



Revised Notice of a Special General Meeting - August 15, 2017

Notice is hereby given of a special general meeting of the Company's shareholders, which will be held on August 15, 2017 at 11:00 am at the Company's offices at 2 Azrieli Center, Tel Aviv (Triangle Building, 27th floor).

This notice of a meeting must be revised in view of a request by Company shareholders, each of which hold, as of the Effective Date, more than 1% of the Company's issued and paid up capital, to add alternative candidates on their behalf to serve as an external director in the Company to the Agenda of the meeting, in accordance with the provisions of section 66(b) of the Companies Law, 1999 ("the Companies Law"), as set out below:

1. On the agenda:

1.1 Appointment of Mr. Haggai Herman as an external director of the Company for a further term of office.

Format of the proposed resolution and brief description of the resolution highlights:

Appointment of an external director for a further term of office

It is proposed to approve reappointment of Mr. Haggai Herman for a further (second) term of office of three years as external director in the Company, as from September 3, 2017 until September 2, 2020¹. Mr. Herman has given the Company a declaration, in accordance with sections 224B and 241 of the Companies Law.

¹ Subject to approval of such reappointment of Mr. Herman, he will be paid (as are all other external directors in the Company) an annual compensation and participation compensation (in Board of Directors and board committee meetings of the Company, Board of Directors meetings of the Company's wholly owned subsidiaries, if the external director serves in them), at the maximum amounts stipulated in the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000 ("the Compensation Regulations"), as may be from time to time, according to rank of the Company and/or subsidiary, as the case may be, on the relevant date, as set out in the Compensation Regulations and according to their provisions, and to reimbursement of travel expenses related to participation in meetings, as set out in the Compensation Regulations. Mr. Herman also has a letter of undertaking for compensation and exemption in the same format as that approved for all Company officers, and he will be included in the directors and officers insurance policy in accordance with the Company's compensation policy that was approved by the Company's general meeting.



For further information regarding Mr. Haggai Herman, pursuant to section 26 of the Securities Regulations (Periodic and Immediate Reports), 1970, see section 26 in Part D of the periodic report for 2016, as published on March 30, 2017, presented here by way of reference, except that Mr. Herman currently serves as chairman of the Compensation Committee and member of the Compliance Committee of the Company's Board of Directors.

1.2 Appointment of Mr. Shalom Hochman as an external director of the Company.

Format of the proposed resolution and brief description of the resolution highlights:

To approve the first-time appointment of Mr. Shalom Hochman as an external director of the Company for a three-year term, from September 3, 2017 until September 2, 2020².

In accordance with the provisions of the Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Adding an Item to the Agenda), 2000 ("General Meeting Regulations"), on July 16, 2017 the Company received a letter from Clal Insurance Company Ltd, which, as of the Effective Date, holds more than 1% of the voting rights at the general meeting, requesting, in accordance with Regulation 5D of the General Meeting Regulations, to add to the agenda of the general meeting the first-time appointment of Mr. Shalom Hochman as an external director of the Company instead of Mr. Haggai Herman. In accordance with Regulation 5B of the General Meeting Regulations, on July 23, 2017 the Company's Board of Directors discussed the request and found it

² Subject to approval of the above appointment of Mr. Hochman, he will be paid (as well as the other external directors in the Company) an annual compensation and participation compensation (in Board of Directors and board committee meetings of the Company, Board of Directors meetings of the Company's wholly owned subsidiaries, if the external director serves in them), at the maximum amounts stipulated in the compensation regulations, as may be from time to time, according to rank of the Company and/or subsidiary, as the case may be, on the relevant date, as set out in the Compensation Regulations and according to their provisions, and to reimbursement of travel expenses related to participation in meetings, as set out in the Compensation Regulations. Mr. Hochman also has a letter of undertaking for compensation and exemption in the same form as that approved for all Company officers, and will be covered in the directors and officers insurance policy in accordance with the Company's compensation policy that was approved by the Company's general meeting.



to be appropriate for discussion at the general meeting subject of this report. Mr. Hochman gave the Company a declaration in accordance with sections 224B and 241 of the Companies Law.

