



“Bezeq” The Israel Telecommunication Corp Limited
(“The Company” or “Bezeq”)

January 2, 2020

Attn.
Israel Securities Authority
Via Magna

Attn.
The Tel-Aviv Stock Exchange Ltd
Via Magna

Re: Immediate Report Concerning Convening of Special General Meeting of
Shareholders of the Company

In accordance with the Securities Regulations (Transaction Between the Company and its Controlling Shareholder), 2001 (“Controlling Shareholder Regulations”), the Companies Law, 1999 (“the Companies Law”) and the Companies Regulations (Announcement and Notice of a General Meeting and of a Type Meeting in a Public Company and Addition of an Item to the Agenda), 2000 (“Announcement and Notice Regulations”), notice is hereby given of the convening of a Special General Meeting of the Company’s shareholders (“the General Meeting”). The General Meeting will take place on Thursday, **February 6, 2020 at 11am** at the Company’s offices at the Azrieli Center 2, Triangular Building, 27th Floor (“the Company’s Offices”).

1. On the agenda of the General Meeting

On the agenda of the General Meeting are the following items:

1.1. Amendment of the Statement of Indemnity and Exemption for Directors

Subject to approval of an amendment to the Company’s Articles of Association and an amendment of the Compensation Policy as stated in sections 1.3 and 1.4 below, to approve the amendment of section 2.2 of the Statement of Indemnity and Exemption for Directors granted to directors serving the Company at the date of this Notice of Convening the Meeting, and/or who will serve in the Company from time to time (including those who are considered as the Company’s controlling shareholder and/or his relatives and/or officers of companies of the controlling shareholder), to be valid from June 30, 2019, such that its wording will be as follows (the amendment is marked with an underline):

“The amount of indemnification the Company undertakes to pay in accordance with this Statement of Indemnity and Exemption to each officer, cumulatively, is limited to 25% (twenty five percent) of the Company’s shareholders’ equity according to the last published financial statements of the Company prior to grant of actual indemnification



or the amount of USD 400 million, whichever is the higher ("Maximum Compensation Amount")."

It should be noted that apart from the proposed amendment above, the wording of the Statement of Indemnity and Exemption is unchanged.

For details about the reasons of the Company's Compensation Committee and Board for the proposed amendment above, see section 2.4 below.

The proposed resolution: To approve an amendment of the Statement of Indemnity and Exemption for directors from June 30, 2019.

1.2. **Amendment of the Statement of Indemnity and Exemption for the Company's CEO**

Subject to approval of an amendment to the Company's Articles of Association and an amendment to the Compensation Policy as stated in sections 1.3 and 1.4 below, to approve the amendment of section 2.2 of the Statement of Indemnity and Exemption for the Company's CEO, to be valid from June 30, 2019, as detailed in section 1.1 above.

The proposed resolution: To approve an amendment of the Statement of Indemnity and Exemption for the Company's CEO from June 30, 2019.

1.3. **Amendment to the Company's Articles of Association**

Approval of an amendment to section 114.2 of the Company's Articles of Association, to be valid from June 30, 2019, whose wording will be as follows (the amendment is marked with an underline):

"The Company is entitled to indemnify an officer (in its meaning in the Companies Law) retroactively ("Indemnification") or to provide an undertaking in advance to indemnify ("Undertaking of Indemnification") to an officer as detailed below in this section. Concerning the Undertaking of Indemnification - the Indemnification amount that the Company will be entitled to make available, for each of its officers, cumulatively, for one or more indemnification events detailed in paragraphs 1 - 6 below, shall not exceed 25% of the Company's shareholders' equity according to the Company's last financial statements published prior to the actual Indemnification or an amount of NIS 400 million, whichever is the higher."



The proposed resolution: To approve an amendment to section 114.2 of the Company's Articles of Association, to be valid from June 30, 2019, in respect of indemnification for the Company's officers.

1.4. **Amendment to section 8.2 of the Compensation Policy for the Company's Officers in respect of the cumulative amount of indemnification for directors and officers.**

Subject to approval of the amendment to the Company's Articles of Association as stated in section 1.3 above, to approve an amendment to section 8.2 of the present Compensation Policy for officers of the Company, to be valid from June 30, 2019, the wording of the section will be as follows (the amendment is marked with an underline):

“Bezeq will grant officers and directors of Bezeq Statements of Indemnity with an Undertaking of Indemnification for every liability or cost awarded against any officer or director on account of his actions in his capacity as an officer (including actions in subsidiaries of Bezeq), all subject to the provisions of the law, including in accordance with the Companies Law, the Securities Law, 1968, and the Bezeq Articles of Association, as shall be from to time. The Indemnification amount that Bezeq undertakes to pay cumulatively to each officer and director is limited to a ceiling of 25% of Bezeq’s shareholders’ equity as it was at the date of grant of Indemnification or an amount of NIS 400 million, whichever is the higher. The Undertaking of Indemnification shall not apply to an event for which the insurance company acknowledges its responsibility under the insurance policy and has paid the officer the amount required. The Statement of Indemnification will apply to a list of types of event customary in statements of indemnification of companies with similar characteristics to Bezeq.”

