Cellcom Israel Ltd.
Form 6-K
August 10, 2016

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For August 10, 2016

Commission File Number: 001-33271

CELLCOM ISRAEL LTD.

10 Hagavish Street

Netanya, Israel 4250708

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No __X__

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

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Item 1

Cellcom Israel announces

second Quarter 2016 Results

EBITDA*[1] *for the second quarter of 2016 totaled NIS 238 million, an approximately 10% increase compared to the second quarter last year.

Net income for the second quarter of 2016 totaled NIS 44 million, an approximately 267% increase compared to the second quarter last year.

Nir Sztern, Cellcom CEO said: "In this quarter we continued to recruit customers at a fast pace, and the TV customer base increased in approximately 12,000 additional households. As of the end of the quarter approximately 87,000 households were enjoying Cellcom tv. We will continue to invest in Cellcom tv so it continues to be a quality and an advanced alternative to the existing TV service providers, for the best price in Israel."

Second Quarter 2016 Highlights *(compared to second quarter of 2015):*

§ **Total Revenues** totaled NIS 1,029 million ($267 million) compared to NIS 1,040 million ($270 million) in the second quarter last year, a decrease of 1.1%

§ **Service revenues** totaled NIS 782 million ($203 million) compared to NIS 786 million ($204 million) in the second quarter last year, a decrease of 0.5%

§ **EBITDA[1]** totaled NIS 238 million ($62 million) compared to NIS 216 million ($56 million) in the second quarter last year, an increase of 10.2%

- **EBITDA margin** 23.1%, up from 20.8%

- **Operating income** totaled NIS 104 million ($27 million) compared to NIS 80 million ($21 million) in the second quarter last year, an increase of 30%

- **Net income** totaled NIS 44 million ($11 million) compared to NIS 12 million ($3 million) in the second quarter last year, an increase of 266.7%

[1] Please see "Use of Non-IFRS financial measures" section in this press release.

§ **Free cash flow[1]** totaled NIS 103 million ($27 million) compared to NIS 119 million ($31 million) in the second quarter last year, a decrease of 13.4%

§ **Cellular subscriber base** totaled approximately 2.812 million subscribers (at the end of June 2016)

Nir Sztern, the Company's Chief Executive Officer, referred to the results of the second quarter:

"The business results of the quarter reflect the Group's ability to successfully operate in an environment characterized by intense competition. In this quarter also we see an improvement in most of the financial measures alongside a decrease in expenses, with an increase of approximately 267% in net income and approximately 10% in EBITDA compared with the corresponding quarter last year. We are implementing the strategy that established our position as a telecommunications group providing a complete value added offering to the customer, and we are enjoying the fruits of this strategy. In this quarter we continued to recruit customers at a fast pace, and the TV customers base increased by approximately 12,000 additional households. As of the end of the quarter, approximately 87,000 households are enjoying Cellcom tv. We will continue to invest in Cellcom tv so it continues to be a quality and an advanced alternative to the existing TV service providers, for the best price in Israel.

In this quarter we continued the efficiency measures pursuant to which we concluded a successful voluntary retirement plan, in relation to which we recorded an expense of approximately NIS 13 million in the quarter.

Recently, we announced our entering into a 4G network sharing and 2G and 3G hosting services agreement with Marathon 018 Xfone which was awarded 4G frequencies in the 2015 frequencies tender and has not entered the cellular market yet. This is an agreement which will advance the cellular infrastructure in Israel and will guarantee continued investments in the development of 4G network while complying with regulation requirements. We believe that only price based competition together with network quality competition and an investment in advanced infrastructures, is the only way to bring Israel back to a world class cellular leader status. This proves that a competitive market can be maintained while complying with regulation guidelines on a level playing field.

I want to thank the employees and managers of the Cellcom group, whose daily work and their commitment to the success of the Group contributed to us winning, for the sixth consecutive year, the title of the leading cellular brand in Israel of the business newspaper 'Globes' brands index."

Shlomi Fruhling, Chief Financial Officer, said:

"In the second quarter of 2016 Cellcom group recorded an improvement in its business results compared with the same quarter of last year, in spite of the continuous competition in the cellular field, reflected in erosion of service revenues, which was partially offset by an increase in revenues from national roaming. In the fixed-line segment we reported stability in service revenues, following the continued recruitment of Cellcom tv, landline wholesale market and triple-play services customers, which was offset by a continued decrease in long distance calls revenues.

