



Immediate Report-DBS Dilution Agreement-Goodwill

November 21, 2001

**The Securities Authority, Jerusalem, Israel
The Tel Aviv Stock Exchange, Tel-Aviv, Israel
The Registrar of Companies, Jerusalem, Israel**

Dear Sirs,

Immediate notice is hereby given as follows:

- **At the request of the Securities Authority and following our immediate report of November 18, 2001 concerning D.B.S. Satellite Services (1998) Ltd. ("DBS"), we wish to clarify that in the upcoming allotment of DBS shares, after which the Company's holdings in DBS will increase by 14.9% (from 30% to 44.9%), goodwill/surplus cost will be generated in an amount which will be determined on the basis of the financial statements of DBS at approximately the time of making the allotment. The goodwill/surplus cost will be amortized over the expected period of financial benefit pursuant to Statement 57 of the Association of Certified Public Accountants in Israel. Furthermore, the Company will examine, in the future, in periods after the allotment, as required by accepted accounting standards, the need for a decrease in value and/or change in the amortization period of the goodwill/surplus cost.**
- **The amount of the goodwill/surplus cost, had the allotment taken place on September 30, 2001, would have been approximately NIS 185 million. In fact, the goodwill/surplus cost will be based on the financial results of DBS at approximately the time of making the allotment.**

Yours sincerely,

**Shlomo Koppel
Company Secretary**