Information regarding Mr. Hochman, as required under Regulation 26 of the Periodic and Immediate Reports Regulations, all to the best of the Company's knowledge, as provided by Mr. Hochman:

<u>Candidate</u>	<u>Shalom Hochman</u>
<u>Identity number:</u>	<u>042067348</u>
<u>Date of birth:</u>	<u>April 27, 1947</u>
<u>Address for delivery of court documents:</u>	<u>5 Pasternak Street, Apt. 30, Tel Aviv 6920505</u>
<u>Citizenship:</u>	<u>Israeli and American</u>
<u>Committees on which the candidate will serve (subject to appointment)</u>	<u>Audit committee, compensation committee</u>
<u>Commencement of term of office:</u>	<u>September 3, 2017</u>
<u>Office to be held:</u>	<u>External Director</u>
<u>Serves as an independent director</u>	<u>No</u>
<u>Serves as an external director</u>	<u>Yes</u>
<u>Employee of the Company, a subsidiary, related company or interested party and position held</u>	<u>No</u>
<u>Education</u>	<u>BA, Hebrew University of Jerusalem (1972), Major: Economics</u> <u>MBA, Hebrew University of Jerusalem (1975), Major: Finance</u> <u>Ph.D, University of Toronto (1980), Major: Finance</u>
<u>Occupation in the last five years</u>	<u>CEO of Mercantile Discount Bank,</u> <u>CEO of Carmel Mortgage and Investment Bank, Deputy CEO of Poalim Capital Markets</u>
<u>Serves as a director in the following companies</u>	<u>-</u>



<u>Related to another interested party in the Company</u>	<u>No</u>
<u>Accounting and financial expertise or professional qualifications</u>	<u>According to the candidate's declaration, he has professional qualifications.</u>

1.3 Appointment of Mr. Zeev Vurembrand as an external director of the Company.

Format of the proposed resolution and brief description of the resolution highlights:

To approve the first-time appointment of Mr. Zeev Vurembrand as an external director of the Company for a three-year term, from September 3, 2017 until September 2, 2020³.

In accordance with the General Meeting Regulations, on July 16, 2017 the Company received a letter from Psagot Provident Funds and Pension Ltd. ("Psagot"), which, as of the Effective Date, holds more than 1% of the voting rights at the general meeting, that it intends to propose another candidate to serve as an external director of the Company, as an alternative to Mr. Haggai Herman, and will send his name and the details required for the appointment in accordance with Regulation 5B of the General Meeting Regulations, at a later date. On July 19, 2017, the date after the latest date for adding items on the Agenda, Psagot contacted the Company again requesting an extension to send the candidate's name and required details. The Company consented to a one-day extension for provision of all the required information. On the evening of July 19, 2017, Psagot sent the

³ Subject to approval of the above appointment of Mr. Vurembrand, he will be paid (as well as the other external directors in the Company) an annual compensation and participation compensation (in Board of Directors and board committee meetings of the Company, Board of Directors meetings of the Company's wholly owned subsidiaries, if the external director serves in them), at the maximum amounts stipulated in the compensation regulations, as may be from time to time, according to rank of the Company and/or subsidiary, as the case may be, on the relevant date, as set out in the Compensation Regulations and according to their provisions, and to reimbursement of travel expenses related to participation in meetings, as set out in the Compensation Regulations. Mr. Vurembrand also has a letter of undertaking for compensation and exemption in the same form as that approved for all Company officers, and will be covered in the directors and officers insurance policy in accordance with the Company's compensation policy that was approved by the Company's general meeting.



details of Mr. Zeev Vurembrand's candidacy to serve as an external director of the Company together with his resume and declaration in accordance with sections 224B and 241 of the Companies Law.