From the beginning of the year we witnessed a moderation in the erosion of cellular services revenues compared with the erosion in 2015. The Group continues to act to decrease its operating expenses. In the first half of 2016, selling, marketing, general and administrative expenses reduced approximately 8.7% compared to the same period last year. In addition, the Group recorded a NIS 13 million expense in the second quarter of 2016 in relation of a voluntary retirement plan, and we will see the saving in wages cost gradually starting from the third quarter this year.

The Group continued in the second quarter also to act to decrease its net debt level to NIS 2.59 billion, compared to NIS 2.86 billion in the same quarter last year. The Free Cash Flow totaled NIS 103 million in the second quarter of 2016, a 13.4% decrease compared to the same quarter last year. The decrease in Free Cash Flow resulted mainly from a decrease in receipts from customers for services and end user equipment, which was partially offset by an increase in receipts from national roaming services.

Pursuant to the Group's actions to diversify its financial resources, in the second quarter of 2016 the Company was provided with the first loan under the loan agreement entered by the Company and two financial institutions in May 2015, in a principal amount of NIS 200 million.

The Company’s Board of Directors decided not to distribute a dividend for the second quarter of 2016, given the continued intensified competition in the market and its effect on the Company's operating results and in order to further strengthen the Company's balance sheet. The Board of Directors will re-evaluate its decision as market conditions develop, and taking into consideration the Company's needs."

Netanya, Israel – August 10, 2016 – Cellcom Israel Ltd. (NYSE: CEL TASE: CEL) ("Cellcom Israel" or the "Company" or the "Group"), announced today its financial results for the second quarter of 2016. Revenues for the second quarter of 2016 totaled NIS 1,029 million ($267 million). EBITDA for the second quarter of 2016 totaled NIS 238 million ($62 million), reflecting a margin of 23.1% of total revenues. Net income for the second quarter of 2016 totaled NIS 44 million ($11 million). Basic earnings per share for the second quarter of 2016 totaled NIS 0.43 ($0.11).

Main Consolidated Financial Results:

	Q2/2016	Q2/2015	Change%	Q2/2016	Q2/2015
	NIS million			US$ million (convenience translation)	
Total revenues	**1,029**	1,040	(1.1%)	**267**	270
Operating Income	**104**	80	30%	**27**	21
Net Income	**44**	12	266.7%	**11**	3
Free cash flow	**103**	119	(13.4%)	**27**	31
EBITDA	**238**	216	10.2%	**62**	56
EBITDA, as percent of total revenues	**23.1%**	20.8%	11.1%		

Main Financial Data by Operating Segments:

Starting from the first quarter of 2016, the Company presents its operations in two segments, "Cellular" segment and "Fixed-line" segment. These segments are managed separately for allocating resources and assessing performance purposes. The Company adjusted its operating segments reporting for prior periods on a retroactive basis, therefore the segment reporting for those periods reflect the new reporting format.

- Cellular Segment - the segment includes the cellular communications services, end user cellular equipment and supplemental services.

- Fixed-line segment - the segment includes landline telephony services, internet infrastructure and connectivity services, television services, end user fixed-line equipment and supplemental services.

	Cellular (*)			Fixed-line (**)			Consolidation adjustments (***)		Consolidated results		
NIS million	Q2'16	Q2'15	Change %	Q2'16	Q2'15	Change %	Q2'16	Q2'15	Q2'16	Q2'15	Change %
Total revenues	**784**	810	(3.2%)	**294**	281	4.6%	**(49)**	(51)	**1,029**	1,040	(1.1%)
Service revenues	**567**	573	(1.0%)	**264**	264	-	**(49)**	(51)	**782**	786	(0.5%)
Equipment revenues	**217**	237	(8.4%)	**30**	17	76.5%	**-**	-	**247**	254	(2.8%)
EBITDA	**181**	149	21.5%	**57**	67	(14.9%)	**-**	-	**238**	216	10.2%
EBITDA, as percent of total revenues	**23.1%**	18.4%	25.5%	**19.4%**	23.8%	(18.5%)			**23.1%**	20.8%	11.1%

(*)

The segment includes the cellular communications services, end user cellular equipment and supplemental services.

