applicant for all intents and purposes, and in the event the Applicant is a group, also to each of the members of the group, without derogating from the right of the Authority to apply to them directly. Delivery to a representative shall be deemed as delivery to a group and to the members of

[3] It is clarified that in the event of a Bidder that is a limited partnership, the demand for the signature of the controlling shareholders or the interested parties in the partnership, as required under this section in particular and in the Procedure in general, shall not include the limited partners in the partnership however only the general partner (and the controlling shareholders or the interested parties in the general partner).

the group in accordance with the law. **"Person" in this section – except for a corporation**.

5.5. A copy of this Procedure and Appendices thereof, signed by the Applicant in the required places. In the event the Applicant is a group, the Procedure and Appendices thereof shall also be signed separately by each of the group members. Such signature as said shall constitute an undertaking and a declaration on behalf of the Applicant confirming that the Applicant understood the Procedure including Appendices thereof, agreed to the Procedure and undertook to act in accordance with the Procedure.

5.6. It is emphasized that the Procedure and the documents attached thereto should be signed "AS-IS" and without any modification, addition, omission, or reservation of any kind. In the event the Procedure or the items attached thereto as aforesaid were submitted with reservations, conditions, or in the event they are deficient or include any modification, addition or omission, the Committee shall be entitled to conclude that the Applicant decided not to participate in the Sale Procedure and the provisions set forth in section 3.10 shall apply respectively.

5.7. A copy of the entire documents as stated in sections 5.1 to 5.6 shall be attached to the application on digital media (mobile storage device).

6. Initial screening of Applicants

6.1. The Committee shall perform an initial screening of the Applicants according to the criteria set out in section 6.3 hereunder and the other provisions set forth in this section 6, after reviewing the application documents or after reviewing any other information and materials, as it deems fit, that will reach its possession, whether from the Applicant or from other entities.

6.2. The Authority shall be entitled to deliver to any authority of the State, including defense authorities, Israel Police, the Ministry of Foreign Affairs, Israel Competition Authority, the Committee for the Reduction of Concentration and the Ministry of Communications, any relevant information that the Authority will have regarding the Applicant, including any reference number of the application submitted by the Applicant and any supplementary information that will be provided by the Applicant. The Authority shall be entitled to demand from any Applicant, including following the request of any of the said relevant authorities of the State, additional information, or documents, at its absolute and sole discretion and as a condition for processing its application.

6.3. The screening of the Applicants as stated in section 6.1 above shall be performed by the Committee depending on the eligibility of the Applicants and their interested parties (as the case may be), including, to the extent that the Applicants are a group, the members of the group and interested parties therein, with the following criteria:

6.3.1. Financial strength that shall be reviewed according to the information presented in the annual and audited financial statements of the Applicants as stated hereunder (or according to other proper proof in other entities, in the manner that the Authority will see fit at its sole discretion), as follows:

6.3.1.1. (a) Minimum equity in the amount of ILS 500 million according to the last financial statements of the relevant entity, provided that the cutoff date of the financial statement is not earlier than the submission date of the application by more than 12 months (hereinafter: the "**Last Financial Statement**"); or

(b) Minimum equity in the amount of ILS 300 million according to the Last Financial Statement with respect to a Participant whose average annual turnover in the last three calendric years (prior to the review date) exceeded ILS 1 billion; or

(c) With regard to a private investments fund, an outstanding balance of unconditional liabilities of investors in the fund, as of a date that is not earlier than 14 days prior to the submission date of the application, for a minimum amount of ILS 500 million, provided that it is approved in writing by the fund auditor; (conditions (a), (b) or (c), as the case may be, shall be referred hereinafter: the "**Financial Threshold Conditions**").

The following rules shall apply to a Participant that is a group:

(1) The compliance of the group as a whole with the Financial Threshold Conditions shall be reviewed, in a manner that the calculation will be made, according to which the amounts of the multiples of the equity as said shall be summarized (or, in the event of an investments fund, of the outstanding investment liabilities as stated above) of each of the members of the group by its relative holdings in the group, and the group shall be deemed as satisfying the Financial Threshold Conditions (subject to the provisions of section 3 hereunder) of the summation of the amounts as said is for a minimum amount of ILS 500 million;

(2) Notwithstanding the aforesaid, if the summation of the amounts of the multiple of the average annual turnover in the last three calendric years (prior to the review date) of each of the members of the group by its relative holding rate in the group exceeds ILS 1 billion, the group shall be deemed as satisfying the Financial Threshold Conditions

(subject to the provisions of section 3 hereunder) if the summation of the said amounts as stated in section (1) above is for a minimum amount of ILS 300 million (in lieu of ILS 500 million);

(3) The relative rate of holdings in the Applicant of at least one of the members of the group exceeds 20% and the said member of the group shall satisfy in person and independently the Financial Threshold Conditions (i.e., based on its equity (and as a function of its annual turnover in the last previous years, as stated above) or, with relation to a fund, based on the total liabilities of the investors in the fund.

6.3.1.2. No "going concern" note in the Last Financial Statements of the Applicant and the members of the group (in the event of a Participant that is a group).

6.3.2. Honesty and integrity of the Applicant (and all members of the group, in the event of a Participant that is the group) and of its interested parties (or in any thereof, as the case may be);

6.4. Without derogating from the other provisions set forth in this Procedure, during any stage in the Sale Procedure, including within the framework of the initial screening procedure of the Applicants as stated above, the Committee shall be entitled to consult with the relevant entities on behalf of the State, with the Company and the Postal Bank, invite their representatives to meetings and provide them information in connection with the Sale Procedure, including information that the Participants received in the Sale Procedure.

6.5. During any stage of the Sale Procedure, the Committee shall be entitled to demand from an Applicant to request a preliminary position or the approval of a competent authority in accordance with the provisions set forth in any law, whose approval is required for the purpose of completing the Sale Procedure, or for the purpose of receiving the response of any other authorized official on behalf of the State that is demanded by such a competent authority as said for the purpose of reviewing its decision whether to grant such approval as said (including the Committee for the Reduction of Concentration in accordance with the Concentration Law, and the defense authorities); If a Participant who received such a requirement by the Authority did not apply to a competent authority or to any other authorized official as said, or if the approval of the competent authorities or a response of any other authorized official was not received on the date that was set for the purpose of this matter by the Committee or the Authority, the Committee shall be authorized to terminate its participation in the Sale Procedure, at any stage of the Procedure. The "**competent authorities**" for the purpose of this section – the Commissioner of Competition, pursuant to its authority in the Economic Competition Law; the Ministers, pursuant to

their authority under the Essential Interests Order; and the Minister of Communications, pursuant to his authority by virtue of the Postal Law and the General License. Without prejudice to the generality of the foregoing, the Committee shall be entitled to order that a condition for the submission of a bid as stated in section 11 hereunder shall be the submission of bids by the Participant to the competent authorities (or any thereof) for the purpose of obtaining the approvals and the agreements required from them for the purpose of purchasing the Offered Shares, or receiving the required approvals and agreements from the competent authorities as said.

6.6. The Committee shall be entitled to delay the initial screening process set out in this section 6, in whole or in part, according to one or more criteria, to later stages of the Sale Procedure, until the submission date of the bids as stated in section 11 hereunder.

6.7. The screening of the Applicants as stated above, or the invitation or the non-invitation of the Applicants to participate in the next stages of the Sale Procedure and receive access to information about the Company as stated hereunder shall not be deemed as any representation, estoppel or preclusion regarding the eligibility as the buyers of the Offered Shares and in this regard the invitation or no invitation as said shall not give rise to any representation regarding the eligibility of the Participants to obtain the approvals that are required in accordance with this Procedure or in accordance with the provisions set forth in any law including the Commissioner's Approval, the Ministers' Approval and the Minister of Communications' Approval.

Without derogating from the foregoing, if the Committee terminate the participation of a Participant as said, the Committee shall be entitled to repeat and invite the said Participant until the stage of submission of the bids, as stated in section 11 hereunder.

7. Invitation to participate in the next stages of the Sale Procedure

7.1. After completing the initial screening procedure, as stated in section 6 above, the Committee shall decide which of the Applicants shall be entitled to proceed to the next stages in the Sale Procedure.

7.2. Without derogating from the provisions of sections 3.11 and 3.12 above, if the Authority receives at any time, and until the submission date of the bids, a written notice from the Commissioner of Competition, the Ministers or the Minister of Communications, stating that they intend not to grant any of the Approvals of the Competent Authorities for the Transaction, or stipulate or qualify such approval with respect to an Applicant or an Invited Applicant or any of the members of the group in the Sale Procedure, or the performance of the sale, with information regarding the conditions or the limitations in their notice, the participation in the Sale Procedure or the

performance of the sale shall be discontinued, or stipulated on conditions, in accordance with said notice.

7.3. Non-delivery of notice as stated in section 7.2 shall not be deemed as a representation, estoppel or preclusion regarding the eligibility of the Participants as buyers of the Offered Shares, and in this regard avoidance from delivery of notice as said shall not give rise to any representation regarding the eligibility of the Participants to obtain the approvals as stated in section 13, or approvals that are required in accordance with this Procedure or in accordance with the provisions set forth in any law.

8. First Bank Guarantee

8.1. As a condition for entry to the data rooms, or for the purpose of receiving any other information according to the decision of the Committee, the Invited Applicants will be required, on the date as demanded by the Authority, and in any event no later than the date of receiving access to the information about the Company by the Participant, to provide an autonomous and unconditional bank guarantee, made to the order of the State, payable upon demand, in effect for a period of twelve months in the amount of ILS 3,000,000 (three million New Israeli Shekels), made in the form attached hereto as Appendix D. The guarantee will be signed by an Israeli commercial bank, an insurance company or an overseas bank that satisfy the conditions set out hereunder, and shall be payable by them immediately, and no later than 7 days as of the date of receiving the demand of the Accountant General to that effect (hereinafter: the "**First Bank Guarantee**"), and all in accordance with the conditions and the provisions set forth in Financial and Economic Regulations ("TAKAM") Ordinance 7.5.1.1 "Guarantees.".

It is clarified that the Participant may submit a bank guarantee issued by banks outside Israel, provided that all the conditions set out in TAKAM Ordinance 7.5.1.1 are satisfied in connection therewith, including:

1. The bidder shall provide an "IRREVOCABLE STANDBY LETTER OF CREDIT" – a letter of credit from any bank with a minimum credit rating of A- with a positive or steady outlook according to international rating made by S&P or FITCH or with a minimal credit rating of A3 with a positive or stable outlook, according to the international rating of Moody's.

2. The bank shall deliver an official notice regarding the authorities of the signatories on the letter of credit.

It is clarified that the Applicant may submit a guarantee from an insurance company, provided that the insurance company satisfies the conditions set out in TAKAM Ordinance 7.5.1.1.

8.2. In the event the Applicant did not provide the First Bank Guarantee on the date that will be set, the Committee shall be entitled to terminate or suspend its participation in the Sale Procedure.

