



Immediate Report

Notice from Internet Gold – Golden Lines

Tel Aviv, Israel – June 17, 2018 – Bezeq The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), announced that notice was received from Internet Gold – Golden Lines Ltd., the indirect controlling shareholder in the Company (hereinafter: "Internet Gold"), regarding negotiations for the sale of Internet Gold's holdings in its subsidiary company, B Communications (hereinafter: "BCom") as follows:

1. During the past four days, significant progress has been made in negotiations with one of the bidders (the "Neuman Group"), and it is apparent that commercial gaps have been reduced to the point that a qualitative agreement has been reached, in accordance with the outline requested by the Board of Directors of Internet Gold.
2. According to the outline of the contemplated transaction, the Neuman Group would acquire the Company's holdings in BCom representing 36% to 52% of BCom's issued and paid-up share capital for an amount reflecting a price per share ranging from NIS 46 to NIS 48 (hereinafter, the "Transaction Price").
3. According to the outline, the acquisition would be implemented in several stages, wherein part of the holding that does not require a control permit in the Bezeq Group (hereinafter, the "Control Permit"), would be purchased in the short and medium term for an amount reflecting a price per share ranging from NIS 39 to NIS 42. Such price would be completed and adjusted to the full Transaction Price described above, following receipt of the Control Permit by the Neuman Group and the acquisition of an additional holding in BCom at the rate required by the regulatory bodies to grant the Control Permit. As stated above, the transaction outline would enable the Neuman Group to acquire up to 52% of the issued and paid up capital of BCom, depending on several factors and in accordance with the requirements of the regulator.



4. According to the above outline, the binding agreement would include provisions regarding the appointment of directors in BCom and understandings regarding votes on matters defined by the parties. In addition, the agreement would also include rights of refusal to future sales, as customary.
5. Internet Gold's Board of Directors has held a number of discussions on the matter, and expressed its position that the responsible and correct step would be to positively consider the above-described transaction, among other factors, in view of the quality transaction price, the high certainty in relation to other offers examined by the Company's management, the current market environment and so forth. According to the Company's Board of Directors, the current transaction outline reflects a good maximization of value for all of the Company's shareholders, creates full confidence for the Company's debenture holders and leaves future value in the form of the remaining percentage of holdings.
6. It should be clarified and emphasized that this report is made for precautionary sake only, and in light of various media publications on the matter. However, there can be no certainty at this stage that the transaction will be completed on the terms specified above and/or at all. The foregoing includes a summary of the principal points of the understandings and does not represent the full agreements, which will be reported, if and to the extent, a binding agreement is signed. The information detailed in this report, including the feasibility of the transaction and its commercial terms, constitutes forward-looking information, as defined in the Israeli Securities Law, and is only an initial assessment based on information available to the Company at the reporting date. As stated above, there is no certainty regarding the materialization of the information.

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.