(**) The segment includes landline telephony services, internet infrastructure and connectivity services, television services, end user fixed-line equipment and supplemental services.

(***) Include cancellation of inter-segment revenues between Cellular and Fixed-line segments.

Financial Review

Revenues for the second quarter of 2016 decreased 1.1% totaling NIS 1,029 million ($267 million), compared to NIS 1,040 million ($270 million) in the second quarter of last year. The decrease in revenues is attributed to a 0.5% decrease in service revenues, and a 2.8% decrease in equipment revenues.

Service revenues totaled NIS 782 million ($203 million) in the second quarter of 2016, a 0.5% decrease from NIS 786 million ($204 million) in the second quarter of last year.

Service revenues in the cellular segment totaled NIS 567 million ($147 million) in the second quarter of 2016, a 1.0% decrease from NIS 573 million ($149 million) in the second quarter of last year. This decrease resulted mainly from a decrease in cellular services revenues due to the ongoing erosion in the price of these services and churn of customers as a result of the competition in the cellular market. This decrease was partially offset by an increase in revenues from national roaming.

Service revenues in the fixed-line segment totaled NIS 264 million ($69 million) in the second quarter of 2016, with no change from the second quarter of last year. In the second quarter of 2016 revenues from long distance calls decreased. Such decrease was offset by an increase in revenues from the Internet and TV fields.

Equipment revenues in the second quarter of 2016 totaled NIS 247 million ($64 million), a 2.8% decrease compared to NIS 254 million ($66 million) in the second quarter of last year. This decrease resulted mainly from a decrease in communications equipment sold during the second quarter of 2016 as compared with the second quarter of 2015 as a result, mainly, from seasonality (holidays). This decrease was partially offset by an increase in equipment revenues in the fixed-line segment.

Cost of revenues for the second quarter of 2016 totaled NIS 666 million ($173 million), compared to NIS 682 million ($177 million) in the second quarter of 2015, a 2.3% decrease. This decrease resulted mainly from a decrease in costs associated with the sale of communications equipment, primarily as a result of a decrease in the quantity of equipment sold during the second quarter of 2016 as compared with the second quarter of 2015, which was partially offset by an increase in content costs related to the TV field and the landline wholesale market field.

Gross profit for the second quarter of 2016 Increased 1.4% to NIS 363 million ($94 million), compared to NIS 358 million ($93 million) in the second quarter of 2015. Gross profit margin for the second quarter of 2016 amounted to 35.3%, up from 34.4% in the second quarter of 2015.

Selling, Marketing, General and Administrative Expenses ("SG&A Expenses") for the second quarter of 2016 decreased 4.3% to NIS 245 million ($63 million), compared to NIS 256 million ($67 million) in the second quarter of 2015. This decrease is primarily a result of the efficiency measures implemented by the Company.

Other expenses for the second quarter of 2016 totaled NIS 14 million ($4 million), compared with other expenses of NIS 22 million ($6 million) in the second quarter of 2015. Other expenses for the second quarter of 2016 primarily include an expense for a new employee voluntary retirement plan in the amount of approximately NIS 13 million ($3 million), compared to an expense for the previous employee voluntary retirement plan in the amount of approximately NIS 25 million ($7 million) in the second quarter of 2015.

Operating income for the second quarter of 2016 increased by 30% to NIS 104 million ($27 million) from NIS 80 million ($21 million) in the second quarter of 2015. The increase in the operating income resulted mainly from a decrease in the employee voluntary retirement plan expense as compared to this expense in the second quarter of 2015, as well as an improvement in gross profitability and a decrease in operating expenses mainly as a result of efficiency measures implemented by the Company.

EBITDA for the second quarter of 2016 increased by 10.2% totaling NIS 238 million ($62 million) compared to NIS 216 million ($56 million) in the second quarter of 2015. EBITDA in the second quarter of 2016 includes an expense for an employee voluntary retirement plan in the amount of NIS 13 million, compared to EBITDA in the same quarter last of year which includes an expense for an employee voluntary retirement plan in the amount of NIS 25 million. EBITDA for the second quarter 2016, as a percent of second quarter revenues, totaled 23.1%, up from 20.8% in the second quarter of 2015. The increase in the EBITDA resulted mainly from an improvement in gross profitability and a decrease in operating expenses, mainly as a result of lower employee voluntary retirement plan expenses in this quarter as compared with the same quarter of 2015.

