



March 13, 2018

Immediate Supplementary Report

Company's Response to Request to Approve Creditors' Settlement

Further to the Company's Immediate Report dated February 25, 2018 concerning notice by the Company's indirect controlling shareholder, Eurocom Communications Ltd ("Eurocom") (and other private companies from the Eurocom Group) about submitting an application to approve a creditors' settlement in accordance with the provisions of section 350 of the Companies Law, 1999 ("the Settlement") and notice by the Company of a creditors' meeting concerning its opposition to the settlement published, a supplementary Immediate Report is hereby provided that on March 12, 2018 the Company submitted its response to the request to approve the Settlement, in which it announced its support for the proposed Settlement subject to reservations that a neutral trustee should be appointed to carry out the Settlement.

The Company announces as part of its response that it has changed its position after a notice was submitted by Eurocom to the court, in which were detailed, *inter alia*, an estimate of the receipts the entire group of creditors would receive at each of the companies under the Settlement. After the Company analyzed the information presented in this notice with a request to approve the Settlement, it was believed that the alternative of the Settlement was preferable to that of liquidation. In its response the Company clarified that it retains the right to reassess its position and/or to submit its supplementary response, insofar as that will be necessary, and after details of the debt will be submitted by Eurocom.

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.