The proposed resolution: To approve the amendment to section 8.2 of the current Compensation Policy for the Company's Officers in respect of the cumulative amount of indemnification for directors and officers of the Company, to be valid from June 30, 2019.

1.5. **Amendment of sections 1 (definitions section) and 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of targets and weightings concerning the Company's CEO as defined by the Company's competent bodies**



Approval of the amendment to sections 1 (definitions section) and 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of targets and weightings concerning the Company's CEO as defined by the Company's competent bodies, valid from December 16, 2019 for the year 2020 (and thereafter), in the following wording:

1.5.1. In section 1 (definitions section), the definition will be added as follows:

<i>“Adjusted free cash flow”</i>	<i>“Cash generated from current operations less cash for the acquisition / disposal of fixed assets and intangible assets, net, less payments for leases.”</i>
----------------------------------	--

1.5.2. In section 1 (definitions section), the definition will be amended as follows (the amendment is marked with Track Changes):

<i>“Adjusted EBITDA”</i>	<i>“Operating profit before depreciation and amortization costs less other expenses / income, net and less impact of implementation of IFRS 16, “Leases”.”</i>
--------------------------	--

1.5.3. The wording of section 7.2.1.6.3 will be as follows:

The targets and weightings that will be defined by the Group's competent bodies as stated in sections 7.2.1.2 and 7.2.1.3 above in respect of the Bezeq CEO for the purposes of granting a bonus are dependent on performance each year being within a list of targets and in accordance with the weighting ranges noted below: (1) The target of Adjusted EBITDA of Bezeq (namely, based on the Bezeq annual financial statements (Separate Financial Information - “Solo”) whose weighting will be up to 60% of the annual bonus; (2) the target for Adjusted Free Cash Flow (FCF) for Bezeq “Solo” whose weighting will be up to 30% in the calculation of the annual bonus; (3) target for Bezeq “Solo” post-tax profit whose weighting will be up to 40% in the calculation of the annual bonus; (4) target for Bezeq “Solo” operating profit whose weighting will be up to 20% in the calculation of the annual bonus; (5) group target based on one of the parameters (1) to (3) above, based on the decision of the Bezeq Company's Compensation Committee and Board of



Directors, whose weighting will be up to 30% of the annual bonus, and (6) the target of the assessment of the Chairman of the Bezeq Board on the functioning of the CEO whose weighting will be up to 25% of the annual bonus. The total bonus for discretionary targets actually granted him during the year will be up to 25% of the calculation of the annual bonus or three monthly salaries, whichever is the higher. In this respect, a “discretionary bonus” is any bonus that is completely not measurable or that has not been set in advance, as stated in section 7.2A below.”

The proposed resolution: To approve the amendment of sections 1 (definitions section) and 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of targets and weightings concerning the Company's CEO as defined by the Company's competent bodies, from December 16, 2019 for the year 2020 (and thereafter).

1.6. **Amendment of section 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of the qualifying conditions to receive the performance dependent bonus of the Company's CEO and of the CEO of the Company's major subsidiaries**

To approve the amendment of section 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of the qualifying conditions to receive the performance dependent bonus of the Company's CEO and of the CEO of the Company's major subsidiaries, valid from December 16, 2019 for the year 2020 (and thereafter), such that the wording of the section will be as follows (the amendments are marked with an underline):

“In respect of qualifying conditions to receive the annual bonus is dependent on the performance of the CEOs of Bezeq and the CEOs of its major subsidiaries (“the Subsidiaries”), one of the alternatives below will be set by Bezeq's Compensation Committee and Board of Directors, close to the date of approval of the budget for the calendar year: (1) The result of Bezeq or the Subsidiaries (as applicable), in a calendar year, has not reduced more than 20% of the results of FFO of Bezeq and the aggregate Subsidiaries, (as applicable), in the year prior to the year for which the bonus is paid (“Alternative Equivalent FFO”), or (2) the FFO result of Bezeq and/or the aggregate Subsidiaries (as applicable), in a calendar year, have not dropped more than 20% from the target set for this in the Bezeq budget or budget of the aggregate Subsidiaries, as applicable, for that year (“FFO Budget Alternative”). or (3) The result of Adjusted EBITDA of Bezeq or the aggregate Subsidiaries (as applicable), in a calendar year, has not reduced



more than 40% of the results of Adjusted EBITDA of Bezeq and the aggregate Subsidiaries, (as applicable) in the year prior to the year for which the bonus is paid ("Alternative Equivalent Adjusted EBITDA").

