



December 12, 2015

Immediate Report

Wholesale market - publication of telephony hearing

Further to the Company's immediate reports in the matter of the High Court of Justice ("HCJ") hearing on the wholesale market and the State's notice to the HCJ, and further to the description in paragraph 1.6.3 of the Company's periodic report for 2014, concerning the wholesale market, the company hereby reports that on December 10, 2015 the Ministry of Communications published a hearing document in the matter of "the provision of telephony services via resale on the Bezeq network." A draft amendment to the Company's general license ("the license") was attached to the hearing document, addressing the addition of telephony service ("the service") to the license, in a resale format. Below is a summary of the hearing.

The service enables the holder of a general license that is authorized to provide domestic landline operating services, to purchase telephony services from the Company, such that will facilitate the sending and receiving of phone calls and the provision of accompanying and value added services provided by the Company, in such a manner that the service provider's subscriber will not discern that he is receiving service via Bezeq, apart from technical support. In this framework, the service provider may bundle packages that are marketed to its subscribers in any format whatsoever.

The hearing document stated that the Ministry is considering allowing Bezeq to offer the service as an interim solution for a limited period of one year from the date of the decision at the hearing, following which the Company will provide wholesale telephony service. It was further stated in the hearing document that the service will be provided immediately after the determination of the operating arrangements with the providers, as the provision of services does not require preparations or changes to the Company's engineering systems, but rather only to the IT systems.

The hearing document presented the following rates:

Plan	Wholesale payment (derived from the retail price, less VAT)
100 minutes	NIS 23.03
300 minutes	NIS 28.15
600 minutes	NIS 35.85
750 minutes	NIS 38.41
1,000 minutes	NIS 46.10



- **Interconnect fees** – The above payment includes interconnect fees for calls to Bezeq subscribers, and in addition, the service provider will pay the interconnect rate for outgoing calls from its network to any subscriber of a different operator, apart from a Company subscriber. The service provider will similarly be eligible for interconnect fees for every incoming call.

- **Price per additional minute** - 9.23 agorot per minute.

- **Payment for additional services** - 40% less than the payment set in the package deals.

The company is studying the details of the hearing document and its implications, and intends to submit its response by the set deadline (January 10, 2016).

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.