Cellular segment EBITDA totaled NIS 181 million ($47 million), compared to NIS 149 million ($39 million) in the second quarter last year, an increase of 21.5% resulted mainly from a decrease in cost of revenues and the operating expenses as mentioned above. Fixed-line segment EBITDA totaled NIS 57 million ($15 million), a 14.9% decrease from the second quarter last year, mainly as a result of an erosion in international calls revenues and an erosion in internet field profitability.

Financing expenses, net for the second quarter of 2016 decreased 29.0% and totaled NIS 44 million ($11 million), compared to NIS 62 million ($16 million) in the second quarter of 2015. The decrease resulted mainly from lower interest expenses in relation of the Company’s debentures, as a result of a decrease in the Company’s debt level in the second quarter of 2016 compared to the second quarter of 2015, and gains in the Company's investment portfolio in this quarter as opposed to losses in the corresponding quarter of 2015.

Net Income for the second quarter of 2016 totaled NIS 44 million ($11 million), compared to NIS 12 million ($3 million) in the second quarter of 2015, a 266.7% increase.

Basic earnings per share for the second quarter of 2016 totaled NIS 0.43 ($0.11), compared to NIS 0.12 ($0.03) in the second quarter last year.

Operating Review

Main Performance Indicators - Cellular segment:

	Q2/2016	Q2/2015	Change (%)
Cellular subscribers at the end of period (in thousands)	**2,812**	**2,848**	(1.30%)
Churn Rate for cellular subscribers (in %)	**10.6%**	**10.2%**	3.90%
Monthly cellular ARPU (in NIS)	**66.0**	**65.5**	0.80%

Cellular subscriber base – at the end of the second quarter of 2016 the Company had approximately 2.812 million cellular subscribers. During the second quarter of 2016 the Company's cellular subscriber base decreased by approximately 1,000 net cellular subscribers.

Cellular Churn Rate for the second quarter of 2016 totaled 10.6%, compared to 10.2% in the second quarter of 2015.

The monthly cellular **Average Revenue per User ("ARPU")** for the second quarter of 2016 totaled NIS 66.0 ($17.2), compared to NIS 65.5 ($17.0) in the second quarter of 2015. The increase in ARPU resulted, among others, from an increase in revenues from national roaming, which was partially offset by the ongoing erosion in the prices of cellular services, resulting from the intense competition in the cellular market.

Main Performance Indicators - Fixed-line segment:

At the end of the second quarter of 2016, the Company had approximately 136,000 households in the internet infrastructure field, compared to approximately 32,000 households at the end of the second quarter of 2015. In the TV field, the Company had approximately 87,000 households, compared to approximately 37,000 households at the end of the second quarter of 2015.

Financing and Investment Review

Cash Flow

Free cash flow for the second quarter of 2016 totaled NIS 103 million ($27 million), compared to NIS 119 million ($31 million) in the second quarter of 2015, a 13.4% decrease. The decrease in free cash flow was mainly due to a decrease in receipts from customers for services and end user equipment, which was partially offset by an increase in receipts from national roaming.

Total Equity

Total Equity as of June 30, 2016 amounted to NIS 1,290 million ($335 million) primarily consisting of accumulated undistributed retained earnings of the Company.

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Cash Capital Expenditures in Fixed Assets and Intangible Assets

During the second quarter of 2016 the Company invested NIS 102 million ($26 million) in fixed assets and intangible assets (including, among others, investments in the Company's communications networks, information systems, software and TV set-top boxes), compared to NIS 125 million ($33 million) in the second quarter of 2015.

Dividend

On August 9, 2016, the Company's board of directors decided not to declare a cash dividend for the second quarter of 2016. In making its decision, the board of directors considered the Company's dividend policy and business status and decided not to distribute a dividend at this time, given the intensified competition and its adverse effect on the Company's results of operations, and in order to strengthen the Company's balance sheet. The board of directors will re-evaluate its decision in future quarters. No future dividend declaration is guaranteed and is subject to the Company's board of directors' sole discretion, as detailed in the Company's annual report for the year ended December 31, 2015 on Form 20-F dated March 21, 2016, under "Item 8 - Financial Information – A. Consolidated Statements and Other Financial Information - Dividend Policy".