If one of the above does not meet the FFO target or Adjusted EBITDA, as stated above as applicable, he will not be entitled to receive a bonus dependent on performance in that year, even he meets the other targets for the annual bonus that are performance dependent. In the event of selection of the Alternative Adjusted EBITDA Yield, Bezeq will publish in its annual financial statements the Adjusted EBITDA figure for Bezeq or the aggregate Subsidiaries (as applicable) for the year of the financial statements, and in the event of selection of the Alternative FFO, Bezeq will publish the FFO figure for Bezeq or the aggregate Subsidiaries (as applicable) for that year. In the event of selection of the Alternative FFO Budget, in respect of each of the said CEOs, Bezeq will publish in its financial statements the FFO targets of Bezeq or the aggregate Subsidiaries (as applicable), for the year following the reporting year. It is clarified that budget targets are set close to the beginning of each year, after a discussion on the assessments and forecasts used as a basis for the budget as they exist at that time it is prepared, with the budgets approved by the applicable Board, as applicable.

In addition, Bezeq will publish in its Periodic Report the percentage compliance of each officer for whom disclosure is provided in the Chapter on Additional Information in the Bezeq Periodic Report, with all the bonus targets defined for each of the above in respect of that calendar year.

The proposed resolution: To approve the amendment of section 7.2.1.6.3 of the Compensation Policy for the Company's Officers in respect of the qualifying conditions to receive the performance dependent bonus of the Company's CEO and of the CEO of the Company's major subsidiaries, from December 16, 2019 for the year 2020 (and thereafter).

1.7. **Selection by the General Meeting of the director, Mr. Darren Glatt, who serves as an officer of the controlling shareholder, until the next Annual General Meeting of the Company's shareholders**

Below are details about Mr. Darren Glatt, as required by Regulations 26 and 36B(10) of the Securities Regulations (Periodic and Immediate Reports), 1970 ("the Periodic and Immediate Reports Regulations"), all to the best of the Company's knowledge as made known to it by Mr. Darren Glatt:



Name of candidate	Darren Glatt
ID (Passport) No.	549871770
Date of birth	November 18, 1975
Address for serving court documents	16 Abba Hillel Street, Ramat Gan (c/o the Meitar Law Firm)
Citizenship	USA
Committees on which the candidate will serve (subject to appointment)	He is not a member of a committee or committees of the Board
In the position since	December 1, 2019
Position he will fill	Director
Candidate to be independent director?	No
Serving as an external director?	No
Employee of the Company, a subsidiary, an associate company of the Company or of an interested party, and the position he fills	Yes, partner in Searchlight and Chairman of the Board of B Communications Ltd
Education:	<ol style="list-style-type: none"> 1. Master in Business Administration 2. Bachelor of Accountancy degree
Employment during last five years	<ol style="list-style-type: none"> 1. Partner, Searchlight 2. Chairman of the Board and Chairman of the Audit and Corporate Governance Committee, 90over160 3. Director and Chairman of the Audit Committee, Ocean Outdoor 4. Director, Rackspace 5. Director, PatientPoint 6. Director, MediaMath
Serves as a director of the following companies	<ol style="list-style-type: none"> 1. Director, "Bezeq" - The Israel Telecommunication Corp Ltd and its subsidiaries - Pelephone, DBS,



	Bezeq International and Bezeq Online 2. Chairman of the Board, B Communications Ltd 3. Director, Rackspace 4. Director, PatientPoint 5. Director, MediaMath
Is he a relative of another interested party in the Company?	No
Is he an accounting and finance specialist or have professional qualifications?	Yes

The proposed resolution: Selection by the General Meeting of the director, Mr. Darren Glatt, until the next Annual General Meeting of the Company's shareholders.

1.8. **Selection by the General Meeting of the director, Mr. Ran Fuhrer, who is a relative of the controlling shareholder, until the next Annual General Meeting of the Company's shareholders**

Below are details about Mr. Ran Fuhrer, as required by Regulations 26 and 36B(10) of the, 1970 ("the Periodic and Immediate Reports Regulations"), all to the best of the Company's knowledge as made known to it by Mr. Ran Fuhrer:

Name of candidate	Ran Fuhrer
ID (Passport) No.	066522772
Date of birth	September 2, 1984
Address for serving court documents	2 Hayasor Street, Ramat Hasharon 4703012
Citizenship:	Israeli
Committees on which the candidate will serve (subject to appointment)	He is not a member of a committee or committees of the Board
In the position since:	December 1, 2019
Position he will fill:	Director
Candidate to be independent director?	No
Serving as an external director?	No
Employee of the Company, a subsidiary, an associate company of the Company or of an interested party, and the position he fills	The director serves as Vice President Business Development of the Neopharm Group, of which the controlling

