



February 28, 2018

Immediate Report

Letter received from Elliott Advisors (UK) Limited

Further to the immediate report of the Company dated February 25, 2018 regarding the request of the controlling shareholder, B Communications Ltd., to convene an urgent board meeting to discuss the proposed appointment of three new directors to the Company's board of directors concurrently and subject to, the directors Shaul, Or and Orna Elovitch ceasing to serve as directors of the Company (hereinafter: the "Notice"), an immediate report is hereby given that on February 27, 2018 the board of directors of the Company received a letter from the legal representatives of Elliott Advisors (UK) Limited ("Elliott"), in which they expressed their opinion that the Company's board of directors must reject shareholder requests for the granting of any additional rights and accordingly, to object to the aforesaid Notice since it lacks legal basis.

The Company's board of directors is reviewing the letter, and at this stage the Company is unable to provide its response.

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.

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