8.3. The State shall be entitled to forfeit the First Bank Guarantee in accordance with the provisions set forth in this section 8.

8.4. Without derogating from the provisions of section 8.7 hereunder, the First Bank Guarantee shall be returned to the Invited Applicant in 30 days as of the date of submission of the bid by the Invited Applicant, as stated in section **11** hereunder, together with the Second Bank Guarantee, as meant by this term in section 11.60 hereunder.

8.5. In addition, the Committee may, at its discretion, return the First Bank Guarantee at any time to the Applicant or to the Invited Applicant, if it found that the said Guarantee is no longer required, and provided that on the said date the State has no grounds justifying the forfeiture of the First Bank Guarantee or if a suspicion arose, as decided at the sole discretion of the Committee, regarding the existence of such grounds as said, even if the said suspicion was not fully verified by that time.

8.6. It is clarified that except for circumstances of return of the First Bank Guarantee, upon the occurrence of the circumstances as stated in section **8.4** above (at the time of providing the Second Bank Guarantee), a condition for the return of the First Bank Guarantee is that the Invitee delivered a written declaration, to the satisfaction of the Authority, stating that all copies held by the Invitee, an interested party therein, the group members and interested parties therein or an assessor on his behalf, of any written or photocopied material delivered to the Invitee or to an assessor on his behalf, and documents that were drawn up by the Invitee or anyone acting on his behalf in connection with the Company, were destroyed or were returned to the Authority, except for information that is in the public domain.

8.7. In addition to any relief the State may seek in accordance with the provisions set forth in any law or this Procedure, the State shall be entitled to forfeit the First Bank Guarantee of a Participant in the Sale Procedure who:

8.7.1. Breaches an undertaking imposed on it in accordance with the Procedure including Appendices thereof (including in the event it provided misleading information in a questionnaire, or omits information that is required in a questionnaire, or if it fails to deliver immediately (and no later than 48 hours from the time of becoming aware for the first time) and in writing to the Authority any change in the information it provided or any event that might have an effect on its participation in the Sale Procedure or the considerations of the State in connection with its participation in the Sale Procedure, including in contravention of the provisions of section 3.18); or

8.7.2. Breaches its undertaking of confidentiality in the forms as set out by the Authority or the Company; or

8.7.3. Acts in a cunning or manipulative manner or in lack of clean hands; or

8.7.4. Upon the occurrence of the circumstances as stated in section 11.8 hereunder.

8.8. In addition to any other relief the State or the Company may seek in accordance with the provisions set forth in any law or in accordance with this Procedure, the forfeiture of the First Bank Guarantee by the State in such circumstances as said shall be performed as pre-estimated liquidated damages for the damages, without proof of damage.

Without prejudice to the generality of the foregoing, if the damages incurred by the State or the Company exceed the amount of the First Bank Guarantee, the State or the Company shall be entitled to claim these excess amounts in addition to the forfeiture of the Guarantee. The aforesaid shall be without prejudice to the provisions of section 15(b) of the Contracts Law (Remedies for Breach of Contract), 5731-1970 or derogate from any remedy or any other provision the State or the Company may seek in accordance with the provisions set forth in this Agreement and/or in accordance with the provisions set forth in any law.

8.9. If the Participant in the Sale Procedure is a group, the Committee shall be entitled to decide on the forfeiture of the First Bank Guarantee that was provided in accordance with this Procedure by the group or any of the members in the group, or upon the application of any thereof, irrespective of the identity of the member of the group whose acts or omissions caused the forfeiture of the Guarantee.

9. Procedure regarding inspection and provision of information (including in data rooms)

9.1. The Committee shall be entitled, at its absolute and sole discretion, to invite an Applicant who was invited and who provided the necessary documents and the First Bank Guarantee in accordance with the Procedure, filled and signed to the satisfaction of the Authority, and whose compliance with the criteria set out in section 6.3 was reviewed, to receive access to information regarding the Company, including by the data rooms that will be prepared by the Company, holding meetings and site inspections with the management of the Company, and holding a round (one or more) of the questions of the Applicants and the answers of the Authority or the Company (as the case may be).

9.2. The inspection by the Applicant of the information regarding the Company shall be performed subject to the procedure of inspection of the Company's documents that sets out, *inter alia*, the demands of confidentiality and the signing of undertakings of confidentiality of the Invitee and his representatives and an arrangement regarding the approval of the persons inspecting the Company documents (hereinafter: the "**Inspection Procedure**"). The Inspection Procedure will be delivered to the Invitees prior to the entry to the data rooms. It is clarified that access granted to the

data, in whole or in part, may be provided by a virtual data room at the discretion of the Committee.

9.3. It is clarified that in the event the Committee, in consultation with the Company, is of the opinion that the inspection of the information (including the data rooms) of the Company by the Invitee or its representative might have an adverse effect on the affairs of the Company or the State, or a concern about the abuse of a business opportunity, the Committee shall be entitled to conclude that the inspection of the information or part of the information in connection with the specific Invitee shall be performed by an independent valuator on behalf of the Invitee, who does not have a conflict of interests with the Company or with the State and after the Committee lays down the manner and the scope of delivery of his findings to the client (without transferring the information or part of the information in respect of which the Committee is of the opinion that no access thereto should be granted), or set out other arrangements, at its sole discretion. The Invitee shall propose the independent valuator and his identity shall be approved by the Authority, and all subject to the instructions set forth in the Inspection Procedure.

9.4. The mechanism and arrangements laid down in the Inspection Procedure shall bind the Invitees for all intents and purposes.

Notwithstanding the provisions of this section above, if the State does not invite the Applicants to receive access to the data rooms as stated above, or if the inspection of the information in the said data rooms is impossible for any reason, this shall not constitute breach of any undertaking of the State or the Company.

9.5. It is hereby clarified that the information stored in the data rooms or that is delivered in any other manner within the framework of the Sale Procedure, including by the Committee or the Authority or the Company or anyone on their behalf, shall not be deemed as any representation or undertaking on behalf of the State, the Company or anyone acting on their behalf, and the Invitee shall be obligated to ascertain and verify the relevant information, at its discretion and to the extent that it sees fit, by conducting independent investigations and reviews, and even and to the extent that such independent investigations and reviews are not possible with respect to the information or a part thereof, the decision of the Invitee to submit a bid to purchase the shares and engage in the Sale Agreement is made at its discretion and without relying in such information as said. Without prejudice to the generality of the foregoing, it is clarified that the State, the Committee, and the Authority did not inspect the truthfulness, integrity and the validity of the data and the Committee and the Authority (and anyone acting on their behalf) shall not be held liable for the truthfulness, accuracy, existence or absence of any particulars or data in this information.

9.6. Without derogating from the provisions of sections 3.18 and 12.7, the Invitee shall incur all review costs of any kind, including costs related to the

review by the independent valuator, as stated in section 9.3 above, and the Invitee shall not be entitled to any damages or restitution from the State or the Company or anyone on their behalf.

9.7. Notwithstanding anything to the contrary in the Sale Procedure, the Committee shall be entitled to allow inspection of the documents as stated in this section 9 by the Participants or any thereof, or allow them to inspect the Information in any other manner, under conditions set out by the Committee, even before the evaluation and screening of the Participants were completed and even before the Committee made a decision whether or not to invite the Participants or any thereof to participate in the next stages of the Sale Procedure as stated in section 6 above, provided that they submitted the First Bank Guarantee, as required.

9.8. Granting of approval for inspection under this section 9 shall not constitute an approval or an opinion regarding the integrity or the truthfulness of the information contained in the applications of the Participants to the Authority, or an invitation to an Applicant to continue to participate in the Sale Procedure or confirmation that the Committee exhausted the review of the considerations set out in section 6.3 of the Sale Procedure.

10. Obligation to sign the Sale Agreement

10.1. The sale of the Offered Shares shall be carried out in accordance with the Sale Agreement whose provisions and wording shall be determined by the Committee. The Invitees shall be required to sign the Sale Agreement as a condition for the participation in the next stages of the Sale Procedure.

10.2. The Authority shall set a date in which the Invitees shall be entitled to deliver to the Authority their comments in writing to the wording of the Sale Agreement prior to its signing by the Invitees. The Authority shall review the comments that will be delivered from the Invitees and shall discuss with the Invitees, if the Authority sees fit, their comments (in whole or in part), and shall be entitled, to the extent that the Authority deems fit, to act in such manner in consultation with the Company and other relevant State authorities. The Committee shall be entitled to change the Sale Agreement at its sole discretion.

10.3. After reviewing the comments made by the Invitees and the approval of the Committee, to the extent that any changes are made, the Authority shall provide to all Invitees an execution copy of the Sale Agreement as approved by the Committee.

10.4. The signature of the Invitees on the Sale Agreement shall be executed until the date as informed to the Invitees by the Authority, that will be prior to the submission date of the bids. The signature of the Invitee on the Sale Agreement shall constitute irrevocable consent on its behalf to the entire terms set forth in the Sale Agreement.

10.5. It is clarified that the signature of the Invitee on the Sale Agreement shall not grant to the Invitee any right of any kind, until the Approvals of the Competent Authorities for the Transaction are obtained and until the State signs the Sale Agreement.

10.6. Without derogating from the other terms and obligations set out in the Sale Agreement, Applicants are also referred to the following conditions (and to the conditions set out in section 14.2 hereunder) that shall apply to the Buyer of the Offered Shares, in accordance with the Sale Agreement, and in a form as decided by the Authority:

10.6.1. The Buyer shall declare that it purchases the Offered Shares in their condition and according to the condition of the Company "AS-IS" and without imposing on the State any liability in connection with the Company and the value of the Offered Shares.

10.6.2. The Buyer shall declare that it purchases the Offered Shares for itself and that it does not act and will not act as the agent, representative, trustee, or a partner for the purpose of this matter with or for another.

10.6.3. The Buyer shall declare that it is capable of performing its entire undertakings in accordance with the Sale Agreement fully and regularly and that at the time of signing the Sale Agreement the Buyer has unconditional financial resources that facilitate the full payment of the consideration, under conditions and on the dates that were set out or that will be set out for the purpose of this matter in the Sale Procedure, in the Sale Agreement or in accordance with the said documents. It is clarified, and without prejudice to the generality of the foregoing, that (a) any amounts that the Buyer anticipates or plans to obtain by future capital raisings or debt raising shall not be included for the purpose of this declaration regarding the existence of unconditional financial resources; and (b) credit amounts that the Buyer is entitled to withdraw from institutional investors shall be deemed for the purpose of this declaration as the existence of unconditional financial resources, even if such eligibility as said is based on a memorandum of understanding, provided that the provision of the credit as said was approved in all organs and investment committees that are required of the relevant institutional investor.

10.6.4. The Buyer shall undertake to exercise its controlling rights and its effect on the management of the Company carefully and faithfully, for the benefit of the Company, without causing breach of the undertakings of the Company, and all subject to the provisions set forth in any law.

10.6.5. The Buyer shall declare and undertake that it purchases the Company as a going concern, and that it intends to continue and operate the Company as a going concern.