In accordance with Regulation 5B of the General Meeting Regulations, on July 23, 2017 the Company's Board of Directors discussed the request and found it to be appropriate for discussion at the general meeting subject of this report.

Information about Mr. Vurembrand, as required under Regulation 26 of the Periodic and Immediate Reports Regulations, all to the best of the Company's knowledge, as provided by Mr. Vurembrand:

<u>Candidate</u>	<u>Zeev Vurembrand</u>
<u>Identity number:</u>	<u>50772672</u>
<u>Date of birth:</u>	<u>June 19, 1951</u>
<u>Address for delivery of court documents:</u>	<u>5 Kalman Magen Street, Tel Aviv</u>
<u>Citizenship:</u>	<u>Israeli</u>
<u>Committees on which the candidate will serve (subject to appointment)</u>	<u>Audit committee, compensation committee</u>
<u>Commencement of term of office:</u>	<u>September 3, 2017</u>
<u>Office to be held:</u>	<u>External Director</u>
<u>Serves as an independent director</u>	<u>No</u>
<u>Serves as an external director</u>	<u>Yes</u>
<u>Employee of the Company, a subsidiary, related company or interested party and position held</u>	<u>No</u>
<u>Education</u>	<u>BSc. Industrial Engineering and Management (with honors), Israel Institute of Technology</u>
<u>Occupation in the last five years</u>	<u>CEO of Meuhedet Health Services, CEO of Alon Holdings Blue Square - Israel Ltd.</u>
<u>Serves as a director in the following companies</u>	<u>Isras Investment Company Ltd. (external director and audit committee chairman)</u>

<u>Related to another interested party in the Company</u>	<u>No</u>
<u>Accounting and financial expertise or professional qualifications</u>	<u>According to the candidate's statement, he has accounting/financial expertise as well as professional qualifications.</u>

2. Further information regarding the general meeting

2.1. Majority required to pass the resolutions on the agenda

The majority required to pass the resolutions set out in section 1 above, in accordance with section 239(b) of the Companies Law, is an ordinary majority of all of the votes of the shareholders present at the meeting entitled to vote and actually voting, provided that one of the following is fulfilled:

- (1) The majority vote at the general meeting includes a majority of all of the votes of the shareholders participating in the vote who are non-controlling shareholders of the Company or do not have a personal interest in approval of the appointment, except a personal interest not resulting from a connection to the controlling shareholder; abstentions will not be taken into account in counting the votes of such shareholders;
- (2) The total votes against the appointment among the shareholders described in section (1) will not exceed two percent of the total voting rights in the Company.

It is clarified that if more than one of the candidates for office as an external director of the Company among those described in section 1 above is approved in accordance with this section 2, only the one who receives the majority of "for" votes at the meeting among the voters that are not the controlling shareholders of the Company or do not have a personal interest in approval of the appointment (except a personal interest not resulting from a connection to the controlling shareholder) will be appointed.

2.2. The effective date, right to participate in the meeting and the voting method



The effective date for right to participate and vote at the meeting, pursuant to section 182(c) of the Companies Law and section 3 of the Companies Regulations (Voting in Writing and Position Notices), 2005 will fall at the end of the date of trading day of the Company's securities on the TASE on July 18, 2017 ("the Effective Date").

Under the Companies Regulations (Proof of Ownership of a Share for Voting at a General Meeting), 2000 ("Proof of Ownership of a Share Regulations"), a shareholder whose right to a share is registered with a TASE member and such share is included in the shares registered in the shareholders register in the nominee company's name ("Unregistered Shareholder"), may prove ownership of the Company shares on the Effective Date by submitting a certificate to the Company from the TASE member with which the right to the share is registered, no later than 24 hours prior to the time of convening the meeting.

