



Immediate Report

IBC's Obligation to Nationwide Deployment

Tel Aviv, Israel – August 9, 2018 – Bezeq The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), announced that the Company received a decision of the Minister of Communications in the hearing on “Changes to the obligation for nationwide deployment applicable to I.B.C. Israel Broadband Company (2013) Ltd (“IBC”), after the Government decision on August 5, 2018 to grant the Minister of Communications discretion to determine the scope of obligation of IBC for deployment in its license.

In accordance with the decision of the Minister of Communications at the hearing, regulations will be drawn up for the activity of a general special license holder (infrastructure) as a type of general special license and wholesale operator that provides its services to license holders (or a permit holder) only, similar to a fixed-line infrastructure license (“the New License”). This regulation will allow IBC to submit an application for the said license, and subject to IBC's compliance with the terms, will facilitate limiting the deployment obligation applicable to IBC so that it will achieve gradually not less than 40% of Israeli households within 10 years, and only after the Cherry-Picking period (which will last three years) will the New License holder be required to provide accessibility for at least one household away from the center of the country (the periphery) for each household provided with accessibility in the center.

Similarly, on August 8, 2018 Cellcom announced that it had signed a Memorandum of Understanding to acquire 70% of the IBC share capital. See the Immediate Report of Cellcom Israel Ltd dated August 8, 2018.

The Company is unable, at this time, to assess the impact of the above updates on it and its business since the matter depends on different variables and parties.

The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law, and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.