10.6.6. In addition to its rights and obligations as a controlling shareholder in the Company, as of the Closing Date of the transaction additional undertakings that will be set out in the Sale Agreement shall continue to apply to the Buyer, including with respect to the following matters:

(a) The Buyer shall undertake to act to the best of its ability so that the Company will observe the full and entire the collective agreements, collective arrangements, individual contracts, work arrangements, procedures and practices of the Company that are binding and in effect and that are maintained between the Company and its employees and that will be proven by the party wishing to fulfill them, subject to the provisions set forth in any law and subject to the contractual rights and obligations of the parties.

(b) The Buyer shall undertake to observe fully and completely the conditions that will be laid down, to the extent that such conditions are laid down, in the Approvals of the Competent Authorities for the Transaction, and that the Buyer shall act to the best of its ability to ensure that the Company observes fully the entire conditions that will be laid down, to the extent that such conditions are laid down with respect to the Company, in the Approvals of the Competent Authorities for the Transaction.

(c) The Buyer shall undertake to act for the purpose of ensuring the compliance of the Company with the instructions set forth in the General License.

(d) The Buyer shall undertake that during the period of 5 years as of the completion of purchase of the Offered Shares, two directors who are employees in the Company shall serve in the Board of Directors of the Company.

(e) Without derogating from the limitations set out in the Postal Law for this matter, the Buyer shall undertake that for a period of 5 years as of the date the Offered Shares were purchased, no distribution (as meant by this term in the Companies Law 5759-1999) that exceeds 50% of the current profits of the Company shall be performed (in addition to, for the avoidance of doubt, the distribution limitations set out in the Companies Law 5759-1999).

(f) The Buyer shall undertake that even if the statutory limitation on the sale of the shares of the Postal Bank is eliminated, the Company shall not sell the Postal Bank or its activities in the period of the 5 years as of the date the Offered Shares were purchased, except for issue of up to 49% of the shares of the Postal Bank in a public offering under a prospectus in the Tel Aviv Stock Exchange.

(g) The Buyer shall undertake that, without derogating from the limitations imposed under any law, over a period of two years as

of the date of completing the purchase of the Offered Shares, the Buyer shall not sell and shall not transfer in any other manner the shares of the Company, and no shares or securities convertible into shares of the Company shall be issued in the Company if, as a result of the sale, transfer or issue, one of the following holds true: (a) the Buyer holds less than 51% of the share capital and the voting rights of the Company (including under the assumption of full conversion of the entire securities convertible into shares); or (b) the Buyer shall cease to be the exclusive controlling shareholder in the Company; and any sale, transfer or issue of shares of the Company (after the said period) shall be conditional on the signature of the Buyer (whether by way of a purchase or an issue as stated above) on a written undertaking, in a form to be approved in advance by the Authority and addressed to the Authority, to fulfill all of the Buyer's undertakings in accordance with the Sale Agreement that are in effect at the time.

10.7. The aforesaid is not an exhaustive description or a summary of the provisions set forth in the Sale Agreement or specific matters contained therein and shall not be used for the purpose of interpreting the Sale Agreement.

10.8. Subject to the provisions of section 3.23, if the Invited Applicant is a group, the entire members of the group shall sign the Sale Agreement, and the Sale Agreement shall state that the entire members of the group shall be held liable jointly and severally, as primary debtors, for the performance of the entire undertakings of the Buyer. It is clarified that if the Invited Applicant or any of the members of the group (in the event the Invited Applicant is a group) is a limited partnership, the Sale Agreement shall be signed in the name of the limited partnership by its general partner, who is authorized to bind the partnership, and the signature of its limited partners shall not be required.

10.9. Taking into consideration the information that the Invitee shall provide regarding its financial strength, the Committee shall be entitled to demand, at its absolute and sole discretion, whether from a specific Invitee and whether in general, and including from the members of the group, if the Invitee is a group, that, in addition to the signature of the Invitee, the shareholders or any thereof in the Invitee shall sign the Sale Agreement or any provision thereof, including also interested parties in the shareholders, in the members of the group or in the interested parties in the members of the group, and that they shall guarantee jointly and severally for the performance of the undertakings of the Buyer.

10.10. Until the submission stage of the bids for the purchase of the Offered Shares, the Committee shall be entitled, at its absolute and sole discretion, to amend the provisions of the Sale Agreement from time to time and retroactively. In the event the Committee decided on such an amendment as aforesaid – a copy of said amendment shall be delivered by the Authority to all the

remaining Invitees in that stage of the sale, and the continuation of their participation in the Sale Procedure will be conditional on their written approval of the said amendment.

10.11. After the bids for the purchase of the Offered Shares are submitted, the Committee shall be entitled to change the provisions set forth in the Sale Agreement with the approval of the Bidders.

10.12. After the Preferred Bidder is elected, the Committee shall be entitled to modify the provisions set forth in the Sale Agreement with the approval of the Preferred Bidder.

10.13. The Sale Agreement between the parties shall not be concluded and the agreement shall not be signed by the authorized State officials, until after they decide at their absolute and sole discretion to sign the agreement and after all the conditions set out in section 13 hereunder have been satisfied.

11. Submission of bids and the Second Bank Guarantee

11.1. On a date set out by the Committee, each Invitee that signed the Sale Agreement (and whose participation in the Sale Procedure was not suspended by the Authority as stated in this Procedure) shall be entitled to submit a bid for the purchase entire Offered Shares en bloc.

11.2. The Committee shall be entitled to request from the Bidders or any thereof clarifications, supplementary or amended documents, within the period of time set out by the Committee, to the extent that the Committee deems this as necessary for the purpose of evaluating the bids (and the documents that are required as part of the submission of the bids as stated hereunder).

11.3. Each Invitee shall be entitled to submit a bid that shall constitute a proposal for the purchase of the entire Offered Shares Investor. A bid for the purchase of part of the Offered Shares shall be rejected. The bid shall be submitted in the manner prescribed by the Committee, and no later than the date set by the Committee.

11.4. The bid shall include the following two components (and any reference in this Procedure to the "**bid**" shall mean a bid that includes the following two components, unless context otherwise requires):

(a) A bid that states the amount of the consideration, in cash in new Israeli shekels, that the Bidder offers for the purchase of the entire Offered Shares subject to the modifications set out in section **11.5** hereunder, payable unconditionally on the Closing Date, and that shall be submitted in the form of the bid that will be provided to the Participants by the Authority, and that will be submitted in one envelope (hereinafter: the "**Bid Envelope**");

(b) Documents, as stated in section **11.6** hereunder, that will be submitted in a second and separate envelope (hereinafter: the "**Documents Envelope**").

11.5. The bid shall mean the undertaking of the Bidder to pay the amount that the Bidder stated in the bid (or a higher bid, to the extent that the Bidder submitted such a bid afterwards, in accordance with the terms set forth in this Procedure and the Best & Final Procedure) with the addition or deduction of certain amounts for reconciliation in respect of net financial debt and working capital whose definition and calculation method are as stated in Appendix E of this Procedure.

11.6. The bid shall include the following items, in the Documents Envelope as stated in section 11.4(b) above:

11.6.1. An autonomous and unconditional bank guarantee payable on demand, made to the order of the State. The guarantee shall be in the amount of ILS 30 million and shall be in effect for a period of six months as of the submission date of the bid or any other period set out by the Authority, in accordance with the provisions set forth in section 3.7, made in a form prescribed by the Authority, signed by an Israeli commercial bank, an Israeli insurer or a bank outside Israel, and all in accordance with the provisions set forth in section 8.1 above (hereinafter: the "**Second Bank Guarantee**").

The Authority shall be entitled to allow Invitees to fill in the amount of the First Guarantee and extend its period in a manner corresponding to the terms set forth in the Second Bank Guarantee. If the First Bank Guarantee was completed and extended as stated above, it shall be deemed for all intents and purposes as the Second Bank Guarantee, and the aforesaid regarding the return of the First Bank Guarantee shall not apply to any part thereof.

11.6.2. A power of attorney, in a form prescribed by the Authority, from the Bidder to a person who will be appointed for the purpose of conducting negotiations with the Committee, if negotiations are conducted after the submission of the bids, pursuant to the provisions of section 12.3 hereunder, and whose decisions, signature and actions shall bind the Bidder, as defined in this section hereunder, for all intents and purposes. Such a power of attorney as said shall not be provided to more than one person. "Person" in this section, except for a corporation.

11.6.3. "Declaration regarding true representations" of the Bidder, that is required in accordance with the Sale Agreement as of the submission date of the bids and that constitutes an Appendix thereof.

11.7. An Invitee who does not submit the bid (and all items in connection therewith, as stated above) until the date set by the Committee, shall not be deemed as a Bidder in accordance with this Ministers' Decision. The Committee shall be entitled, however not obligated, with respect to an Invitee who failed to satisfy any of the conditions set forth in this section

11, to order that the said Invitee decided not to submit a bid and terminated its participation in the Sale Procedure.

11.8. If the bid including attachments thereof fails to satisfy the necessary conditions in accordance with the Procedure, the said bid might be rejected by the Committee and the Committee shall be entitled to forfeit the First Bank Guarantee that the said Bidder submitted. Nevertheless, the Committee shall be entitled to request from the Bidders or any thereof to perform immaterial completions within the period of time set out by the Committee, and obtain the amended documents that will be submitted, to the extent that the Committee deems this is necessary for the purpose of complying with the requirements laid down above, and all in the manner decided by the Committee.

11.9. Subject to the right of the State to forfeit the Second Bank Guarantee upon the occurrence of the circumstances as stated in sections 11.10 and 12.10, the Second Bank Guarantee shall be returned to the Bidder in 30 days as of the date of occurrence of any of the events as stated hereunder, provided that on the said date the State has no grounds for forfeiture of the Second Bank Guarantee or if there is a suspicion, at the sole discretion of the Committee, that such grounds as said arose, even if not fully confirmed until that date:

11.9.1. If the Authority notified the Bidder that the Committee did not elect it as a Preferred Bidder and not even as a second-ranked or a third-ranked eligible Bidder, as stated in section 12.6 hereunder.

11.9.2. If the Authority notified the Bidder that the Committee decided that the Bidder will not be able to continue and participate in the Sale Procedure.

11.9.3. If the Bidder was elected as the Preferred Bidder, and performed its entire undertakings (whose performance date is until (up to and including) the purchase date of the Offered Shares and the payment of the full amount of the consideration, whichever is later) in accordance with this Procedure and the Sale Agreement, including the payment of the consideration for the Offered Shares as stated in section 14.2.

11.9.4. If the Committee decided to withdraw from its intention to sell the Offered Shares or terminate the Sale Procedure, in the manner set out in section 3.11 hereunder, and delivered notice to the Bidder about its decision as said.

11.9.5. If one or more of the competent authorities, as defined in section 6.5 above, decided not to approve the purchase of the Offered Shares by the said Bidder. Notwithstanding the said, if the Bidder did not act in the manner required under section 13, and in this regard, if the Bidder did not request the approval of the competent authorities until the date that was set for the purpose of this matter or if the conditions set out in section 11.10.6 hereunder were not

satisfied, the State shall be entitled to forfeit the Second Bank Guarantee in the manner set out in this section.

