



January 16, 2017

### **Immediate Report**

#### **Negotiations to update the agreement between D.B.S Satellite Services (1998) Ltd ("yes") and Space Communications Ltd ("Spacecom")**

The Company issues an update as follows:

1. The Company and yes are negotiating with Spacecom to update the agreement for the supply of satellite segments ("the Existing Agreement")<sup>1</sup> through the incorporation of an active satellite owned by an international satellite company, launched in 2014 and which is expected to operate alongside the Amos 3 satellite at point W<sup>4</sup> (the appropriate point for transfer of satellite broadcasts to yes subscribers) ("Amos 7"), as part of the contract between the parties<sup>2</sup>.
2. For negotiating purposes and since Spacecom is a company controlled by the Company's controlling shareholder, the Company's Board of Directors has decided to appoint an independent committee (including two external directors and an independent director from among the directors), and has authorized it to take all steps required in order to assess all aspects of the transaction.
3. The parties are negotiating updating the Existing Agreement to include a mutual undertaking for the supply and receipt of satellite services, in scope and at terms to be agreed, until the end of the Existing Agreement (in 2028), using Amos 3 and Amos 7 and later Amos 3 and the new satellite that will replace Amos 6 ("Amos 8")<sup>3</sup>.
4. In this connection it will be recalled that according to the Existing Agreement, yes is entitled to reduce the scope of services it receives from Spacecom and/or to terminate them, in accordance with the terms set, and the parties are holding the aforementioned contacts in order to arrange all their relations.

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<sup>1</sup> As detailed in section 5.18.1 of the 2015 Report on the Company's Business, published by the Company on March 17, 2016 and as detailed in section 5 of the quarterly update to the Report on the Company's Business as of September 30, 2016, published by the Company on November 23, 2016.

<sup>2</sup> Currently yes receives services through satellites Amos 2 and Amos 3. It is stipulated that according to what the Company has been informed by Spacecom, Amos 7 has not yet reached point W<sup>4</sup>.

<sup>3</sup> It is stipulated, according to Spacecom, as of this date Spacecom has not yet taken a decision concerning the building and launching of Amos 8.



It is stipulated that the new contractual arrangement is subject to completion of the negotiations between the parties, the signing of a binding agreement and receipt of approvals from the bodies required in law (including approval of the general meeting of the Company's shareholders) and there can be no certainty that the contractual arrangement will be completed.

*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.*