

September 28, 2016

Immediate Supplementary Report

Conversion of the Company's Loans to DBS into Equity

Further to the Company's immediate report of September 18, 2016 regarding the execution of an assessment agreement and a taxation decision with the Income Tax Authority in connection with financing income, shareholder loans, the losses and merger of D.B.S. Satellite Services (1998) Ltd. ("DBS"), whereby all of DBS's shareholdings and rights would be deemed to be equity and would be recorded as shareholders' equity in DBS's books (see section 3 of the aforementioned immediate report), the Company hereby provides notification that on September 27, 2016, the Company's Board of Directors and DBS's Board of Directors approved the conversion of the shareholder loans registered in the Company's name in DBS's books (including the shareholder loans purchased from Eurocom D.B.S. Ltd.) which were provided until June 23, 2015, the balance of which, including principal and interest accrued as of September 27, 2016, amounts to NIS 5,319,400,436, into equity which will be recorded in DBS's accounting books as a premium on shares.

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.