	<p>shareholders are David and Michal Fuhrer, who are also the controlling shareholders in TNR Investments Ltd, which is the owner of the joint controlling block of B Communications Ltd, the parent company of the Company</p>
<p>Education:</p>	<ol style="list-style-type: none"> 1. Graduate in Law, the Herzliya Interdisciplinary Center 2. Graduate in Business Administration, the Herzliya Interdisciplinary Center 3. Masters in Commercial Law, Tel-Aviv University 4. Masters in General Administration, Stanford Graduate School of Business
<p>Employment during last five years</p>	<ol style="list-style-type: none"> 1. Members of the Board, ADO Group, October 2010 to December 2013 2. Commercial Assistant to the Chairman, Neopharm Group, November 2011 to January 2015 3. Business Development Manager, Celgene Corporation (NASDAQ: "CELG"), January 2015 to June 2016 4. Vice President Business Development, Neopharm Group, January 2018 till today



<p>Serves as a director of the following companies</p>	<p>1. Director, "Bezeq" - The Israel Telecommunication Corp Ltd and its subsidiaries - Pelephone, DBS, Bezeq International and Bezeq Online</p> <p>2. Director, B Communications Ltd</p>
<p>Is he a relative of another interested party in the Company?</p>	<p>The director serves as Vice President Business Development and an officer of the Neopharm Group, of which his parents David and Michal Fuhrer are the controlling shareholders, who are also the controlling shareholders in TNR Investments Ltd, which is the owner of the joint controlling block of B Communications Ltd.</p>
<p>Is he an accounting and finance specialist or have professional qualifications?</p>	<p>Yes</p>

The proposed resolution: Selection by the General Meeting of the director, Mr. Ran Fuhrer, until the next Annual General Meeting of the Company's shareholders.

Declarations of the directors whose tenure is brought for renewal and approval, in accordance with the Companies Law, are attached to this report as Appendix B.

1.9. **Approval of grant of a Statement of Indemnity and Exemption to the director Mr. Darren Glatt**

Subject to selection by the General Meeting of Mr. Darren Glatt as a director of the Company and subject to approval of items 1.1 and 1.3 to 1.4 on the Meeting's agenda, approval of the grant of a Statement of Indemnity and Exemption to Mr. Darren Glatt in the format customary in the Company, including the proposed amendment in section 1.1 above, commencing December 1, 2019 (the date of the start of his tenure as a director).



The proposed resolution: To approve the grant of a Statement of Indemnity and Exemption to Mr. Darren Glatt in the format customary in the Company, including the proposed amendment in section 1.1 above, commencing December 1, 2019.

For details about the reasons of the Company's Compensation Committee and Board, see section 2.5 below.

For additional information about the terms of tenure of the director Darren Glatt, see the Company's Immediate Report dated December 22, 2019 (this information constitutes an inclusion by way of reference).

1.10. **Approval of grant of a Statement of Indemnity and Exemption to the director Mr. Ran Fuhrer, who is a relative of the controlling shareholder**

Subject to selection by the General Meeting of Mr. Ran Fuhrer as a director of the Company and subject to approval of items 1.1 and 1.3 to 1.4 on the Meeting agenda, to approve for Mr. Ran Fuhrer the grant of a Statement of Indemnity and Exemption in the format customary in the Company, including the amendment proposed in section 1.1 above, from December 1, 2019 (the date of his commencement as a director).

The proposed resolution: To approve the grant of a Statement of Indemnity and Exemption to Mr. Ran Fuhrer in the format customary in the Company, including the proposed amendment in section 1.1 above, commencing December 1, 2019.

For details about the reasons of the Company's Compensation Committee and Board, see section 2.5 below.

For additional information about the terms of tenure of the director Darren Glatt, see the Company's Immediate Report dated December 22, 2019 (this information constitutes an inclusion by way of reference).



Part A - Details in connection with items on the agenda

2. Description of the main points of the Compensation Policy and its amendment

2.1. On May 3, 2016 the General Meeting of the Company's shareholders approved the Company's Compensation Policy for the Company's officers for a period of 3 years. On April 4, 2017, May 21, 2018, July 26, 2018, September 17, 2018 and May 23, 2019 the Company's shareholders' General Meeting approved amendments to the existing Compensation Policy (jointly "Current Compensation Policy").

2.2. In the light of the changes that have occurred in the Company's shareholders' equity in the period since the date of adoption of the Compensation Policy, which as of this date is negative, the Company's Compensation Committee and Board have decided to amend the existing Compensation Policy (and accordingly the Company's Articles of Association and Statement of Indemnification and Exemption), in order that officers can carry out their jobs professionally and without concern that they would not obtain the customary protection of indemnification. And thereby not to impair their abilities.

For further details about the reasons of the Company's Compensation Committee and Board for the amendment to the Statement of Indemnification and Exemption, see section 2.5 below.

2.3. Similarly, the Company's Compensation Committee and Board decided to amend the current Compensation Policy in respect of the qualifying conditions to receive the performance dependent annual bonus, as stated in section 1.6 above, in the light of which Mr. Ran Guron, who serves as CEO of one of the Company's three major subsidiaries (in their meaning in the current Compensation Policy), and it is appropriate to adjust the Compensation Policy accordingly, and therefore, in order to create to create compatibility between the CEO of the Company and the CEO of the major subsidiaries, in respect of the qualifying conditions to receive the performance dependent annual bonus.

