



**Bezeq the Israel Telecommunications Corp., Ltd.
("The Company")**

December 23, 2020

The Securities Authority

The Tel Aviv Stock Exchange Ltd.

Dear Sir / Ma'am

**Immediate Report – (1) Notice from the State Prosecutor's Office regarding
Consideration of an Indictment and an Invitation to a Hearing**

**(2) Publication regarding the Filing of Indictments
against Former Officers in the Group**

Following previous immediate reports submitted by the Company regarding investigations conducted by the Israel Securities Authority and the Israel Police and the description of the matter in Section 1.1.5 of Chapter A of the Company's Periodic Report for 2019 (as published on December 21, 2020 in the restatement of its financial statements) and an update to the same item in the Company's Quarterly Report for the period ended on September 30, 2020, the following Immediate Report is hereby issued:

**1. Notice from the State Prosecutor's Office Regarding the Consideration of an
Indictment and an Invitation to a Hearing**

On December 23, 2020, the Company received a notice from the Tel Aviv District Prosecutor's Office (Taxation and Economy Dept.), regarding the consideration of an indictment of the Company and an invitation issued to the Company to attend a hearing ("**The Notice**"), according to which:

- 1.1 After examining the evidence before him, the Attorney General is considering filing an indictment against the Company on suspicion of paying bribery (an offense under Section 291 of the Penal Law, 5737 - 1977 ("**The Penal Law**") together with section 23 of the Penal Law) and a reporting offense for the purpose of misleading a reasonable investor (an offense under Section 53 (a) (4) of the Securities Law, 5728 - 1968 together with section 23 of the Penal Law).
- 1.2 According to the notice, the suspicion is that the Company's criminal liability for an offense of the payment of bribery stems from the deeds and from the criminal deliberations of Shaul Elovitch (the former controlling shareholder of the Company and the former Chairman of the Company's Board of Directors) who was an organ of the Company at the time relevant to the suspicions.
- 1.3 In addition, according to the notice, the suspicion is that the Company's criminal liability for the reporting offense arises from the deeds and criminal deliberations of Shaul Elovitch, who was an organ of the Company during the period relevant to the suspicions, and the deeds and criminal deliberations of Stella Handler (the former CEO of the Company), who was an organ of the Company during the relevant period. According to allegations in this regard, the Company reported a letter from the Director General of the Ministry of Communications which allegedly included a misleading representation (of which Shaul Elovitch and Stella Handler were aware) and only after the intervention of senior officials in the Government legal advisor's office the letter was amended and the amendment was reported by the Company to the general public.

- 1.4 According to the notice, before the Attorney General makes a final decision regarding the criminal prosecution of the Company and insofar as the Company wishes to argue against the possibility of a criminal prosecution, the Company must coordinate a date for a hearing within 30 days, which will take place within 90 days from the date of the notice and to submit the main arguments in writing, two weeks prior to the hearing date which will be determined.
- 1.5 It should be noted that the Company's subsidiary,, Walla Communications Ltd. ("**Walla**"), also received a similar notice according to which, after examining the evidence before him, the Attorney General is considering filing an indictment against Walla as well, on suspicion of offenses of paying bribery (an offense under section 291 of the Penal Law together with section 23 of the Penal Law) where, according to the suspicion, Walla's criminal liability for the offense of payment of bribery stems from the deeds and criminal deliberations of Shaul Elovitch, who was an organ of the company during the period relevant to the suspicions.
- 1.6 Walla is studying the notice and it intends to argue at the hearing against the possibility of a criminal indictment.

2. Publication Regarding the Filing of Indictments Against Former Officers in the Group

On December 23, 2020, to the best of the Company's knowledge, the State Prosecutor's Office published a notice by which, *inter alia*, the State Prosecutor's Taxation and Economics Office filed, on that same day, with the Economic Department of the Tel Aviv District Court, an indictment against Shaul Elovitch, as well as against former senior executives in the Bezeq Group and the subsidiary company DBS Satellite Services Ltd. ("**yes**"), Or Elovitch, Amikam Shorer, Linor Yochelman, Ron Eilon and Miki Neiman. According to the publication:

- 2.1 The indictment ascribes, to the defendants, offenses of fraudulently receiving something under aggravated circumstances, fraud and violation of trust in a corporation and offenses of reporting under the Securities Law and relates to two cases: Fraud with respect to the payment of the consideration for the purchase of shares of yes by the Company and fraud in relation to the conduct of the independent committees set up in the Company for the purpose of examining the transactions of the company in which Shaul Elovitch had a personal interest.
- 2.2 The files of suspects who were investigated in the so-called Case 4000 and in the Bezeq case were closed, (including against the former VP of Regulation in the Company and against Or Elovitch and Amikam Shorer).
- 2.3 The State Prosecutor's Taxation and Economics Office has entered into a suspension of procedures arrangement, provisional upon conditions under the Securities Law, with Stella Handler, as part of which Handler admitted to the facts that she was involved in the inclusion of a misleading detail in the Company's reports.

Sincerely,
Bezeq, the Israel Telecommunications Company Ltd.

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.