



**Bezeq – The Israel Telecommunication Corp. Ltd.
("Company")**

August 26, 2020

The Israel Securities Authority

The Tel Aviv Stock Exchange

**Re: Immediate Supplementary Report – Recommendation to the Minister of
Communications regarding setting a maximum rate For Ultra-Broadband Access
Administered on Bezeq's Fiber Optics Network**

Further to Company's immediate report of July 25, 2019 and the description in Section 2.7.2 of the chapter describing the Corporation's Business in the Company's 2019 periodic report regarding a hearing by the Ministry of Communications on setting a maximum rate for ultra-broadband access administered on the Company's fiber-optic network, an immediate report is hereby submitted, stating that on August 25, 2020 the Company received the Minister of Communication's decision regarding changes in the structure and rates and this further to the aforementioned hearing and the recommendations of the VP Economics in the Ministry of Communications.

Pursuant to the Minister's decision, after reviewing the comments made during the hearing and based on the economic opinion of the VP Economics in the Ministry of Communications, the Minister has decided to adopt the recommendations of the professional staff in the office and enact Communication Regulations (Bezeq and Broadcasts) (Use of an Internal Operators' Public Network) (Amendment no. 2), 2020, which sets the maximum rates for ultra-broadband access service administered on the Company's fiber-optic network.

Accordingly, the maximum rate for BSA service using an optical fiber shall be:

- For access service and data transfer at a cumulative rate of up to 550 Mb/second – NIS 71 per customer per month (VAT exclusive);
- For access service and data transfer at a rate higher than 550 Mb/second and up to 1,100 Mb/second – NIS 79 per customer per month (VAT exclusive)

The regulations do not define a supervised rate for the initial installation of internal wiring at subscribers' homes, and Bezeq may charge a reasonable payment for the service.

The rates were set based on the June 2020 consumer price index (CPI) pricing and shall be updated annually on January 1, beginning in 2021, according to changes in the CPI. Based on the recommendations of the ministry's professional staff, the aforementioned rates shall remain in effect for a period of three years, at which point they shall be replaced with a fixed rate.

This decision joins additional decisions by the Ministry regarding the fiber-optic network. The Company is studying the decision and is awaiting completion of the framework in order to consider its next steps accordingly.



Following is a link to the Ministry of Communications' decision, the recommendations of the VP Economics at the Ministry of Communications and the regulations published on the Ministry of Communications' website:

https://www.gov.il/he/departments/policies/25082020_2

Sincerely,

Bezeq - The Israel Telecommunications Corp. 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.