Debentures

For information regarding the Company's summary of financial liabilities and details regarding the Company's outstanding debentures as of June 30, 2016, see "Disclosure for Debenture Holders" section in this press release.

Loan from Financial Institutions

According to a loan agreement entered by the Company and two financial institutions in May 2015, in June 2016 the first loan under the agreement in a principal amount of NIS 200 million was provided to the Company. The loan is without linkage and the principal amount bears an annual fixed interest of 4.6%, and will be paid in four equal annual payments on June 30 of each calendar year commencing June 30, 2018 through and including June 30, 2021. The interest will be paid in ten semi-annual installments on June 30 and December 31, of each calendar year commencing December 31, 2016 through and including June 30, 2021. For details in regards to the fulfilling of financial covenants included in the loan agreement, which are identical to those included in the Company's Debentures Series F through I, see comment no.1 to the table of "Aggregation of the information regarding the debenture series issued by the Company" under "Disclosure for Debenture Holders" section in this press release. For additional details see the Company's most recent annual report for the year ended December 31, 2015 on Form 20-F, filed on March 21, 2016, under "Item 5B. Liquidity and Capital Resources – Other Credit Facilities".

Other developments during the second quarter of 2016 and subsequent to the end of the reporting period

Agreement with Xfone

In July 2016, the Company entered a 4G network sharing and 2G and 3G hosting services agreement (the "Agreement"), with Marathon 018 Xfone Ltd., or Xfone, which was awarded 4G frequencies in the 2015 frequencies tender and has not entered the cellular market yet.

The main provisions of the Agreement include the following:

- 4G network sharing – the parties will cooperate in the development of a shared 4G network, which will use both parties' 4G frequencies, to be operated by a separate, newly created entity, or NewCo, that will be equally owned by the parties. Each of the Company and Xfone shall own the active elements of the 4G radio network, or the 4G Radio Network, in equal parts and will grant each other and NewCo an Indefeasible Right of Use, or IRU in their 4G Radio Network. To that end, Xfone will purchase half of the 4G Radio Network owned by the Company prior to the Effective Date from the Company while each party will purchase and operate its own core network. The Company shall further provide Xfone and NewCo an IRU to the Company's passive elements of the 4G network. The company shall provide services to NewCo as a subcontractor.

- 2G and 3G hosting services – the Company shall provide Xfone hosting services in relation to its 2G and 3G networks.

- Term – the Agreement is for a term of ten years commencing from the earlier of the commercial launch of cellular services by Xfone or 12 months following the receipt of regulatory approvals for the Agreement, or Effective Date, and will be extended for additional periods, unless either party notifies otherwise.

- Consideration –

  - 4G CAPEX - for 4G Radio Network investments prior to the Effective Date, Xfone shall pay the Company half its original cost in several installments (not expected to be material), commencing on the Effective Date. The ongoing investments in 4G Radio Network as of the Effective Date, shall be equally borne by the parties.

  - Passive network IRU - for the passive elements' IRU, Xfone shall pay the Company approximately NIS 45 million per annum, in 12 monthly installments.

  - Operation costs - the operation costs of the 4G shared network and the 2G and 3G networks (both active and passive), shall be borne as follows: a fixed component to be borne equally by the parties, subject to certain discount arrangements dependent on Xfones' subscribers amount and a variable component to be borne by the parties according to the parties' relative usage of data by their subscribers (as defined in the Agreement).

- o However, during up to the first 5 years commencing on the Effective Date, Xfone shall be entitled to a discount regarding the said payments for the IRU to the passive elements and its share of the operation costs, according to which, such payments will be replaced with a monthly payment per subscriber to the Company of NIS 25 in the first year, NIS 27.5 in the second year and NIS 30 thereafter, plus VAT, but in any case not less than the minimum annual amounts set in the Agreement (ranging between NIS 20 million in the first year and NIS 110 million in the fifth year).

- Termination – the Agreement includes separation and termination arrangements, including an interim period in which each party will have IRU to the other's 4G Radio Network under the same terms, the provision of IRU to the passive elements of the 4G network for a certain per cell site payment, and the provision of 2G and 3G services and transmission services to Xfone as shall be agreed between the parties. In addition to standard termination causes, Xfone may terminate the Agreement by a prior written notice if it decides to cease operating in the cellular market in Israel.

- The Agreement is preconditioned by the receipt of any required regulatory approval including the Antitrust Commissioner and the Ministry of Communications' approvals.