In addition, the Company's Compensation Committee and Board decided to amend the current Compensation Policy in respect of the percentage targets and weightings defined for the Company's CEO by the competent bodies, as stipulated in section 1.5 above, in order to retain flexibility in setting the terms of the bonus for the Company's CEO.



The Company's Compensation Committee and Board are of the opinion that the structure of the proposed targets and weightings for the Company's CEO and the proposed qualifying conditions for the Company's CEO and the CEO of the major subsidiaries are reasonable and appropriate, and there has been no change in the ceilings of the bonuses.

2.4. **The considerations that guided the Compensation Committee and the Board in amending the Compensation Policy, the Company's Articles of Association and the Statement of Indemnification and Exemption**

2.4.1. As stated in the Company's periodic reports, in the light of a number of events that occurred recently (of an accounting nature), and including the impairment of value of a subsidiary, DBS Satellite Services Ltd ("yes"), and including the write-off of a deferred tax asset on account of carried forward losses at yes of NIS 1,166 million, and impairment of value of a subsidiary, Pelephone Communications Ltd, the Company's shareholders' equity dropped significantly in comparison with previous years and as of June 30, 2019 was negative.

2.4.2. In accordance with the Company's present Compensation Policy, the Company's Articles of Association and the wording of the Statement of Indemnification and Exemption, the Company has undertaken to pay each of the Company's officers, cumulatively, an indemnification amount that is "limited to 25% (twenty five percent) of the Company's shareholders' equity according to the Company's last financial statements published prior to grant of actual indemnification for the Company's officers". Namely, in this situation, as long as the Company's shareholders' equity is negative, the Company's officers are exposed to significant financial liability in carrying out their jobs, or that monies, including legal costs, which have been expended on account of their actions as officers of the Company, will not be entitled to indemnification by the Company.

2.4.3. In the light of the foregoing, in order to avoid such exposure, and in order to allow the Company's officers and directors to carry out their positions in the Company professionally and without concern, especially in the light of the nature of the Company's business, the complexity of its activities, and the risks to which officers are exposed, the Company's Compensation Committee and Board determined that the cumulative amount of indemnification for the Company's officers must be amended, so that even in a situation where the



Company's shareholders' equity is negative, officers will retain the right to receive indemnification in a reasonable and fair amount for sums expended or charged to them on account of their work in the Company.

2.4.4. It should be noted that in the opinion of the Company's Compensation Committee and Board, exchanging the maximum indemnification amount of NIS 400 million represents a reasonable amount in respect of the scale of the Company's operations and is not materially different from 25% of the Company's shareholders' equity as it was in the Company's financial statements prior to the material impairment of value carried out in the financial statements recently as detailed in section 3.2 above.

2.5. **The considerations that guided the Audit Committee and Board concerning items 1.9 - 1.10 on the agenda**

2.5.1. Grant of a Statement of Exemption and grant of an Undertaking of Indemnification are in accordance with the Companies Law, the Company's Articles of Association and its Compensation Policy.

2.5.2. Grant of a Statement of Exemption and grant of an Undertaking of Indemnification are accepted protections among public companies in Israel, and are critical to allow the Company's directors to act freely in its interests while reducing their personal exposure, all subject to the constraints of the law.

2.5.3. The scope of the Undertaking of Indemnification is for events that in the opinion of the Company's Audit Committee are foreseeable in the light of the Company's business, and accordingly the maximum amount of indemnification under the Undertaking of Indemnification is reasonable in the circumstances.

2.5.4. The Statement of Exemption and the Undertaking of Indemnification by the Company are provided to all the Company's officers at identical terms.

2.5.5. By providing a Statement of Exemption and Indemnification the Company is likely to save financial costs involved in paying the insurance company to expand the liability limits for officers.



2.5.6. Grant of the Statement of Exemption is not an improvement on the terms of tenure and employment of those who served previously as director, such as Ami Barlev and Doron Turgeman.

3. Controlling shareholder in the Company and the rights it has in the Company and the nature of personal interest in respect of item 1.10 on the Meeting agenda

The Company's controlling shareholder is B Communications Ltd ("B-Com"), which holds 26.34% of the Company's issued capital and voting rights.

For additional details, including about the controlling shareholders of B-Com, see the Immediate Report on the holdings of interested parties and senior officers dated January 2, 2019 (this information is included by way of reference). To the best of the Company's knowledge, the controlling owners of B-Com are Searchlight II BZQ LP, a limited partnership incorporated in the Cayman Islands ("Searchlight") and TNR Investments Ltd ("TNR"), a private company incorporated in Israel. The final general partner of Searchlight is Searchlight Capital Partners II GP, LLC, a limited company incorporated in the State of Delaware, held by Messrs. Eric Zinterhofer, Erol Uzumeri and Oliver Haarmenn. TNR is wholly owned and controlled by Mr. David Fuhrer (50%) and Mrs. Michal Fuhrer (50%).

