

Hereby gives notice that under the Scheme of Arrangement, as such is defined hereunder, the Shareholders in the Industrial Development Bank of Israel Ltd. are considering by way of a private sale, the sale of all shares in -

**INDUSTRIAL DEVELOPMENT BANK OF ISRAEL LTD. ("THE COMPANY")  
(PUBLIC COMPANY/520021924)**

All those who are interested in purchasing 100% <sup>1(\*)</sup> of the issued share capital of the Company, currently held by the shareholders of the Company including the State of Israel, may apply to the Government of Israel through the Government Companies Authority ("**the Authority**") pursuant to the details specified in this notice and in the sale procedure, as such is defined hereunder.

The sale process is proceeding as part of a scheme of compromise and arrangement between the Company and its Shareholders, pursuant to Section 350 (a) of the Companies Law, 5759 - 1999 ("**the Scheme of Arrangement**") and in accordance with the terms and conditions specified in the Scheme of Arrangement. The Scheme of Arrangement was approved by class meetings of the Shareholders of the Company and by the Court.

The Company is a mixed company, as such is defined in the Government Companies Law, 5735 - 1975 and some of the Company's shares are traded on the Tel Aviv Stock Exchange Ltd. Upon closing of the sale process the Company's shares will be de-listed and will no longer be traded on the Stock Exchange.

The privatization of the Company was approved on 29.4.08 by the Ministerial Committee for Privatization Affairs. Under Section 59B (h) of the Government Companies Law the manner of privatization of the Company, as prescribed in the decision of the Ministerial Committee for Privatization, requires the approval of the Finance Committee of the Knesset. The Authority applied to the Finance Committee of the Knesset for approval of the manner of privatization of the Company. As at the date of this Notice the approval of the Committee has not yet been received.

Until 31.7.08 the Company was the holder of a "Bank License" pursuant to the Banking (Licensing) Law, 5741 - 1981. The Company's Bank License expired on 1.8.08.

The sale of Shares procedure ("**the Sale Procedure**") both in Hebrew and in English, a copy of the decision of the Ministerial Committee for Privatization Affairs dated 29.4.08, the Scheme of Arrangement, as well as additional information concerning the Company, can be found on and downloaded from the internet site of the Authority - [www.gca.gov.il](http://www.gca.gov.il). A copy of the Sale Procedure and its appendices, can also be obtained from the Privatization Unit of the Government Companies Authority, the Prime Ministers Office, Room 808, 8th Floor, 3, Kaplan Street, Jerusalem. Telephone numbers: 02-6707153/4/5, Facsimile: 02-5565821, on Sundays through Thursdays, between 10 AM and 3 PM commencing from April 6<sup>th</sup> 2009.<sup>2(\*\*)</sup>

The date for the submission of applications, pursuant to the conditions stipulated in the Sale Procedure, is on May 21<sup>st</sup> 2009 from 10AM until 3 PM, at the offices of the Authority, at the aforementioned address.

The Authority may at any time upon giving appropriate notice, either postpone or advance the date for the submission of applications, and may also change other dates and terms and conditions in the sale procedure, all at its absolute discretion. Notifications as to changes in the Sale Procedure, the stipulation of date and times and various updates will be published on the Authority's internet site, or by publication in a daily newspaper or by written notification to the participants in the sale process.

Sale of the Company's Shares is exempt from tender, in accordance with the Mandatory Tenders Regulations, 5753 - 1993.

It is hereby clarified that nothing in this Notice shall be construed as an invitation to the public to acquire the Company's Shares, nor as any offer and/or commitment on the part of the Government of Israel or other shareholder's to sell the Company's shares, including to an applicant who offers the highest consideration, or to any applicant whatsoever. Selection of the purchaser shall be made in accordance with the Sale Procedure, including on the basis of possible negotiations, at the discretion of the representatives of the State. The State's representatives may, at their complete and absolute discretion, conduct negotiations, if at all, with whomever they see fit.

The State reserves the right, to change the conditions of the sale process, to cease or terminate it, at any time, without publication of any further notice, should it deem this to be appropriate.

<sup>(\*)</sup> At the date of closing of the sale

<sup>(\*\*)</sup> Any arrival at the offices of the Authority must be coordinated at least 24 hours in advance, by calling the telephone numbers enumerated above.