- The agreement includes standard stipulations as well as certain arrangements for adding another sharing party.

The Agreement will have no impact on the Company's current agreements with Golan Telecom or the Company's compliance with such agreements.

The information relating to the execution of the Agreement and the benefits therefrom, are subject to uncertainties and assumptions about the receipt of the necessary approvals, Xfone's entrance to the cellular market and its cellular subscribers quantity during the agreement period, the parties' ability to execute the contemplated arrangements and the Israeli telecommunications market condition.

For additional details see the Company's most recent annual report for the year ended December 31, 2015 on Form 20-F, filed on March 21, 2016, or the 2015 Annual Report, under "Item 3. Key Information – D. Risk Factors – Risks Related to our Business – We face intense competition in all aspects of our business" and "- Risks Related to the Proposed Acquisition of Golan Telecom Ltd."and "Item 4. Information on the Company – B. Business Overview - General - Agreement for the Purchase of Golan", "– Network and Technology - Network and Cell Sites Sharing Agreements" and under "-Competition – Cellular" and "- Government Regulation – Additional MNOs", and the Company's current reports on Form 6-K date March 28, 2016, April 12, 2016, May 16, 2016 and June 13, 2016.

Golan Telecom

In June 2016, the controlling shareholder of Hot Mobile Ltd. ("Hot"), another Israeli cellular operator, announced a non-exclusive long term agreement for the provision of hosting services to Golan Telecom on the network used by Hot, and financing arrangements to be provided by Hot and its controlling shareholder (the "Hot Agreement"), subject to the Israeli regulators' approval and instructions.

The Company has notified Golan Telecom and its shareholders that the Hot agreement constitutes material breaches of the Share Purchase Agreement ("SPA") and National Roaming Agreement ("NRA") between the Company and Golan Telecom.

In July 2016, following Golan Telecom's subsequent rejection of said notice, the Company commenced legal actions against Golan Telecom and later that month, the district court granted an interim injunction against the consummation of the Hot Agreement, as requested by the Company. In August 2016, Golan Telecom filed a request to appeal the said interim injunction, with the Israeli Supreme Court.

The Company cannot estimate the chances of regulatory approval of the Hot Agreement, or its impact on the Company's ability to collect amounts owed by Golan Telecom or to generate future revenues from Golan Telecom. A substantial reduction of the future revenues from Golan Telecom will have a material adverse effect on the Company's revenues and results of operations.

For additional details see the Company's 2015 Annual Report under "Item 3 Key Information - D. Risk Factors – Risks Related to our Business –We face intense competition in all aspects of our business" and "- Risks Related to the Proposed Acquisition of Golan Telecom Ltd." and under "Item 4. Information on the Company - B. Business Overview - General - Agreement for the Purchase of Golan", and under "- Competition – Cellular" and "- Government Regulation – Additional MNOs", and the Company's current reports on Form 6-K date March 28, 2016, April 12, 2016, May 16, 2016, June 13, 2016, July 12, 2016 and July 21, 2016.

Voluntary Retirement Plan

In May 2016, the Group in collaboration with the employees representatives, launched a new voluntary retirement plan for employees, following which, the Company recorded an expense in an amount of approximately NIS 13 million in the second quarter of 2016 with respect to employees who joined the plan.

Conference Call Details

The Company will be hosting a conference call regarding its results for the second quarter of 2016 on Wednesday, August 10, 2016 at 09:00 am ET, 06:00 am PT, 14:00 UK time, 16:00 Israel time. On the call, management will review and discuss the results, and will be available to answer questions. To participate, please either access the live webcast on the Company's website, or call one of the following teleconferencing numbers below. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 866 744 5399 UK Dial-in Number: 0 800 917 9141
Israel Dial-in Number: 03 918 0687 International Dial-in Number: +972 3 918 0687

at: 09:00 am Eastern Time; 06:00 am Pacific Time; 14:00 UK Time; 16:00 Israel Time

To access the **live webcast** of the conference call, please access the investor relations section of Cellcom Israel's website: www.cellcom.co.il. After the call, a **replay** of the call will be available under the same investor relations section.