As informed to the Company, in accordance with the meaning of the term "controlling shareholder" in section 268 of the Companies Law, 1999, Searchlight and TNR are considered the controlling shareholders in B-Com by virtue of the Control Permit dated November 11, 2019 and by virtue of the voting agreement between them that grants them cumulative ownership, as of the date of publication of this report, of 72% of the voting rights in B-Com.

For additional information see the Company's Immediate Report dated December 2, 2019.

B-Com has a personal interest in item 1.10 on the Meeting's agenda in the light of the fact that Mr. Ran Fuhrer serves as Vice President for Business Development and is an officer of the Neopharm Group, of which his parents, David and Michal Fuhrer are its controlling shareholders, and in TNR Investments Ltd., which is the owner of the joint controlling block of B-Com.

4. Names of directors who have a personal interest in approval of the items on the agenda of the Meeting and the nature of this interest

All the directors of the Company have a personal interest in items 1.1, 1.3 and 1.4 on the agenda, dealing inter alia with an amendment of the Statement of Indemnification and Exemption for them.



Mr. Darren Glatt has a personal interest in item 1.9 on the agenda and Mr. Ran Fuhrer has a personal interest in item 1.10 on the agenda, since the grant of Statements of Exemption and Indemnification is for them.

5. Names of directors who participated at the meeting of the Company's Compensation Committee and Board of Directors in respect of the items on the agenda of the Meeting

In respect of resolutions 1.1 to 1.4 on the Meeting's agenda

- 5.1. At the meeting of the Compensation Committee held on September 10, 2019 that discussed items 1.1 to 1.4 on the agenda, all members of the Compensation Committee participated: Mr. Amnon Dick - Chairman of the Committee, Mr. Zeev Vurembrand, Mrs. Idit Lusky (external directors), Mr. David Granot (independent director), and Mr. Dov Kotler (independent director at the time of that meeting). At further meetings of the Compensation Committee at which the items on the agenda were discussed, on September 25, 2019 and November 3, 2019, all the above members of the Compensation Committee participated (except Dov Kotler, who had ceased to serve as a director of the Company).
- 5.2. At the Company's Board meeting on November 17, 2019, which discussed items 1.1 to 1.4 on the agenda, the following directors participated: Mr. Shlomo Rodav, Chairman of the Board, Mr. Doron Turgeman, Mr. Ami Barlev (regular directors), Mr. Rami Nomkin (director from among the staff), Mr. David Granot (independent director), Mr. Amnon Dick, Mr. Zeev Vurembrand and Mrs. Idit Lusky (external directors).

In respect of resolutions 1.5 to 1.10 on the Meeting's agenda

- 5.3. At the meeting of the Compensation Committee held on December 16, 2019 that discussed items 1.5 to 1.10 on the agenda, all members of the Compensation Committee participated: Mr. Amnon Dick - Chairman of the Committee, Mr. Zeev Vurembrand, Mrs. Idit Lusky (external directors), Mr. David Granot (independent director).
- 5.4. At the Company's Board meeting on December 19, 2019, which discussed items 1.5 to 1.10 on the agenda, the following directors participated: Mr. Shlomo Rodav, Chairman of the Board, Mr. Darren Glatt and Mr. Ran Fuhrer (regular directors), Mr. Rami Nomkin (director from among the staff), Mr. David Granot (independent director), Mr. Amnon Dick, Mr. Zeev Vurembrand and Mrs. Idit Lusky (external directors).

6. The considerations that guided the Company's Audit Committee and Board concerning item 1.10 on the agenda



The Company's Compensation Committee and Board approved the grant of a Statement of Exemption and Indemnification to Mr. Ran Fuhrer for the reasons stated in section 2.5 above.

7. The manner in which consideration is determined in the contractual relations stipulated in item 1.10 of the Meeting's agenda

The contractual relationship stated in section 1.10 above was approved by the Company's Compensation Committee and Board, respectively, after in their assessment they had been presented with all the applicable details, and taking into account the considerations stated in section 2.5 above.



8. Contractual relations of the sort described in section 1.10 or similar contractual relations between the Company and a controlling shareholder or in which the controlling shareholder had a personal interest in the last two years or that were in force as of the date of the Meeting

For details concerning the terms of the Statement of Exemption and Indemnification granted to Mr. Shaul Elovitch, past controlling shareholder of the Company, and/or to his relatives, see the Notice Convening the General Meeting dated April 4, 2016 (this information constitutes an inclusion by way of reference).

It should be noted that apart from the proposed amendment to section 1.1 of the Statement of Exemption and Indemnification, the terms of the Statement of Exemption and Indemnification are similar to the terms granted to Mr. Shaul Elovitch and/or his relatives.

9. Approvals required for the contractual relationship detailed in section 1.10 of the Meeting's agenda

To approve the contractual relationship stipulated in section 1.10 on the Meeting's agenda, the approval of the General Meeting is required as stated in section 10.1.4 below.