11.10. In addition to any other relief the State may seek in accordance with the provisions set forth in any law or this Procedure, the State shall be entitled to forfeit the Second Bank Guarantee of a Participant in the Sale Procedure, who:

11.10.1. Withdraws from the bid it submitted; or

11.10.2. A decision was made with respect to that Participant that it would be the Buyer and the Participant did not transfer the consideration for the sale until the date set out by the Committee as stated in section 14 hereunder;

11.10.3. The Participant breaches undertakings imposed on it in accordance with the Procedure including Appendices thereof (including in the event that the Participant failed to provide an additional Bank Guarantee on time as said in section 12.10 hereunder, or if the Participant provides misleading information in a questionnaire or provides deficient information in a questionnaire, or if the Participant fails to provide an immediate and written notice to the Authority (and no later than 48 hours from the time the Participant first became aware) regarding a change in the information that the Participant provided or any event that might have an effect on its participation in the Sale Procedure or the considerations of the State in connection with its participation in the Sale Procedure; or

11.10.4. The Participant breaches its undertakings of confidentiality, in the manner set out by the Authority or the Company; or

11.10.5. The Participant acts in a cunning or manipulative manner or in lack of clean hands, or acts in violation of the provisions set forth in section 3.17 regarding prohibition on price collusion with other Participants.

11.10.6. The Authority is of the opinion that the Participant did not take all measures diligently, at the absolute and sole discretion of the Authority, for the purpose of obtaining the Approvals of the Competent Authorities for the Transaction or for the purpose of satisfying the conditions set out in any thereof.

11.11. In addition to any relief that the State may seek in accordance with any law or in accordance with this Procedure, the forfeiture of the Second Bank Guarantee by the State in such circumstances as said shall be performed as pre-estimated liquidated damages for the damages, without proof of damage.

Without prejudice to the generality of the foregoing, if the damages of the State or the Company exceed the amount of the Second Bank Guarantee, the State or the Company shall be entitled to claim the said excess amounts in addition to the forfeiture of the Guarantee. The aforesaid shall be without

prejudice to the provisions of section 15(b) of the Contracts Law (Remedies for Breach of Contract), 5731-1970 or derogate from any claim and/or grounds and/or remedy and/or any other right the State or the Company may have in accordance with the provisions set forth in any law.

11.12. If the Participant in the Sale Procedure is a group, the Committee shall be entitled to decide on the forfeiture of the Second Bank Guarantee that was provided in accordance with this Procedure by the group or any of the members in the group, or upon application of any of the aforesaid, irrespective of the identity of the member of the group whose acts or omissions caused the forfeiture of the Guarantee.

11.13. For the avoidance of doubt, it is clarified that the forfeiture of the amounts of the Second Bank Guarantee or return thereof shall not derogate from any other remedy or right the State or the Company may seek in accordance with the provisions set forth in any law.

11.14. It is clarified that a condition for the return of the Second Bank Guarantee or any part thereof (after enforcement of part of the guarantee) as stated in this section, is that the Bidder submitted a written declaration, to the satisfaction of the Authority, stating that all copies in his possession, in the possession of an interested party in the Bidder, or the Group Members and interested parties therein or by an assessor on his behalf were destroyed or returned to the Authority, in respect of any written or photocopied material that was delivered to him or to the assessor on his behalf, and documents that the Bidder or anyone acting on his behalf drew up in connection with the Company, except for information that is in the public domain.

12. Electing the Preferred Bidder

12.1. Prior to the submission date of the bids, the Authority shall deliver to the Participants at this stage of the Sale Procedure a document specifying the manner of submission of the bids, the evaluation method of the bids, the bidding process, and the rules for conducting negotiations, if a decision to conduct negotiations is made, for the purpose of electing the Preferred Bidder.

12.2. The bids shall be evaluated in two stages. In the first stage the Documents Envelope, as defined in section 11.4(b), of each of the Bidders shall be opened, and the Authority shall review the content and integrity of the documents. The Authority shall be entitled to demand amendments and completions in the said documents, at its sole discretion. In the second stage, after opening the Documents Envelope of each of the Bidders, and the completion of review of the entire documents contained therein (and completion and amendment of the documents, to the extent that this is decided by the Authority as stated above), the Bidding Envelopes (as meant by this term in section 11.4(a)) of the Bidders remaining in the Procedure shall be opened by the Committee, on a date decided by the Committee.

12.3. After opening the Bidding Envelopes, the Authority shall be entitled, with the approval of the Committee, to conduct a competing procedure (one or more) (hereinafter: the "**Best & Final Procedure**") between the Bidders, in whole or in part, in the manner set out in the Best & Final Procedure, including online, in any stage after receiving the bids. In addition, after completion of the Best & Final Procedure, the Authority shall be entitled to conduct negotiations with the Bidders who are leading in the Best & Final Procedure, and all in the manner prescribed in the Best & Final Procedure. The Committee shall be entitled to order, at any stage of the Best & Final Procedure or the negotiations procedure (to the extent that there are any) that it is possible to disclose the bids subject to delivery of a prior notice that will be provided in the Best & Final Procedure or in accordance with the said procedure, in any manner that the Committee will see fit.

12.4. If a Bidder offered in its bid more than one amount of the consideration for the purchase of the Offered Shares during the Procedure (i.e., a bid pursuant to section 11.4 and higher bids that were submitted by the Bidder during the Best & Final Procedure or in negotiations) the Bidder shall be bound by the highest bid that the Bidder offered out of the entire bids that the Bidder offered (hereinafter: the "**Final Bid**").

12.5. The Committee shall be entitled not to conduct a Best & Final Procedure or negotiations, discontinue the Best & Final Procedure or the negotiations or withdraw from its intention to sell the Offered Shares, during any stage of the stages of the Best & Final Procedure, the negotiations or earlier, and all at its absolute and sole discretion. Without derogating from the generality of the provisions set forth in this paragraph above, the Committee reserves the right to terminate the Sale Procedure if the price stated in the bids, or if at the end of the Best & Final Procedure or the negotiations the Committee is of the opinion that the price is too low, at its absolute and sole discretion.

12.6. If the Committee decided to accept the bid of a specific Bidder, the Committee shall notify the said Bidder about its decision (hereinafter: the "**Preferred Bidder**") and the other Bidders. On the election date of the Preferred Bidder, the Committee shall be entitled, however not obligated, to elect a second-ranked Bidder and a third-ranked Bidder at its discretion, and the Committee shall deliver to the said Bidders a notice for the purpose of this matter on the date the Committee delivers its notice to the Preferred Bidder regarding its election.

12.7. If the Committee elected, at its discretion, a second-ranked and a third-ranked Bidder, the second-ranked and the third-ranked Bidder shall be entitled to payment from the State in the amount of ILS 300 thousand, if the Procedure is completed with the Preferred Bidder (or, with respect to the third-ranked Bidder, if the Sale Procedure is completed with the second-ranked Bidder), in addition to the provisions set forth in section 3.18 above, regarding the entitlement of the second-ranked and a third-ranked Bidder to reimbursement of expenses in an amount of up to ILS 700 thousand. The payment shall be made to the second-ranked and a third-ranked Bidder by

the State, without any addition of interest or linkage, up to 60 days as of the Closing Date of the Sale Procedure, as meant by this term in section 14.3 hereunder. It is clarified that notwithstanding the aforesaid, no compensation or payment shall be made in the event of cancellation of the Sale Procedure for any reason.

12.8. If the Committee approached the second-ranked Bidder, instead of the Preferred Bidder, or the third-ranked Bidder instead of the second-ranked Bidder, pursuant to its authority under section 13.5 or 13.6, and the transaction with the said Bidder was completed, the entitlement of the said eligible Bidder pursuant to section 12.7 and pursuant to section 3.18 for all intents and purposes, and the said Bidder shall not be entitled to any payment or indemnity or compensation from the State or the Company.

12.9. The Final Bids of the second-ranked and the third-ranked Bidders shall be in effect until expiration of a period of 6 months as of the date the bids were submitted. If the Sale Procedure is not completed until the expiration of the said period, the Committee shall approach the second-ranked and a third-ranked Bidder (or both) and shall request to extend the effect of the bid they submitted during the additional period, and accordingly to extend also the effect of the Second Bank Guarantee. If the second-ranked Bidder or the third-ranked Bidder did not agree to extend the period of its bid or the extension of the Second Bank Guarantee accordingly, the participation of the said eligible Bidder in the Sale Procedure shall expire, and the said Bidder shall not be entitled to the compensation set out in section 12.7 above.

12.10. Notwithstanding the provisions of section 12.9 above, if the Committee approached the second-ranked Bidder or the third-ranked Bidder instead of the Preferred Bidder (hereinafter: the "**New Bidder**") pursuant to its authority under section 13.5 or section 13.6, prior to the expiration of the period of the Second Bank Guarantee, the New Bidder shall be obligated to extend the effect of the Second Bank Guarantee to the date set out by the Committee, provided that the said date is no later than four months as of the date the Committee delivered to the New Bidder a notice pursuant to section 13.5 or section 13.6. In such circumstances as said, the New Bidder shall be obligated to provide the extended Bank Guarantee to the Authority until the date as ordered by the Authority, and in any event no later than three business days prior to the original expiration date of the Second Bank Guarantee. If the New Bidder did not act for the purpose of extending the Second Bank Guarantee as said, within the period that was set out by the Committee, this shall be deemed as a fundamental breach committed by the New Bidder of its undertakings in accordance with the provisions set forth in this Procedure, and the Committee shall be entitled to forfeit the entire Second Bank Guarantee of the New Bidder as a result of such fundamental breach as said.

12.11. Notwithstanding the aforesaid, as of the date in which the Committee notified the second-ranked Bidder or the third-ranked Bidder, pursuant to

section 12.6, that they were elected as eligible Bidders as said, and until the date in which the Committee delivered notice to the second-ranked Bidder or the third-ranked Bidder, as the case may be, and notified them regarding their election as stated in section 13.5 or 13.6 hereunder (hereinafter: the "**Date of Eligibility Notice**"), the second-ranked Bidder or the third-ranked Bidder, as the case may be, shall be entitled to announce that it no longer wishes to continue with the Sale Procedure and act as an eligible Bidder as said (hereinafter: the "**Notice of Withdrawal from the Sale Procedure**"), and in such circumstances as said the Second Bank Guarantee that the relevant eligible Bidder provided shall be forfeited for the following amounts, depending on the date in which the said Bidder delivered the Notice of Withdrawal from the Sale Procedure: (a) If the said notice was delivered during the period from the Date of the Eligibility Notice and until expiration of a period of two months as of that date – the amount of the Second Bank Guarantee shall be fully forfeited; (b) If the said Notice was delivered during the period commencing two months as of the date of the Eligibility Notice and expires four months after the Date of Eligibility Notice – an amount of ILS 20 million of the Second Bank Guarantee shall be forfeited; (c) If the said Notice was delivered during a period commencing four months as of the Date of Eligibility Notice and expiring upon expiration of the effect of the Second Bank Guarantee – an amount of ILS 10 million out of the Second Bank Guarantee shall be forfeited. It is clarified that (a) the forfeiture of the said amounts shall constitute the sole relief of the State towards the second-ranked Bidder or the third-ranked Bidder in respect of its withdrawal as said from the Sale Procedure (without derogating from other reliefs in respect of any of its other breaches, to the extent that there are any); and (b) as of the date the second-ranked Bidder or the third-ranked Bidder received the notice of the Committee regarding its election, as stated in section 13.5 or 13.6 hereunder, it shall no longer be entitled to withdraw from the Sale Procedure.

