



March 12, 2018

Immediate Report

Notice from Eurocom

Further to the immediate reports published by the Company on February 8, 20 and 25, 2018 regarding the request of the Company's controlling shareholder, Eurocom Communications Ltd. ("Eurocom") (as well as other private companies within the Eurocom Group), to approve a creditors' arrangement in accordance with Section 350 of the Companies Law, 5759-1999 (the "Arrangement"), the Company hereby provides notification that in the afternoon of March 11, 2018, Eurocom informed it that the investor in the settlement Arrangement had filed with the Court a notice of the expiry of the settlement Arrangement and a motion for instructions (the "Notice").

According to Eurocom's report, the investor claims in the Notice that the Arrangement proposal had expired due to the non-fulfillment of preconditions in the settlement Arrangement. In this context, the investor asserts that no precondition was fulfilled regarding the receipt of a pre-ruling from the tax authority and that due to various events with respect to Bezeq, there has been a material adverse change for purposes of the Arrangement. In addition, the investor raises claims relating to the request of the creditors of Spacecom relating to the provisions of the Arrangement, which seek to apparently limit the investor.

Eurocom informed the Company that it disagrees with the investor's position and that, *inter alia*, no such material adverse change has occurred. It should be noted that the format of selecting the directors in Bezeq, as well as the process of appointing new directors on behalf of B. Communications Ltd., is being carried out with the agreement of B. Communications.

The Company will continue to monitor developments in the Arrangement and will report on every material event, as required by law.

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.