



January 17, 2018

## **Immediate Report**

### **Letter from Elliott Advisors (UK) Limited**

At the request of the Israel Securities Authority and regarding the media reports on the matter, the Company hereby announces that on January 16, 2018, Elliott Advisors (UK) ("Elliott") sent a letter to Mr. David Granot, Acting Chairman of the Company's Board of Directors, claiming that together with the funds it advises, Elliot holds "an economic interest of 4.8% in the Company".

In its letter, Elliot proposes, among other things, a number of steps, including: simplification of the Company's ownership structure, by removing at least one layer from the three layers in its chain of holdings; the resignation of the Company's directors who are implicated in the Israel Securities Authority investigation or affiliated with Eurocom Communications Ltd., the Company's controlling shareholder, and their replacement with professional directors elected by an independent special committee of the Company's Board of Directors, following consultation with the Company's key shareholders and confirmed at a general meeting of the shareholders; and that in the event of any change in or replacement of the ultimate controlling shareholders of the Company, the Company's directors will be nominated after consultation with key shareholders of the Company and confirmed by the general meeting of the shareholders.

Elliott suggested discussing these steps with the Acting Chairman of the Board of Directors of the Company, and intends to meet with its representatives.

The Company is examining Elliot's letter, and at this stage it is unable to relate to the nature of the letter and/or to evaluate the implications arising from it.

*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.*