13. Obtaining the approval of the Commissioner of Competition, the Ministers' Approval in accordance with the Essential Interests Orders and the Minister of Communications' Approval

13.1. Obtaining the approval of the Commissioner of Competition:

13.1.1. After receiving the Committee's notice regarding the election of the Preferred Bidder, and no later than the date set in the notice stated in section 12.6 above (hereinafter: the "**First Period for Obtaining the Commissioner's Approval**") the Preferred Bidder shall be required to obtain the approval of the Commissioner of Competition for the purchase of the Offered Shares and satisfy other conditions, to the extent that such an amounts are set out in the Commissioner's Approval, and all in accordance with the provisions set forth in the Economic Competition Law.

13.1.2. The Preferred Bidder shall be obligated to perform, promptly and at its expense, any required action, prepare any query and submit any information or documents that are required in accordance with the provisions set forth in any law or pursuant to any decision of the Commissioner of Competition for the purpose of obtaining the consent of the Commissioner of Competition and act to the best of his ability to obtain such consent.

13.1.3. The Authority shall be entitled, at its absolute and sole discretion, to extend from time to time the date for obtaining the approval of the Commissioner of Competition by an addition time period.

13.1.4. If the First Period for Obtaining the Commissioner's Approval, or the additional periods, if an extension was granted, expired, and the Preferred Bidder did not obtain the approval of the Commissioner of Competition or did not obtain the conditional approval of the Commissioner of Competition, to which the notice of the Preferred Bidder regarding its agreement to the satisfy the conditions was not attached, the Committee shall be entitled to notify the Preferred Bidder regarding the discontinuation of its participation in the Sale Procedure or grant to the Preferred Bidder an extension, in addition to any other relief the Committee may seek in accordance with the provisions set forth in any law and the Procedure.

13.2. Obtaining approval in accordance with the Essential Interests Orders:

13.2.1. After receiving the Committee's notice regarding the election of the Preferred Bidder, and no later than the date set in the notice stated in section 12.6 above (hereinafter in this section: the "**First Period for Obtaining the Ministers' Approval**"), the Preferred Bidder shall be required to obtain the Ministers' approval for the purchase of the Offered Shares in accordance with the provisions set forth in the Essential Interests Orders, including in accordance with the provisions set forth in Section 8(d) of the Concentration Law and satisfy additional conditions, to the extent that such conditions are set out in the Orders.

13.2.2. The Preferred Bidder shall be obligated to perform, promptly and at his expense, any required action, draw up any query and submit any information or documents that are required in accordance with the law or in accordance with any resolution of the Ministers or anyone acting on their behalf for the purpose of obtaining their approval and act to the best of his ability to obtain such approval.

13.2.3. The Authority shall be entitled, at its absolute and sole discretion, to extend from time to time the date for obtaining the Ministers' approval by an additional period.

13.2.4. If the First Period for Obtaining the Ministers' Approval, or the additional periods, if an extension was granted, expired, and the

Preferred Bidder did not provide a Ministers' Approval that is not subject to conditions, or failed to provide a Ministers' Approval subject to conditions together with a notice of the Preferred Bidder regarding his agreement to satisfy such conditions, the Committee shall be entitled, at its sole discretion, to notify the Preferred Bidder regarding the termination of its participation in the Sale Procedure or grant it an extension, in addition to any other relief it may seek in accordance with the provisions set forth in any law and in accordance with this Procedure.

13.3. Obtaining the Minister of Communications' Approval:

13.3.1. After receiving the notice of the Committee regarding the election of the Preferred Bidder, and no later than the date set out in the notice as stated in section 12.6 above (hereinafter in this section: the "**First Period for Obtaining the Minister of Communications' Approval**"), the Preferred Bidder shall be entitled to obtain from the Minister of Communications' Approval for the purchase of the Offered Shares in accordance with the provisions set forth in the Postal Law and the General License and satisfy other conditions, to the extent that such conditions are laid down with the Minister of Communications' Approval.

13.3.2. The Preferred Bidder shall be obligated to perform at its expense and without delay any required action, prepare any request and submit any information or documents that are required in accordance with the law or pursuant to the decision of the Minister of Communications or anyone acting on his behalf for the purpose of obtaining his approval and the Preferred Bidder shall endeavor to the best of his ability to obtain such approval.

13.3.3. The Authority shall be entitled, at its absolute and sole discretion, to extend from time to time the date for obtaining the Minister of Communications' Approval by additional periods.

13.3.4. If the First Period for Obtaining the Minister of Communications' Approval or the additional periods, if an extension was granted, expired, and the Preferred Bidder did not provide the said approval that is not subject to conditions or failed to provide the Minister of Communications' Approval subject to conditions, to which the notice of the Preferred Bidder regarding its consent to satisfy the conditions was attached, the Committee shall be entitled, at its sole discretion, to notify the Preferred Bidder regarding the discontinuation of its participation in the Sale Procedure or grant it an extension, in addition to any other relief in accordance with the provisions set forth in any law and this Procedure.

13.4. The schedule for obtaining the approval of the Commissioner of Competition, the Ministers' Approval in accordance with the Essential Interests Orders and the Minister of Communications' Approval, shall be

decided by the Authority as stated above, in consultation with the Commissioner of Competition, the Ministers and the Minister of Communications (as the case may be).

It is emphasized that the Preferred Bidder shall be responsible for obtaining the approval from the Ministers, the Commissioner of Competition and the Minister of Communications' Approval as said and any action or conduct by the State, the Committee, or the Authority, shall not be deemed as a representation regarding an option to obtain such approvals or the time for obtaining such approvals. A Bidder who anticipates that there might be a problem in obtaining such approval or consent as said shall be obligated to report to the Authority about the said, request proper advice and inquire the entire information associated therewith, prior to the submission of its bid.

For the avoidance of doubt, it is clarified that the decisions of the Commissioner of Competition, the Ministers and the Minister of Communications shall be made at the discretion of each of the said entities in accordance with the law that is in effect at the time of making such a decision, and the Preferred Bidder shall have no claim, to the extent that any of the said authorized officials as said do not grant their approval until the date that was set by the Committee for the purpose of this matter, or if any of the said approvals is subject to any conditions by the relevant authorized official, and the Preferred Bidder shall be precluded from demanding a delay in the sale of the Offered Shares to another on any grounds, even if it commences legal proceedings for the purpose of objecting or canceling the decision of the authorized official.

13.5. If the participation of the Preferred Bidder in the Sale Procedure was discontinued for any reason, the Committee shall be entitled, however not obligated, to approach the second-ranked Bidder and the provisions set forth in the Procedure shall apply to the second-ranked Bidder as if it was the Preferred Bidder, *mutatis mutandis*.

13.6. If the participation of the second-ranked Bidder in the Sale Procedure was discontinued for any reason, the Committee shall be entitled, but not obligated, to approach the third-ranked Bidder and the provisions set forth in the Procedure shall apply to said third-ranked Bidder as if he was the Preferred Bidder, *mutatis mutandis*.

13.7. If the participation of the Preferred Bidder and the second-ranked Bidder, if such a Bidder was elected, and the participation of the third-ranked Bidder, if such a Bidder was elected, was discontinued for any reason, the Committee shall be entitled to approach the following Bidder and elect said Bidder, with his approval, as the Preferred Bidder, provided that such Bidder as aforesaid provided the Second Bank Guarantee, if such guarantee was returned as stated in section 11.10 and said Bidder satisfies the additional conditions as set out in the State's notice, and the provisions set forth in this Procedure shall apply to said Bidder as if he was the Preferred Bidder, *mutatis mutandis*.

14. Completion of the Sale Procedure

14.1. After the Committee received the notices regarding the approval of the Commissioner of Competition, the Ministers' Approval and the Minister of Communications' Approval, pursuant to section 13 above, and on the condition that the said agreements and approvals were granted on the dates as required in the Procedure and in the notices of the Authority as stated above, the State will sign the Sale Agreement, and the Authority shall provide to the Preferred Bidder or the second-ranked Bidder or the third-ranked Bidder, to the extent that any thereof replaced the Preferred Bidder, who received the said approvals (hereinafter: the "**Buyer**") a signed copy of the Sale Agreement.

14.2. Without derogating from the other conditions and obligations set out in the Sale Agreement, anyone interested in the purchase of the Offered Shares is referred also to the following conditions that apply or that will apply to the Buyer with respect to the Consideration that will be paid for the Offered Shares and with respect to the manner in which the Offered Shares will be transferred, as follows:

14.2.1. The Buyer shall pay for the Offered Shares the price that the Buyer proposed in the Final Bid (as defined in section 12.4) subject to the reconciliation of the Consideration in respect of net financial debt and the working capital as stated in Appendix E (hereinafter: the "**Consideration for the Offered Shares**").

14.2.2. Subject to and without derogating from the provisions of Appendix E regarding the reconciliation of the Consideration as said, payment shall be made in accordance with the provisions set forth in the Sale Agreement and no later than seven days as of the date the State signed the Sale Agreement and delivered it to the Buyer, on the date set out by the Authority.

14.2.3. The transfer of the Offered Shares to the Buyer shall be carried out immediately after the Consideration for the Offered Shares is paid, in accordance with the provisions set forth in this Procedure and the Sale Agreement.

14.3. Subject to and without derogating from the provisions set forth in this Appendix E regarding the reconciliation of the Consideration as said, the transfer of the Offered Shares to the Buyer shall be deemed as the completion of the Sale Procedure.

I confirm that I read the Procedure including Appendices thereof and I agree with its provisions, and I will act in accordance with the Procedure.

[The signatories on the Procedure on behalf of a corporation confirm with their signature that they are authorized to act in the name of the corporation].

Date _____ Signature of Applicant _____

Name of Applicant _____

ID. No./Company Reg. No. _____

By _____ Title _____

And by _____ Title _____

Confirmation

I, the undersigned, _____ Adv., License No. _____ of _____ St., hereby confirm that the aforesaid signatures of the Messrs. _____ and _____, who identified themselves by ID. No. _____/whom I know in person, and their signatures shall bind the entity in whose name they signed for all intents and purposes.

_____

Adv.

