



July 12, 2017

Immediate Report

State Comptroller's Report

On July 12, 2017, the State Comptroller published a report regarding the Ministry of Communications' actions to regulate the landline communication segment. It includes three reports on the following topics:

- Implementation of the "wholesale market" reform.
- Investment in infrastructures in the landline communication sector and structural aspects, including reference to the Ministry of Communications' actions in connection with the cancellation of the structural/corporate separation in the Company.
- The Prime Minister's conflicts of interest in his capacity as Minister of Communications.

By nature, the State Comptroller's report deals with critique of government ministries (primarily with respect to issues pertaining to the Company) and its findings are directed at those entities.

The Company is unable to evaluate the impact of the aforementioned report on it, if at all.

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.