Unregistered Shareholders may receive the certificate of title from the TASE member through which their shares are held, at the member's branch or by mail to their address, in return for postage fees only, should they so request. Requests in this regard will be made in advance for a specific securities account.

Company shareholders on the Effective Date may attend and vote at the meeting in person or by proxy, after depositing a deed of appointment at the Company's offices at least 48 hours prior to the time of convening the general meeting ("the Deed of Appointment"). The Deed of Appointment will be prepared and signed by the appointing party or his representative authorized for such in writing, and if the authorizing party is a company, the Deed of Appointment will be drafted by the signatory of such company (if any) and in the absence of a signatory, by the person authorized to do so together with the stamp of such company.

2.3. Voting ballot, position notices and adding items on the Agenda

2.3.1. Voting on the above item will also be allowed through the voting ballot attached to this immediate report. The vote will be cast on the second part of the voting ballot, as published on the distribution site.

2.3.2. Addresses of Securities Authority distribution site, the Tel Aviv Stock Exchange Ltd. website and the Company's website

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containing the voting ballot and position notice forms: Securities Authority distribution website: www.magna.isa.gov.il, Website of Tel Aviv Stock Exchange Ltd.: www.maya.tase.co.il and the Company's website: www.bezeq.co.il.

- 2.3.3. The TASE member will send a link to the voting ballot and position notice forms on the Securities Authority distribution website by email to every Unregistered Shareholder whose shares are registered with such TASE member, free of charge, unless such shareholder notifies that he does not wish to receive it, provided that such notice is given regarding a specific securities account and prior to the Effective Date.
- 2.3.4. The latest date for submission of shareholders' position notices to the Company is up to ten (10) days prior to the date of convening of the general meeting, i.e. up to August 5, 2017. The latest date for submission of the Board of Directors' response to position notices is up to five (5) days prior to the date of convening of the general meeting, i.e. up to August 10, 2017.
- 2.3.5. Unregistered shareholders wishing to vote by voting ballot will indicate their vote on the second part of the voting ballot and give it to the company or send it by registered mail together with a certificate of title, so that it reaches the Company's registered office no later than four (4) hours prior to convening the general meeting.
- 2.3.6. Shareholders registered in the Company's shareholders register who wish to vote by voting ballot will indicate their vote on the second part of the voting ballot and give it to the company or send it by registered mail together with a photocopy of their identity card, passport or certificate of incorporation, so that it reaches the Company's registered office no later than six (6) hours prior to convening the general meeting.
- 2.3.7. According to section 66(b) of the Companies Law, one or more shareholders with at least one percent of the voting rights at



the general meeting may request that the Board of Directors include an item in the agenda of the general meeting, provided that it is appropriate to discuss such a matter in the general meeting. According to the regulations for notification of a general meeting, a request under section 66(b) of the Companies Law will be submitted to the Company up to seven (7) days after convening of the meeting, i.e. up to July 18, 2017. If such request is submitted, items might be added to the agenda of the meeting and their details will appear on the Securities Authority distribution site.

2.4. Voting through the Electronic Voting System

In addition to the foregoing, Unregistered Shareholders may also vote on the above item by voting ballot delivered to the Company in the electronic voting system (as defined in the voting ballot) ("the Electronic Voting System"). Voting by electronic voting ballot will be allowed as from receipt of confirmation from the Electronic Voting System regarding proper receipt of the list of those entitled to vote and up to six (6) hours prior to the time of the general meeting ("System Closing Time"), then the Electronic Voting System will close. A vote through the Electronic Voting System may be changed or canceled up to the System Closing Time. Note that in accordance with section 83(d) of the Companies Law, if a shareholder votes in more than one way, the latest vote will be counted, when in this regard the vote of a shareholder in person or by proxy will be considered later than voting through the Electronic Voting System.

Sincerely,

**Shelly Bainhoren, Adv.
Acting Company Secretary
Bezeq The Israel Telecommunication Corporation 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.

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