Appendix A – Application to participate in the next stages of the Sale Procedure

(This document shall be signed without any modifications)

To

The Government Companies Authority

Bldg. 23, The Tower, fl. 8, Malcha Technology Park

Jerusalem, 96951

Dear Sir/Madame,

Re: **Application to receive an invitation to participate in the next stages of the Sale Procedure and submit bids for the purchase of 100% of the shares of Israel Postal Company Ltd. (the "Company" and the "Offered Shares" as the case may be)**

The procedure for the sale of the Offered Shares in the Company (the "**Procedure**") was downloaded from your internet website/ was received by us in your office on _____ (delete unnecessary).

After reading the Procedure and after understanding its content, and after understanding the stages of the Sale Procedure and the conditions set forth therein, I hereby request to receive from you an invitation to participate in the next stages of the Sale Procedure.

I hereby attach the following signed documents:

1. Full answers to the questionnaire – Appendix B of the Procedure, and the questionnaire of Appendix B, signed.

2. Full answers to Appendix B1 of the Procedure – affidavit regarding the participation of a concentrated entity in the Sale Procedure and Appendix B1, signed.

3. Confirmation regarding the appointment of a representative, address, telephone number and email for the purpose of receiving documents – Appendix C of the Procedure.

4. A copy of the Sale Procedure signed by me, without modifications, as confirmation of my agreement with its content.

This application, signed by me, shall constitute proof that I find acceptable the Procedure and Appendices thereof and that I undertake to act in accordance with their provisions.

I am aware that you have full discretion to contact whoever you deem fit and invite him to participate in the next stages of the Sale Procedure. If I am not invited as aforesaid, or in the event I am invited and no contract is signed with me for any reason, I shall not have any claims and suits against of any kind against the State or anyone acting on its behalf.

Date _____ Signature of Applicant _____

Name of Applicant _____

ID. No./Company Reg. No. _____

By _____ Title _____

And by _____ Title _____

Confirmation

I, the undersigned, _____ Adv., License No. _____, of _____ St., hereby confirm that the aforesaid signatures of the Messrs. _____ and _____ who identified themselves with ID. No. _____/whom I know in person, and their signatures shall bind the entity in whose name this signed for all intents and purposes.

_____

Adv.

Appendix B – Questionnaire

General

The information requested hereunder is intended to be used for the purpose of making the decision whether to invite the Applicant to continue and participate in the procedure for the purchase of the entire share capital of Israel Postal Company Ltd. (the "**Company**) en bloc.

Applicants are required to provide full and accurate answers to the questions in this questionnaire. The Applicant will answer the following questions: question 1 – to the extent that the Applicant is a corporation; question 2 – to the extent that the Applicant is a natural person; and question 3 will be answered by all Applicants. The Applicant will attach all documents, as required in this questionnaire and the Procedure to which it is attached. The Applicant will answer all questions, except for questions that are irrelevant, given the legal entity of the Applicant (a natural person or a corporation). In such circumstances as said, the Applicant will state that the question is irrelevant.

The Government Companies Authority (the "**Authority**") shall be entitled to request from the Applicant clarifications or additional information in addition to the information requested in this questionnaire, to the extent that it deems fit, and the Applicant shall be obligated to answer these questions fully as a condition for the continuation of its participation in the Sale Procedure. In addition, the Authority shall be entitled to verify the entire information stated in the answers to the questionnaire, by applying any measures it will see fit.

The terms used in this questionnaire shall have the meaning assigned thereto in the Sale Procedure.

If the Applicant is a group (as defined in the Sale Procedure), whether or not it is a group that is not incorporated and whether it is a group that was incorporated for the purpose of purchasing the Offered Shares, the Applicant is required to provide the entire agreements or the arrangements between the group components (hereinafter: the "Group Members"), including the proposed division of holdings and, in addition, each of the Group Members is required to answer this questionnaire.

If it transpires that the Applicant provided misleading information or that the Applicant omitted material information, the Authority shall be entitled, in addition to any other relief, to forfeit any guarantee that the Applicant provided in accordance with the Sale Procedure of the shares of the Company.

1. An Applicant that is a corporation

The Applicant will fill in and will provide the particulars and the documents stated in paragraphs 1.1 to 1.9 hereunder (an Applicant whose incorporation method is other than a "limited liability company" shall provide the required information and documents, *mutatis mutandis*):

1.1. The name of the corporation in Hebrew and in English letters;

1.2. Type of incorporation;

1.3. The registration number in the Registrar of Companies in Israel and abroad of the corporation and interested parties therein, in the event they are a corporation;

1.4. Place of incorporation;

1.5. Registration date of the corporation, instruments of incorporation and commencement of its business;

1.6. Postal address of the registered office and the business center of the participant and the following particulars: town, zip code, telephone number and fax number;

1.7. A detailed description of the spheres of activity of the Applicant, its subsidiaries and interested parties therein, in Israel and abroad, and of the interested parties in the Applicant, including the names of corporations in which c the Applicant is a partner or engages in their management and the names of the partners in these businesses, including in the spheres of activity of the Company;

1.8. If the Participant is represented by any person or entity under a power of attorney, it is also necessary to provide the following information: name (in Hebrew and English letters), ID. No./Passport No. and nationality, citizenship and permanent place of residence and address, as stated in section 1.6 above. In addition, it is necessary to attach a power of attorney;

1.9. <u>The holders in the Applicant and the holdings of the Applicant</u>

For the purpose of this section you are requested, at this stage, not to attach documents except for the opinion and confirmation by an attorney, confirming that he inspected the entire information, documents and data that were required in his opinion for the purpose of preparing the opinion and without reservations, in a form to be approved by the Authority, unless otherwise stated expressly in the body of the section.

Opinion and confirmation by an attorney with respect to the following matters:

1.9.1. Information regarding the classes of shares in the Applicant and controlling shareholder therein, and description of the rights attached to the shares; To the extent that the Applicant is a limited partnership, full information about the general in the partnership shall be provided.

1.9.2. The identity of the persons entitled to appoint director and a CEO in the Applicant and in the controlling shareholder(s) in the

Applicant (it is necessary to describe the identity of the persons entitled to appoint them and who actually appoints them);

1.9.3. The manner of determining control in the Applicant, the identity of the controlling shareholders in the Applicant and the actual controlling shareholder, up to the individual level of the controlling shareholder. To the extent that the Applicant is a limited partnership, full information as said shall also be provided to its general partner;

1.9.4. A statement informing whether there are resolutions in the Applicant or in the controlling shareholder in the Applicant that require the approval or the confirmation of the General Meeting in a scope greater than the scope outlined in Israeli law or the approval or consent of other entities, whether inside or outside the said company; If your answer is yes – describe them.

1.9.5. A statement informing whether there are agreements or arrangements made between the Applicant, the shareholders in the Applicant or the members of the group participating in the Sale Procedure or the shareholders in the Applicant controlling shareholder, whether written or verbal, including rights granted in the Articles of Association. Applicants are required to describe, *inter alia*, veto rights, rights of refusal, priority rights and options; To the extent that the Applicant is a limited partnership, full information as said shall also be provided with respect to its general partner, including agreements and arrangements with the general partner and the shareholders/right holders in the general partner.

1.9.6. Whether the securities of the Applicant are listed on any stock exchange, state the identity of the stock exchange and specify the names of the securities and their number/name in the stock exchange;

1.9.7. "Structure of holdings in the Applicant" – it is necessary to attach a graphic diagram describing structure of holdings and specify the identity of each entity that holds a means of control in the Applicant, and a description of its holdings in the Applicant. For your attention, the holdings structure should include the entire chain of holdings, up to the ultimate holders that are natural persons. In addition, it is necessary to specify for each of the entities as stated in the holdings diagram (including the ultimate holders) also the ID. No./Passport No./Incorporation No.

1.9.8. "Structure of holdings of the Applicant" – it is necessary to attach a graphic diagram of the "structure of holdings" and provide information regarding corporations that are under the control of the Applicant, whether solely and whether jointly with others, subsidiaries and related companies (as meant by these terms in the Securities Law) (including partnerships and other corporations),

including information regarding the rate of holdings or other rights of the Applicant in any corporation, corporation name and number, place of incorporation and the spheres of activity of the corporations accordingly;

1.9.9. Confirmation stating that the Applicant, the controlling shareholder in the Applicant or whoever holds any rate in the means of control in the Applicant or whoever has significant influence in the Applicant are not[4]:

A. A Hostile State.

B. A citizen or the resident of a Hostile State;

C. A corporation that was registered, was incorporated or whose center of business is in a Hostile State;

D. A corporation wherein control is held by a Hostile State;

E. A corporation wherein control is held by a citizen or a resident of a Hostile State.

If the answer to one of the aforesaid sections is in the affirmative, please elaborate on the existing holdings or interest.

1.9.10. Confirmation stating that the Applicant is not an "**Israeli government corporation**," within its meaning in the Sale Procedure;

Without derogating from the foregoing, it is emphasized that the Authority shall be entitled to demand and receive from the Applicant the particulars, documents and information stated in this section 1 also with relation to corporations wherein the Applicant is an interested party and corporations and natural persons that are interested parties in the Applicant up to the level of the ultimate interested party.

2. <u>An Applicant who is a natural person</u>

2.1. Name and particulars of the Applicant;

2.2. ID. No./Passport No. of the Applicant and nationality;

2.3. Citizenship and residency;

2.4. Address, phone number, email, and fax;

2.5. If the Applicant is represented by any person or entity, it is necessary also to provide information about the representative, according to the information provided in sections 2.1-2.4 above, and attach a power of attorney;

[4] [This definition will be reviewed with relation to the requirements laid down in the Essential Interests Order in its final version].

2.6. A detailed description of the business activities of the Applicant and companies held by the Applicant in Israel and abroad, including the names of corporations in which the Applicant is a partner or engages in their management, and the names of the partners in these businesses, including in the sphere of activity of the company;

2.7. **For the purpose of this section hereunder, Applicants are required, at this stage, not to attach documents except for the opinion and the confirmation by an attorney, confirming that the attorney inspected the entire information, documents and data that were necessary, in his opinion, for the purpose of preparing the opinion, and without reservations, in a form to be approved by the Authority, unless otherwise stated expressly in the body of the section**.

Opinion and confirmation of an attorney with respect to the following matters:

The "structure of holdings of the Applicant" - Applicants are required to attach a graphic diagram describing the structure of holdings and provide information regarding corporations under the control of the Applicant, whether solely and whether jointly with others, subsidiaries and related companies (as meant by these terms in the Securities Law) (including partnerships and other corporations) including information regarding the rate of holdings or other rights of the Applicant in any corporation, corporation name and number, place of incorporation and the spheres of activity of the corporations accordingly;

2.8. **Confirmation that the Applicant is not a citizen or a resident of a Hostile State**

If the answer is in the affirmative, Applicants are required to provide information regarding the existing relations between the Applicant and the Hostile State.

Without derogating from the foregoing, it should be emphasized that the Authority shall be entitled to demand and receive from the Applicant the particulars, documents and information stated in this section 2 also with respect to corporations owned by the Applicant or in which the Applicant is an interested party.