About Cellcom Israel

Cellcom Israel Ltd., established in 1994, is the largest Israeli cellular provider; Cellcom Israel provides its approximately 2.812 million cellular subscribers (as at June 30, 2016) with a broad range of value added services including cellular telephony, roaming services for tourists in Israel and for its subscribers abroad and additional services in the areas of music, video, mobile office etc., based on Cellcom Israel's technologically advanced infrastructure. The Company operates an LTE 4 generation network and an HSPA 3.5 Generation network enabling advanced high speed broadband multimedia services, in addition to GSM/GPRS/EDGE networks. Cellcom Israel offers Israel's broadest and largest customer service infrastructure including telephone customer service centers, retail stores, and service and sale centers, distributed nationwide. Through its broad customer service network Cellcom Israel offers technical support, account information, direct to the door parcel delivery services, internet and fax services, dedicated centers for hearing impaired, etc. Cellcom Israel further provides OTT TV services (as of December 2014), internet infrastructure (as of February 2015) and connectivity services and international calling services, as well as landline telephone communications services in Israel, in addition to data communications services. Cellcom Israel's shares are traded both on the New York Stock Exchange (CEL) and the Tel Aviv Stock Exchange (CEL). For additional information please visit the Company's website http://investors.cellcom.co.il.

Forward-Looking Statements

The following information contains, or may be deemed to contain forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “ “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about the Company, may include projections of the Company's future financial results, its anticipated growth strategies and anticipated trends in its business. These statements are only predictions based on the Company's current expectations and projections about future events. There are important factors that could cause the Company's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause such differences include, but are not limited to: changes to the terms of the Company's license, new legislation or decisions by the regulator affecting the Company's operations, new competition and changes in the competitive environment, the outcome of legal proceedings to which the Company is a party, particularly class action lawsuits, the Company's ability to maintain or obtain permits to construct and operate cell sites, and other risks and uncertainties detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission, including under the caption “Risk Factors” in its Annual Report for the year ended December 31, 2015.

Although the Company believes the expectations reflected in the forward-looking statements contained herein are reasonable, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The Company assumes no duty to update any of these forward-looking statements after the date hereof to conform its prior statements to actual results or revised expectations, except as otherwise required by law.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Unless noted specifically otherwise, the dollar denominated figures were converted to US$ using a convenience translation based on the New Israeli Shekel (NIS)/US$ exchange rate of NIS 3.846 = US$ 1 as published by the Bank of Israel for June 30, 2016.

Use of non-IFRS financial measures

EBITDA is a non-IFRS measure and is defined as income before financing income (expenses), net; other income (expenses), net (excluding expenses related to employee voluntary retirement plans); income tax; depreciation and amortization and share based payments. This is an accepted measure in the communications industry. The Company presents this measure as an additional performance measure as the Company believes that it enables us to compare operating performance between periods and companies, net of any potential differences which may result from differences in capital structure, taxes, age of fixed assets and related depreciation expenses. EBITDA should not be considered in isolation, or as a substitute for operating income, any other performance measures, or cash flow data, which were prepared in accordance with Generally Accepted Accounting Principles as measures of profitability or liquidity. EBITDA does not take into account debt service requirements, or other commitments, including capital expenditures, and therefore, does not necessarily indicate the amounts that may be available for the Company's use. In addition, EBITDA as presented by the Company may not be comparable to similarly titled measures reported by other companies, due to differences in the way these measures are calculated. See the reconciliation of net income to EBITDA under "Reconciliation of Non-IFRS Measures" in the press release.

Free cash flow is a non-IFRS measure and is defined as the net cash provided by operating activities (including the effect of exchange rate fluctuations on cash and cash equivalents), minus the net cash used in investing activities excluding short-term investment in tradable debentures and deposits and proceeds from sales of such debentures (including interest received in relation to such debentures) and deposits. See "Reconciliation of Non-IFRS Measures" below.

Company Contact	**Investor Relations Contact**
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Financial Tables Follow

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Cellcom Israel Ltd.

(An Israeli Corporation)

Condensed Consolidated Interim Statements of Financial Position

	June 30, 2015	**June 30, 2016**	**Convenience translation into US dollar June 30, 2016**	**December 31, 2015**
	NIS millions		US$ millions	NIS millions
Assets				
Cash and cash equivalents	894	982	255	761
Current investments, including derivatives	375	284	74	281
Trade receivables	1,311	1,327	345	1,254
Other receivables	89	68	18	104
Inventory	85			