Part B - Additional details about the Convening of the General Meeting

10. Additional details

10.1. Majority required for passing a resolution

10.1.1. The majority required to pass the resolutions detailed in sections 1.1 and 1.7 to 1.9 above is a regular majority of all the votes of shareholders participating and voting at the General Meeting, abstentions will not be taken into account in the number of votes.

10.1.2. The majority required to pass the resolution detailed in section 1.2 above, is a regular majority of all the votes of shareholders present at the Meeting who, on condition that one of the following is fulfilled:

10.1.2.1. The count of the majority votes at the General Meeting shall include a majority of all the votes of shareholders who are not controlling shareholders in the Company or personally interested parties concerning the update to the Statement of Indemnification and Exemption for the CEO, who are taking part in the vote; in the count of all votes of the shareholders, with abstentions not being taken into account. If someone has a personal interest the provisions of section 276 of the Companies Law shall apply, with binding modifications;

10.1.2.2. The total number of votes against among the shareholders stipulated in section 10.1.2.1 above shall not exceed two percent of all voting rights in the Company.

10.1.3. The majority required to pass the resolution detailed in sections 1.4 to 1.6 above, is a regular majority of all the votes of shareholders present at the Meeting and voting in this vote, on condition that one of the following is fulfilled:

10.1.3.1. The count of votes at the General Meeting will include a majority of all the shareholder votes that are not controlling shareholders in the Company or who have a personal interest in approval of the updated Compensation Policy, as applicable, that are participating in the vote; in the count of all votes of all said shareholders abstentions will not be taken into account; for those who have a



personal interest, the provisions of section 276 of the Companies Law shall apply, with necessary modifications.

10.1.3.2. The total number of votes against among the shareholders stipulated in section 10.1.3.1 above shall not exceed two percent of all voting rights in the Company.

10.1.4. The majority required to pass the resolution detailed in sections 1.3 to 1.10 on the agenda of the Meeting, is a regular majority of the votes of shareholders voting at the Meeting entitled to vote in this vote, on condition that one of the following is fulfilled:

10.1.4.1. The count of the majority votes at the General Meeting shall include a majority of all the votes of shareholders who are not personally interested parties to the approval of the contract who are taking part in the vote; in the count of all votes of the shareholders, with abstentions not being taken into account.

10.1.4.2. The total number of votes against among the shareholders stipulated in sub-section 10.1.4.1 above shall not exceed two percent of all voting rights in the Company.

10.2. **Place of convening of General Meeting, date and quorum and date of holding deferred meeting**

The General Meeting will convene on **Thursday, February 6, 2020, at 11am**, at the Company's offices. According to the Company's Articles of Association, the Meeting can only start if there is a quorum present to open the debate. A quorum is the attendance of at least two shareholders who hold twenty five percent (25%) at least of the Company's voting rights (including attendance through a representative or by way of a voting slip), within half an hour of the time set for opening the Meeting.

If at the opening of the General Meeting there is not present, as applicable, a quorum after half an hour from the time set for opening the Meeting, as applicable, the date of the Meeting will be deferred, accordingly, by a week to the same day, the same time and the same place and/or a later date if noted otherwise on the notice of the deferred Meeting.

10.3. **The date of record, entitlement to participate in the Meeting and manner of voting**



The date of record for entitlement to participate in the vote at the General Meeting according to section 182(C) of the Companies Law and Regulation 3 of the Companies' Regulations (Vote in Writing and Position Notices), 2005, will be **January 7, 2020** ("the Date of Record"). If there is no trading on the Date of Record, then the Date of Record will be the last trading day before that date.

In accordance with the Companies Ordinances (Proof of Ownership of Shares to Vote at a General Meeting), 2000 ("Proof of Ownership of Shares Ordinances"), a shareholder who has a share registered with a member of the stock exchange and such share is among the shares registered on the Company's register of shareholders ("Unregistered Shareholder") is entitled to prove its ownership of the Company's shares at the Date of Record for the purpose of voting at the General Meeting, by presenting the Company with a confirmation from a member of the stock exchange with whom its entitlement to a share is registered, not later than 24 hours before the time of convening of the Meeting.

An Unregistered Shareholder is entitled to receive confirmation of ownership from the stock exchange member, through whom its shares are held, at a branch of the stock exchange member or by post to its address after payment of postal charges only, if so requested. A request in this regard shall be provided in advance for a specific shares account.

A shareholder in the Company at the Date of Record shall be entitled to attend at the General Meeting either personally or through a representative after the power of attorney will have been deposited at the Company's offices not less than 48 hours prior to the time of the General Meeting ("Power of Attorney"). The Power of Attorney shall be in writing and shall be signed by the appointer or its authorized representative for this purpose in writing, and if the appointer is a company, the Power of Attorney shall bear the company's seal (if there is one), and in the absence of a seal, by the party authorized to do so together with the stamp of that company.