3. <u>All Applicants</u>

All Applicants will fill in and provide the information, particulars and the documents as follows:

3.1. With respect to a corporation – the last annual report that was submitted to the Registrar of Companies, last periodic report, last prospectus that was published and the last annual audited financial statements and any audited financial statement that was recently published, provided that the cutoff date of the last audited financial statement is not earlier than the date of

submission of the answers to this questionnaire by more than 12 months. To the extent that any material reconciliations or changes were made with respect to the working capital section, Applicants are required to present proof for the purpose of this matter, audited by an accountant.

With respect to a natural person – declaration of capital as of the submission date of the application – information regarding the scope of assets and liabilities (bank, non-bank and guarantees) of the Applicant, in Israel and abroad, and information regarding the net capital of the Applicant, confirmed by an accountant (Applicants are required to attach to the declaration supporting documentation such as financial statements of corporations held by the Applicant and assessments by an assessor of assets owned by the Applicant);

3.2. To the extent that material changes occurred in the leverage rate or the scope of the assets since the date of this report and until the application date, the Applicant is required to present proof for the purpose of these matters (as of the application date) in which the data is audited by an accountant. For the purpose of this questionnaire, "leverage rate" shall mean – the ratio constituting the total debt out of the total assets.

3.3. Information in an accompanying document of the following: equity, scope of assets, total liabilities, leverage rate. These data should be supported by the requested documents in sections 3.1 and 3.2.

3.4. To the extent that the Bidder is a private investments fund, it shall present the data in sections 3.2 and 3.3 in the following manner:

3.4.1. A document presenting the balance of the liabilities of the investors in the fund confirmed by the auditor or the accountant of the fund.

3.4.2. A document presenting the scope of managed assets, signed by an accountant.

3.5. The information provided in this section 3.5 with respect to any corporation in which the Applicant is an interested party and with respect to any person (including a corporation) that is an interested party in the Bidder (in this section: the "**Applicant**") as follows:

A. Involvement, connections or personal or financial relations, direct or indirect, to the Company, the Postal Bank or their customers or their competitors and potential competitors, or to their consultants or contractors, officers or employees in one or more of the said companies or to the creditors of one or more of the said companies, including work connections or business connections, whether existing or whether maintained in the past and a possible conflict of interests;

3.6. A certificate pursuant to section 2 of the Transactions with Public Bodies Law (Enforcement of Bookkeeping and Payment of Tax Debts) 5736-1976 (this section applies to an Israeli Applicant);

3.7. Information regarding any conviction of an offense in Israel or abroad that is considered a "misdemeanor" or a more serious offense, in the five years that preceded the submission of this inquiry, unless it became time-barred, and if the Applicant is a corporation – conviction of the corporation, a director, an officer or a person that is a controlling shareholder or an interested party in the corporation of such an offense as aforesaid.

3.8. Information regarding the imposition of any administrative means of enforcement by any of the State authorities of each of the entities enumerated in section 3.7 above, and information regarding any conviction by a disciplinary body in each of the entities enumerated in section 3.7 above;

3.9. Information regarding the existence of an indictment or an investigation that is conducted in Israel or abroad in respect of an offense that is a "misdemeanor" or a more serious offense against the Applicant, a director, an officer, or a person who is a controlling shareholder or an interested party, unless they became time-barred;

3.10. If any applications or orders were issued against the Applicant, an interested party in the Applicant or against a corporation that was or that is under the control of the Applicant or against a corporation in which the Applicant was or is an interested party, or against a director or an officer in the Applicant – in Israel or abroad – for winding-up or receivership or bankruptcy or the commencement of proceedings in accordance with the provisions of the Companies Ordinance [New Version] 5743-1983 or the Bankruptcy Ordinance [New Version] 5740-1980, or the Insolvency and Financial Rehabilitation Law 5778-2018 or the Companies Law 5759-1999, as the case may be, or that a proceeding for an arrangement or a settlement was conducted against the Applicant, pursuant to section 233 of the Companies Ordinance or section 350 of the Companies Law 5759-1999 or in accordance with the provisions of the Insolvency and Financial Rehabilitation Law 5778-2018 or any other composition with creditors, including debt rescheduling, or an equivalent or similar proceeding was conducted against the Applicant in another country.

In this section 3 –

"**Conviction**" – including forfeit or any other financial sanction.

"**Controlling shareholder**" and "**interested party**" – up to the level of the ultimate individual controlling shareholder or the interested party.

Without derogating from the foregoing, it is emphasized that the Authority shall be entitled to demand and receive from the Applicant the particulars, documents and information specified above and additional information, at its discretion, also with relation to corporations and individuals that are interested parties in the Applicant and/or that are held by the Applicant or by the controlling shareholder in the Applicant.

This questionnaire will be signed by the Applicant and its signature will be authenticated by an attorney in the form as stated hereunder.

The signature of the Applicant on this questionnaire shall constitute an undertaking on behalf of the Applicant to deliver written notice to the Authority promptly, immediately after the occurrence and no later than 48 hours from the time it first learned, during the period as of the date of delivery of the query and until the sale date of the Offered Shares, as long as the Applicant participates in the Sale Procedure, regarding any change in the information the Applicant provided in this questionnaire and any event that might affect its participation in the Sale Procedure or the considerations of the State in connection with its participation in the Sale Procedure.

Applicants are referred to the Sale Procedure, in anything related to the breach of the undertakings imposed in the Procedure including Appendices thereof, including in anything related to the delivery of misleading information in the questionnaire, the omission of material information in the questionnaire and failure to provide information regarding such an undertaking as aforesaid.

Date: _____ Signature of Applicant: _____

By: _____ Name: _____ Title: _____

By: _____ Name: _____ Title: _____

Confirmation

I, the undersigned, _____ Adv., License No. _____ of _____ St., hereby confirm that the aforesaid signatures of the Messrs. _____ and _____, who identified themselves by ID. No. _____/whom I know in person, and their signatures shall bind the entity in whose name they signed for all intents and purposes.

_____

Adv.

Appendix B1 – Affidavit regarding the participation of the concentrated entity in the Sale Procedure

In this Appendix: "control," "holding," and "means of control" – within their meaning in the Banking (Licensing) Law 5741-1981

I, the undersigned, _____ ID. No. _____ acting as _____ (officer in a corporation) in the corporation _____ (name of corporation) corporation no. _____ hereby declare as follows:

I am authorized to sign this affidavit on behalf of the corporation.

Check one of the following options:

☐ The corporation has a controlling shareholder:

Name of direct controlling shareholder: _____

Private Company Reg. No./ID. No. _____

Name of ULTIMATE PARENT ENTITY: _____

Private Company Reg. No./ID. No. _____

☐ The corporation has no controlling shareholder.

Check the following options that are true with respect to the corporation:

☐ The corporation, its shareholders, or partners (holding as a minimum 5% of the means of control in the corporation), as the case may be, are not listed in the list of concentrated entities in accordance with the Law for Promotion of Competition and Reduction of Concentration 5774-2013 (hereinafter: the "Concentration Law").

☐ To the best of my knowledge, none of the alternatives enumerated under section 4(a) of the Concentration Law applies to the corporation, its shareholders, or partners thereof (holding as a minimum at least 5% of the means of control therein).

☐ To the best of my knowledge, a shareholder, or a partner in the corporation (whether directly or indirectly) is part of the group listed in the list of concentrated entities or in respect of which one of the aforesaid alternatives holds true.

Specify:

_____

☐ State the names of the concentrated entities holding at least 5% of the means of control (whether directly or indirectly) and the rate of their holdings:

_____

Date _____

Name of Corporation _____

Stamp of the Corporation _____

Name of Person Declaring _____

Signature of Person Declaring _____

Confirmation

I, the undersigned, _____ Adv. License No. _____ of _____ St. hereby confirm that on _____ Mr. _____ who identified himself with ID. No./whom I know in person, and after I warned him that he is required to declare the truth, and that his failure to do so shall subject him to statutory penalties, he confirmed the truthfulness of this Affidavit and signed it in my presence.

_____

Full Name and Stamp

Appendix C – Confirmation regarding appointment of a representative, and address for delivery of documents

I hereby confirm that in anything related to and stemming from the sale of the shares in Israel Postal Company Ltd., my representative, and my address for the purpose of delivery of documents is as follows:

First and last name of representative (except for a corporation) _____

Address: _____ St., no. ___, City _____

Tel.: _____;

Email _____

Note: the address must be in the area of the State of Israel.

I hereby confirm that I agree that any document delivered to me shall be deemed to have reached its recipient no later than:

A. If delivered to the aforesaid address via registered mail – 72 hours after its delivery, as stated in the postal stamp.
B. If delivered in person to the aforesaid address – upon is delivery.
C. If sent by email – after the email was sent.

I hereby confirm that this address also serves as an address for delivery of court process in accordance with the law.

Date _____ Signature of Applicant _____

Name of Applicant _____

ID. No./Company Reg. No. _____

By _____ Title _____

And by _____ Title _____

Appendix D

Bank/Insurance Company name and number _____

Branch of the bank/insurance company _____

Address of bank/insurance company

Tel. _____

Fax _____

To

State of Israel (via the Government Companies Authority)

Re: **Bank Guarantee no. _____**

1. At the request of _____, _____, _____ (hereinafter: the "**Applicant**") we hereby guarantee towards the State of Israel the payment of any amount, upon receiving the demand of the Accountant General in the Ministry of Finance (the "**Accountant General**"), up to a total amount of (in words _____) (hereinafter: the "**Guarantee Principal Amount**") in connection with the procedure for the sale of the shares in Israel Postal Company Ltd.

2. We undertake to pay you, upon receiving the demand of the Accountant General, any amount stated in such a demand as aforesaid (hereinabove and hereinafter: the "**Principal of the Demand**") up to the Guarantee Principal Amount, in accordance with the provisions set forth in Section 1 above, immediately and no later than seven days as of the date of receiving such a demand as aforesaid in our office, to the address stated in the heading of this letter, and that will reach our office no later than _____.

3. For the avoidance of doubt, a demand for payment in accordance with this Guarantee may be made in installments and the payments shall be made upon demand, provided that the entire amount of the Principals of the Demand that we will pay you in accordance with this Guarantee will not be greater than the Guarantee Principal Amount.

   The Guarantee Principal Amount will decrease automatically at each time by the amount of Principal of the Demand after it is paid in accordance with this Guarantee.

4. Our undertaking in accordance with this Guarantee is unconditional and in this regard the Accountant General shall not be entitled to specify, substantiate, or prove his demand or demand first the payment from the Applicant or from any other person.

