

September 23, 2012

Immediate Report

Class action - Pelephone

On September 23, 2012, the Company received notice from its subsidiary, Pelephone Communications Ltd ("Pelephone") concerning a lawsuit filed together with a motion to approve as a class action and which was filed against it with the Central District Court.

The applicant alleges that the Company unlawfully collected money for the cost of a cellular phone, cancelled telephone line, online browsing services and various services, as well as for collection costs and voucher fees.

The amount claimed is NIS 57 million for the claimed causes, with the addition of NIS 1,000 for emotional distress for each of the members of the group.

It should be noted that there is a class action underway against Pelephone, whereby some of the causes claimed therein are similar to some of those claimed in the foregoing lawsuit (for details pertaining to the class action filed in July 2008 see section 3.21.1[D] of the Company's Periodic Report for 2011 and in its Immediate Report dated August 7, 2012).

Pelephone is currently examining the lawsuit and it and the Company are unable, at this stage, to estimate its chances of succeeding.

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.