



June 1, 2016

Immediate Supplementary Report

Pelephone - Cellcom Cooperation Agreement

Further to the Company's immediate report of July 9, 2015 and further to section 3.6.3.c of the Company's 2015 periodic report, the Company provides notification that it was notified by its subsidiary, Pelephone Communications Ltd. ("**Pelephone**"), that it had decided against implementing the cooperation agreement for the maintenance of passive components on cellular sites (by means of an external contractor who was to have been selected) which it had executed with Cellcom Israel Ltd. ("**Cellcom**") on September 21, 2014.

Pelephone decided to handle the anticipated operational savings from the abovementioned agreement by means of internal processes to be carried out by Pelephone employees in lieu of outsourcing through the aforementioned contractor.

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.