

**Clauses from General Unified License for Cellcom Fixed Line
Communications L.P**

Part "D" – Amendment of the Terms of the License, Its Enforcement and Revocation

11. Amendment of the Terms of the License

11.1 The Minister may amend the terms of the License, to add to them or derogate from them, pursuant to Section 4 of the Law, and among other things, if he is satisfied that one of the following exists:

- (a) A change took place in the level of suitability of the License Holder to perform the activities and services which are the subject of the License;
- (b) The amendment of the License is necessary in order to ensure efficient and fair competition in the Bezeq field;
- (c) The amendment of the License is necessary in order to ensure the level of services provided thereunder;
- (d) Changes in the Bezeq technology justify the amendment of the License;
- (e) Changes occurred in the electromagnetic spectrum needs which justify, in the Minister's opinion, amendments to the License;
- (f) Public interest considerations justify the amendment of the License;
- (g) A change in the government's policy in the Bezeq field justifies the amendment of the License;

12. Revocation of the License

12.1 The Minister may revoke the license, prior to its expiration date, upon the occurrence of one or more of the grounds set forth in Section 6, including each of the following instances:

- (a) The License Holder did not disclose in the application information required to disclose or gave incorrect information;
- (b) The License Holder was required and refused to provide to the Minister or someone on his behalf information in his possession and which it was required to disclose by virtue of provisions of this License or according to law, or that the License Holder gave false information to the Minister or someone on his behalf;
- (c) The License Holder did not fulfill the provisions of the law, the ordinance or rules enacted thereunder;
- (f) Means of control, or control, of the License Holder were transferred, contrary to that set forth in Section 18;
- (h) The activities of the License Holder included an act or omission which harmed, or limited, competition in the communications market;

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- 12.2 If one of the said grounds occur, and the Minister is satisfied that under the circumstances, the revocation of the License is not required, the Minister shall give the License Holder an appropriate opportunity to cure the act or omission constituting grounds for revocation.
- 12.3 If the Minister decides to consider the revocation of the License, he shall so notify in writing to the License Holder, while setting forth the grounds for such revocation and he shall permit it, within a time period stated in the notice, to present its claims in writing regarding the grounds for revocation; the Minister shall notify the License Holder regarding his decision in writing, while setting forth his reasoning.
- 12.4 In the revocation notice, the Minister shall fix the date on which the revocation of the License will be effective, and he may instruct the License Holder to continue to provide the services according to this License until grant of the License to someone else or until the appointment of a trustee or until the appointment by law of a receiver to manage the network and operate it – as applicable.
- 12.5 The License Holder shall continue to provide the services until the end of the period determined by the Minister in his notice and shall fulfill the provisions of this License and any instruction of the Minister in this matter.
- 12.6 The proceedings set forth regarding the revocation of the License shall apply, with the necessary changes, to the limitation or suspension of the License.

Part "C" – Means of Control – Changes and Limitations

17. Details of the License Holder

- 17.1 Details regarding the legal characteristics of the License Holder, its incorporation, its controlling shareholders, its significantly influential shareholders, its interested shareholders, and its officers, are set forth in Appendix "A" of the License; the License Holder shall provide to the Manager, each year at the beginning of the month of January, an updated Appendix "A".
- 17.2 The License Holder shall report to the Manager in writing regarding any change in the information included in Appendix "A", including any transfer and purchase of the control of or five percent (5%) or more of the means of control in the company which holds the License or a change in the appointment of a director or CEO, and this within fourteen (14) days from the change.

18. Transfer of Means of Control

- 18.1 The holding of any means of control of the License Holder, direct or indirect, of ten percent (10%) or more of that means of control, whether at one time or in parts, shall not be transferred, unless such approval is given by the Minister, in advance and in writing.

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- 18.2 No means of control of the License Holder, or any part thereof, shall be transferred, as a result of which such transfer, the control of the License Holder will be transferred from one person to another, unless such approval is given by the Minister, in writing.
- 18.3 Control of the License Holder, direct or indirect, shall not be acquired, nor shall an acquisition in it be made, direct or indirect, by a person himself or together with relatives or another person who acts together with him on a regular basis, of ten percent (10%) or more of any means of control of the License Holder, whether at one time or in parts, without the approval of the Minister, in advance and in writing.
- 18.4 Notwithstanding that set forth in Sections 18.1 and 18.3 above, if traded means of control of the License Holder in an amount requiring the approval according to Sections 18.1 or 18.3 are transferred or acquired (except for a transfer or acquisition which results in the transfer of control), where the approval of the Minister was not requested, the License Holder shall so report to the Minister, in writing, and shall submit a request to the Minister to approve the said transfer or acquisition of the means of control of the License Holder, and all this within 21 days from the date on which the License Holder became so aware.

In this Section 18, "traded means of control" – means of control, including Global or American Depository Shares (GDR's or ADR's) or similar certificates, registered for trading on a stock exchange in Israel or abroad, or that was offered to the public through a prospectus and held by the public in Israel or abroad.

- 18.5 Entering into an underwriting agreement regarding issuing or selling securities to the public, being listed for trading on a stock exchange in Israel or abroad, or depositing securities or registering them with a transfer agent or with a custodian or depository agent for the purpose of registering ADR's or GDR's or similar certificates regarding issuing or selling securities to the public – shall not be considered in and of themselves as a transfer of means of control of the License Holder.

19. Excessive Holdings

- 19.1 Excessive holdings shall be registered in the members' booklet (shareholders' list) of the License Holder, indicating that they are excessive, immediately upon the License Holder becoming aware of the excess, and a notice regarding the registration shall be sent by the License Holder to the excess holder and the Minister.
- 19.2 Excessive holdings, that are registered as set forth in Section 19.1, shall not grant any rights to the holder, and shall be considered "dormant stock" as defined in Section 308 of the Companies Law, 5779-1999, except regarding receipt of dividends or other distribution to the shareholders (and including the right to participate in the issuing of rights, calculated on the basis of holdings of means of control of the License Holder, however also such holdings that will be added, will be considered excessive holdings), and therefore no act or claim to exercise a right by virtue of excessive holdings will be valid, except regarding the receipt of dividends or other distribution as aforesaid.

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Without derogating from the generalities of the aforesaid:

- (a) A shareholder participating in a vote at a shareholders' meeting shall notify the License Holder prior to the vote, or if the vote is by proxy – on the proxy, whether or not its holdings in the License Holder or its vote require approval in accordance with Section 18; if the shareholder did not so notify, he shall not participate and his vote shall not be counted.
- (b) A director shall not be appointed in the License Holder, shall not be elected and shall not be removed from his office by virtue of excessive holdings; if he is appointed, elected or removed from his office as aforesaid, there will be no validity to the appointment, election or removal, accordingly.
- (c) Excessive holdings shall not grant voting rights at a general meeting.

19.3 The provisions of Section 19 shall be included in the articles of the License Holder.

For the purpose of this Section: "**Excessive Holdings**" – the holding of traded means of control without the approval of the Minister as required in accordance with Section 18, and the aggregate holdings of a holder of traded means of control who acted contrary to the provisions of Section 60; and this so long as the approval of the Minister is required and not given in accordance with Section 18, or in the case of a breach of the provisions of Section 60.

20. Pledging of Means of Control

20.1 A shareholder in the company of the License Holder or a shareholder of an interested party of the License Holder, may not pledge his shares in such manner so that the execution of the pledge would cause a change of ownership of ten percent (10%) or more of any means of control of the License Holder, unless the pledge agreement included an exception, by which the pledge cannot be executed without the advance written approval of the Minister.