5. This Guarantee shall be in effect for a period of twelve months as of the Guarantee submission date (i.e., by _____).

6. This Guarantee is nontransferable and non-assignable.

Date	Full Name	Signature and Stamp Authorized signatory

Appendix E – Instructions regarding reconciliation in respect of net financial debt and working capital

1. General

The final consideration that the Bidder will pay to the State for the Offered Shares (hereinafter: the "**Final Consideration**") shall specify the amount stated in the bid that the Bidder submitted, as stated in section 11.4 of the Sale Procedure (or a higher bid, to the extent that the Bidder submitted a higher bid afterwards in accordance with the terms set forth in the Sale Procedure and the Bidding Procedure) in respect of the Offered Shares (hereinafter: the "**Basic Consideration**") with the addition or deduction of the Reconciliation Amount, as defined in section **ERROR! REFERENCE SOURCE NOT FOUND** hereunder, stemming from a change in the net financial debt of the Company and the working capital of the Company as of the Effective Date with relation to its value according to the last financial statements and from the difference between the working capital as of the Effective Date and the Working Capital Target, all as calculated in accordance with the provisions set forth in this Appendix hereunder.

2. Definitions

For the purpose of this Appendix:

2.1. The "**Last Financial Statements**" – the last consolidated financial statements of the Company (audited or reviewed, as the case may be) that were published or that were delivered to the Bidders prior to the submission date of the bids.

2.2. The "**Working Capital of the Company**" – the net trade receivables of the Company with the addition of inventory, other accounts receivable and receivables, after deduction of the current liabilities of the Company to trade payables and other accounts payable and credit balances and liabilities to the tax authorities, and all on consolidated basis (i.e., the Company and the Postal Bank). It is clarified that an item that was included in the definition of the reconciled working capital of the group as stated above shall not be taken into consideration for the purpose of calculating the reconciled net financial debt of the group (and vice versa).

For the purpose of this matter, "**net trade receivables**," "**inventory**", "**other accounts receivable and receivables**", "**trade payables**", and "**other accounts payable**" – as defined in the Last Financial Statements or (to the extent that the last financial statements are not defined) in accordance with the International Financial Reporting Standards (IFRS) that apply to the Company.

2.3. The "**Working Capital Target**" - [ ][5].

2.4. The "**Net Financial Debt of the Company**" – the entire financial liabilities of the Company on consolidated basis (i.e., the Company and the Postal Bank) in connection with (i) loans from banks, financial institutions, credit companies and other lenders; (ii) deferred payments in respect of assets, commodities, products and services (except for current trade payables in the ordinary course of business and that are paid according to the customary practices); (iii) reserve for severance pay and leave for employees, and other liabilities to employees (other than in respect of the wages for the month in which the Effective Date occurs) including pension, recuperation days and accrued sick days and all other liabilities with respect to retirement plans; (iv) an undertaking to pay a dividend; (v) other payment liabilities in accordance with debentures, deeds, capital notes or other similar financial instruments (except for current trade payables that arose during the ordinary course of business and paid according to customary practice); (vi) undertakings to the shareholders; (vii) the entire liabilities in connection with letters of credit or similar instruments, to the extent that they persisted; (iix) liabilities to other lenders, including factoring, trade receivables and other accounts receivable; and the amounts of the interest that accrued and are outstanding, charges and other expenses in connection with the entire liabilities as stated above; and after deduction of cash and cash equivalents, free and unencumbered short-term and long-term bank deposits, negotiable securities held by the Company and the Postal Bank and reserve for pension of the Company and the Postal Bank[6].

2.5. The "**Net Financial Debt on the Date of the Last Financial Statements**" – the net financial debt of the Company according to the Last Financial Statements, i.e., ILS [ ][7].

2.6. The "**Accounting Expert**" – whoever is appointed by the Authority for that purpose (with the approval of the Committee) provided that he does not have a business or professional relation or connection to the Buyer or the Company that gives rise to a conflict of interests that impairs his independent status.

2.7. The "**Effective Date**" – the time 00:01 on the Closing Date.

3. Reconciliation provisions

[5] To Working Capital Target will be determined by the Authority with the Committee's approval, shortly before the submission of the bids.

[6] The definition of the term "Working Capital of the Company" and the definition of the term "Net Financial Debt of the Company" may be updated with the Committee's approval prior to the date of submission of the bids, and to the extent that these are updated they will be included in an up-to-date version of this appendix that will be delivered to the participants prior to the said date and which will also include the values stated in section 2.3 (the Working Capital Target) and in section 2.5 (the Net Financial Debt on the Date of the Last Financial Statements).

[7] To be completed shortly before the submission of the bids.

The Basic Consideration shall be reconciled with the reconciliation amounts as stated hereunder (hereinafter jointly: the "**Reconciliation Amount**"):

3.1. If the Net Financial Debt of the Company on the Effective Date, in the manner set out in section **ERROR! REFERENCE SOURCE NOT FOUND** hereunder (hereinafter: the "**Net Financial Debt on the Effective Date**"), is higher than the Net Financial Debt on the Date of the Last Financial Statements, the Basic Consideration shall be subtracted by an amount equal to the difference between the said amounts. If the Net Financial Debt on the Effective Date is lower than the Net Financial Debt on the Date of the Last Financial Statements, the Basic Consideration shall be increased by an amount equal to the difference between the said amounts.

3.2. If the Working Capital of the Company as of the Effective Date, in the manner set out in section **ERROR! REFERENCE SOURCE NOT FOUND** hereunder (hereinafter: the "**Working Capital on the Effective Date**") is lower than the Working Capital Target, the Basic Consideration shall be subtracted by an amount equal to the difference between the said amounts. If the Working Capital on the Effective Date is higher than the Working Capital Target, the Basic Consideration shall be increased by an amount equal to the difference between the said amounts.

The Reconciliation Amount shall be set in accordance with the provisions set forth in section 4 hereunder.

4. Manner of setting the Reconciliation Amount

4.1. No later than 10 days prior to the Closing Date (hereinafter: the "**Estimated Reconciliation Calculation Date**"), the Authority shall deliver to the Buyer a calculation of the estimated reconciliation amount as of the last day of the calendric month prior to the Estimated Reconciliation Calculation Date, based on the trial balance of the Company as of the said date (hereinafter: the "**Estimated Reconciliation Calculation**"). On the Closing Date the Buyer shall pay to the Seller the amount of the consideration after making the necessary reconciliations as stated in section **ERROR! REFERENCE SOURCE NOT FOUND** above, based on the Estimated Reconciliation Calculation (hereinafter: the "**Consideration Paid on the Closing Date**"). It is clarified that the aforesaid in connection with the payment of the Consideration Paid on the Closing Date shall be without prejudice to the mechanism of reconciliation, inquiry and decision as stated in the sections hereunder that will be used for the purpose of determining the Final Consideration for the Offered Shares in accordance with the Net Financial Debt of the Company as of the Effective Date and the Working Capital on the Effective Date.

4.2. No later than 90 days after the Closing Date, the Buyer shall cause the Company to deliver to the Authority an updated calculation of the

Reconciliation Amount as of the Effective Date, that is based on the trial balance of the Company as of the Effective Date when audited by the Company's auditors (hereinafter: the "**Updated Reconciliation Calculation**").

4.3. The items that will be included in the Estimated Reconciliation Calculation and the Updated Reconciliation Calculation shall be based on and prepared in accordance with: (a) the same accounting principles, accounting policy and accounting treatment as applied in the last financial statements; and (b) International Financial Reporting Standards (IFRS) that apply to the Company, subject only to the exclusions stated expressly (if any) in the example in the said **Appendix 1** hereunder. An example of the calculation method of the net financial debt and the calculation method of the working capital and the principles that were included in the said example were applied, *mutatis mutandi*s, and to the extent relevant, in making the Estimated Reconciliation Calculation and in the Updated Reconciliation Calculation[8].

4.4. The Authority shall have a period of 60 days as of the date of receiving the Updated Reconciliation Calculation, during which the Authority shall be entitled, with the approval of the Committee, to object to the Updated Reconciliation Calculation, by delivery to the Buyer of a report specifying its objections and the reasons and proof for each objection as said, and that includes its detailed calculation of the Reconciliation Amount, taking into consideration the said objections, and all in accordance with the principles set out in section 4.3 above (and the example contained therein) (hereinafter: the "**Objection Notice**"). The Authority shall have full access to the entire books of the Company, its managers, and accountants, and to any reference or work paper of any thereof, as required by the Authority for the purpose of reviewing the Updated Reconciliation Calculation and for the purpose of preparing an objection notice. If the Authority was not granted full access to the entire materials as said, the period in which the Authority is entitled to deliver an Objection Notice shall be deferred, in such manner that the said period of 60 days shall be counted as of the date the Authority was granted full access to the entire information, references, managers and accountants of the Company as stated above. If the Authority did not deliver an Objection Notice within the said period of 60 days, the Updated Reconciliation Calculation shall be deemed as the final calculation, and the Reconciliation Amount shall be set in a final manner based on the said calculation.

4.5. To the extent that the Authority delivered an Objection Notice with relation to the Updated Reconciliation Calculation within the said period of 60 days as said, the Authority and the Buyer shall endeavor to the best of their ability and in good faith for the purpose of reaching an agreement in writing, in 45 days as of the date of delivery of the Objection Notice, regarding the

[8] Said Appendix 1 will be given to the participants on the eve of submission of the bids.

reconciliation amount. If the Authority (with the approval of the Committee) and the Buyer reached an agreement in writing as said, the Reconciliation Amount shall be determined in accordance with such an agreement as said and in a final manner.

4.6. To the extent that the Authority (with the approval of the Committee) and the Buyer did not reach agreement between them regarding the Reconciliation Amount within the period of 45 days as stated above, the Accounting Expert shall decide in the disputes between the parties (and solely with respect to these disputes) in connection with the Reconciliation Amount, solely in accordance with the principles laid down in section 4.3 above (and the example included therein). The Accounting Expert shall have access to the books of the Company, its managers, and accountants, and to any reference or work paper of any thereof, as required for the purpose of deciding in the pending disputes and his decision in the said disputes shall be made in 90 days as of the date he received the application of any of the parties. The decision of the Accounting Expert, who shall act as an expert-adjudicator and not as an arbitrator, shall be reasoned and in writing, and shall be final and unappealable, except for on the grounds of deception or in the event of a clear mistake. The State and the Buyer shall incur the fees of the accounting expert equally between them.

4.7. If, in light of the Reconciliation Amount set out pursuant to sections 4.4, 4.5 or 4.6 above, the Final Consideration is higher than the Consideration Paid on the Closing Date, the Buyer shall pay to the State the difference between the said amounts (and it is clarified that the interested parties shall also be responsible for making this payment, jointly and severally with the Buyer), in 15 days as of the date the reconciliation amount was set (pursuant to sections 4.4, 4.5 or 4.6 above). The payment of the said amount shall be made by the Buyer in a manner that is identical to the manner of payment of the consideration on the Closing Date, in the manner set out in the Sale Agreement, *mutatis mutandis*.

4.8. If, given the Reconciliation Amount set out pursuant to sections 4.4, 4.5 or 4.6 above, the Final Consideration is lower than the Consideration Paid on the Closing Date, the Buyer shall pay to the State the difference between the said amounts, in 15 days as of the date the Reconciliation Amount was set (pursuant to sections 4.4, 4.5 or 4.6 above). The State shall pay the Reconciliation Amount by a bank transfer to the seller's account, as provided by the seller to the Authority no less than 4 business days prior to the payment date.