



## Completion of the Merger of the Cable Companies

**Tel Aviv, January 1<sup>st</sup>, 2007. Delek Group (TASE: DLEKG)** announced that following the press release dated May 8<sup>th</sup>, 2006 included below is the text of the press release issued yesterday by Matav-Cable Systems Media Ltd., with regard to the completion of the merger between the cable companies.

As a result of the merger, Delek Investments and Properties Ltd., a fully owned subsidiary of Delek Group holds 15.932% of the issued capital of the merged company.

### **Press release issued by Matav-Cable Media Systems Ltd. 31.12.06 ("Company")**

Following the press release issued on May 8<sup>th</sup>, 2006, Matav announces that on December 31<sup>st</sup>, 2006, the merger of the cable companies was completed ("merger agreement"), in whose framework the Company acquired all the (multi-channel TV) broadcasting activities, and wireline telecom (telephony and Internet Service) of the other cable companies. In the framework of the completion of the merger, Matav passed its cable network infrastructure, which includes end-equipment and broadcast centers, to the ownership of Hot Telecom Limited Partnership ("Hot Telecom"), of which Matav holds all the rights in. With the completion of the merger, Matav will supply mutli-channel TV services to subscribers across Israel, and Hot Telecom will supply Internet Service, telephony and other services to subscribers throughout Israel.

As a result of the completion of the merger, entering into effect are the decisions which were approved at the general shareholders meeting of Matav which took place on June 27, 2006. These are:

- The name change of the company to "Hot – Cable Communications Systems Ltd." (subject to the approval of the Registrar of Companies),
- The changes in the Articles of Incorporation of the company in a manner which includes the name change of the Company,
- The new structure of the Board of Directors of the Company.
- The appointment of directors who were approved at the general shareholder meeting and the termination of former members of the Board of Directors, except those appointed on behalf of the public.

On the completion of the merger, David Kaminitz is the CEO of the company, replacing Meir Serbenik.

On the completion of the merger, Matav issued 45,649,467 shares to the shareholders and stakeholders in the cable companies whose activities and assets have merged into Matav. After the private issuance, the main shareholders in the issued equity of Matav are as follows:

- Yediot Communications Ltd. ("Yediot") – 16.696%;
- Delek Investments and Properties Ltd. ("Delek") – 15.932%;
- Companies under the control of the Fishman family ("Fishman Group")- 14.587%;
- Bank Leumi Le Israel Ltd. – 15.364%.

The outstanding equity of the company straight after the completion of the merger will be 75,897,184 shares of par value 1 shekel each.

Following the completion of the merger, the agreement of the right of first refusal ("right of first refusal") between the four big banks (Bank Hapoalim Ltd., Bank Leumi L'Yisrael Ltd., Bank Discount L'Yisrael Ltd. and First International Bank Israel Ltd.) and the main other shareholders of the company: Yediot, Delek and the Fishman Group, became enforceable. The right of first refusal relates to the sale of shares held by each one of the sides, and to the first refusal agreement and is for a period of five years from the completion of the merger.

Together with the completion of the merger, a credit agreement was entered into which was signed between Matav and Hot Telecom Limited Partnership, which includes a consortium of Banks, and this is in order to service the existing debt to the banks and to provide new finance for future investments in the business of the Company, beginning on the day of the completion of the merger, all of which were explained in a press release released by Matav on December 12, 2006.

### **About The Delek Group**

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The Delek Group is one of the leading and most prominent and dynamic investment groups in Israel.

The Delek Group is diversified into the following three major subsidiaries:

- Delek Petroleum, with its two subsidiaries: Delek Israel, a gasoline and lubricants distributor in Israel, and Delek USA (NYSE), which operates gas stations and convenience stores and a oil refinery in Southern United States.
- Delek Investments and Properties, a holding company with subsidiaries in the energy, infrastructure, automotive, finance and media sectors.
- Delek Real Estate, through its subsidiaries Dankner and Delek Belron Investments, owns and manages prime global real-estate investments.

### **Contact**

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