10.4. **Voting slip, position notices and addition of items to the agenda**

Voting for the items stated above can be by using the voting slip attached to this Immediate Report. A written vote shall be made on the second part of the voting slip as published on the distribution website.

The website addresses of the Securities Authority, the Tel-Aviv Stock Exchange Ltd and of the Company, on which can be found the wording of voting papers and positions notices: the distribution website address of the Securities Authority:



- 22 -

www.magna.isa.gov.il, the website of the Tel-Aviv Stock Exchange Ltd: www.maya.tase.co.il and Company's website at: www.bezeq.co.il.

A member of the stock exchange shall be sent, free of charge by email, a link to the wording of the voting slip and position notices on the distribution website of the Securities Authority, to every Unregistered Shareholder whose shares are registered at this stock exchange member, unless the shareholder announces that it is not interested, on condition that such notice be given for a specific securities account and at a date prior to the Date of Record.

The latest date to submit position notices of the Company's shareholders is up to ten (10) days prior to the date of convening the General Meeting, namely by January 27, 2020. The latest date to submit responses of the Board of Directors to the position notices shall be up to five (5) days prior to the date of convening of the General Meeting, namely by February 1, 2020.

An Unregistered Shareholder who wishes to vote using the voting slip shall mark on the second part of the voting slip its vote, and hand it to the Company or send it by registered mail together with confirmation of ownership, such that the voting slip will reach the Company's registered office not later than four (4) hours prior to the time of the General Meeting.



Latest date to submit a voting slip (including documents that need to be attached, including confirmation of the ownership, as detailed above and on the voting slip):

A Shareholder registered on the Company's register of shareholders who wishes to vote using the voting slip shall mark on the second part of the voting slip its vote, and hand it to the Company or send it by registered mail together with a copy of his/its identity card or passport or certificate of incorporation, such that the voting slip will reach the Company's registered office not later than four (4) hours prior to the time of convening of the General Meeting.

In accordance with section 66(B) of the Companies Law, one or more shareholders holding at least one (1) percent of the voting rights at the General Meeting is entitled to request the Board to include an item on the agenda of the General Meeting, on condition that the item is suited to be discussed at the General Meeting. In accordance Regulation 5A(a) of the Regulations of Announcement and Notice, a request under section 66(B) of the Companies Law shall be submitted to the Company up to seven (7) days after convening of the General Meeting. If such a request shall be submitted, there is the possibility that items will be added to the Meeting's agenda and details of them will appear on the website of the Securities Authority.

Voting using the electronic voting system

In addition to the foregoing, an unregistered shareholder is also entitled to vote in respect of the item detailed above using a voting slip that will be submitted to the Company using the electronic voting system (in its meaning in the Written Voting Regulations) ("the Electronic Voting System"). Voting using the electronic voting slip will be possible from the time of receipt of confirmation from the electronic voting system of safe receipt of the list of those entitled to vote using the Electronic Voting System and up until six (6) hours prior to the time of convening the General Meeting ("Time of Closing the System"), namely up until February 6, 2020 at 5:00am, when the Electronic Voting System will be closed. Voting using the Electronic Voting System can be changed or canceled up to the time of closing the system. It should be noted that in accordance with section 83(D) of the Companies Law, in the event that a shareholder votes by more than one method, the last vote will be counted, which in this case a vote by the shareholder himself or by way of a proxy shall be deemed later than voting using the Electronic Voting System.

10.5. Authority of the Securities Authority

10.5.1. In accordance with the Controlling Shareholder Regulations, within 21 days from filing of this report the Securities Authority or an employee authorized



for this purpose ("the Authority") is entitled to order the Company to provide within the time stipulated by the Authority an explanation, detail, information and documents in respect of the resolution stated in section 1.10 of this report, and to order the Company to modify this report in respect of anything related to the said contractual relationship in the manner and by the date it stipulates.

10.5.2. Having issued instructions for modification of this report as stated in above, the Authority may order the postponement of the General Meeting to a date that shall not be earlier than three working days and not later than thirty-five days from the date of publication of the modification to the report.

10.5.3. If the Company is required to amend this report as stated above, the Company will make an announcement concerning the amendment.

10.5.4. If an order will have been given for postponement of the date of the General Meeting, the Company will announce the order through an Immediate Report.

10.6. **The Company's representative for handling the Notice of Convening the General Meeting**

The Company's representative for handling this report is Adv. Sheli Bainhoren, Corporate Secretary and Head of Internal Compliance.

10.7. **Examination of the documents**

The Company's shareholders can, upon request, examine this notice and the documents related to item 1.10 on the Meeting's agenda at the Company's offices, the Azrieli Centre 2 Triangular Building, "Bezeq House", (27th Floor), Tel-Aviv Sundays - Thursdays between 10am and 3pm, by prior appointment by telephone 03-626-2200.

Yours sincerely,

"Bezeq" The Israel Telecommunication Corp Limited

Signed: Shelly Bainhoren, Group Corporate Secretary, Head of Internal Compliance

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.