



January 13, 2015

Immediate Report

Pelephone wins 4G tender

Further to the Company's Immediate Report dated July 3, 2014 and to section 3.7.1 of the chapter on the description of the Company's business activities in the Company's Quarterly Report for the period ended September 30, 2014, it is hereby announced that on January 12, 2015 the Company was informed by its subsidiary, Pelephone Communications Ltd ("Pelephone") that it took part in an online tender by the government to allocate fourth generation frequencies (LTE) to cellular operators with infrastructure, virtual operators and companies that are not existing cellular operators, subject to the qualifying conditions in the tender.

In the tender Pelephone received 15 megahertz in the 1800 frequency band, at an overall cost of NIS 96 million.

The results of the award are subject to approval by the Minister of Communications as stipulated in the tender terms.

The fourth generation (4G) network is a cellular data network that facilitates surfing at higher speeds. In August 2014 the Ministry of Communications permitted operation of fourth generation networks in Israel with a bandwidth of 5 megahertz, while at the end of the frequencies tender the cellular companies would be able to operate the network with the full bandwidth they had available, within several weeks of completion of allocation of the frequencies.

Today hundreds of thousands of devices supporting 4G are operating on the Pelephone network, which surf in those areas where LTE infrastructure has been deployed. Pelephone is in the middle of deploying the network throughout the country and will continue accelerated deployment over the coming months.

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.