



## **Investment Strategy In YES**

November 29, 2001

### **CEO OF BEZEQ: THE STRATEGY GUIDING BEZEQ IN INVESTING IN YES HAS A DEFINED PRICE.**

**Further funds for YES will be contingent at each stage on additional financing from the banks and from at least one other shareholder.**

Bezeq is not prepared to be the sole financier of YES satellite company and the one who would have to finance every further deviation from the present estimate of the investment ceiling in the venture. This was made clear today by Ilan Biran, the CEO of Bezeq, in his remarks on the company's strategy in its partnership with YES when presenting the company's position to the Ministerial Committee for Privatization, the Minister of Communications, the Director General of the Ministry of Communications and the Anti-Trust Commissioner.

**Bezeq recently submitted a paper to the Committee for Privatization, in which it sets out its position as regards further investment in YES. According to Biran, the document is being presented by various interested parties as proof of the guaranteed solidity of YES and as justification for bringing pressure to bear on the Anti-Trust Commission to change its earlier decision concerning the merger of the cable companies.**

Biran emphasized that additional infusions of money into YES will be contingent, at all stages, on additional financing from the banks, as well as the participation in a defined minimum amount of at least one other shareholder. Failure of one of these entities to continue financing the venture, could lead to an end to the financing provided by Bezeq.

Bezeq sees the partnership in YES as a strategic asset of great importance for its business and competitive future. This belief means that Bezeq is ready to invest large sums of money and to moderate its criteria for the pace of return or yield on the investment. Nevertheless, as always in business, there is a price clarified Biran. Bezeq does not intend to own more than 50% of YES at this stage, and accordingly, is ready to finance it up to that percentage and no more. The regulators must not disregard the difficulties relating to the level of commitment of some of the partners in YES, nor the matter of the price, said Biran.

Biran commented on the strange situation in which a merger of the cable companies is being encouraged so as to harm YES, with the contention that it is out of concern for the future telephony market. No harm should be allowed to happen to YES “ which is only now penetrating the market “ in the name of hypocritical concern for the public.

Biran also said that little regard or importance should be attached to the undertakings of the cable companies to provide telephony services, or to any other promises made to the regulator.

**“The State has learned only too well the value of the promises of the cable companies. We can see ample evidence of that among the inhabitants of remote areas, who were ignored by the cable companies for more than a decade, in blatant violation of their license, not to mention the broken marketing promises to connect every household to the cable network. They also broke their promises to Israeli artists about original Israeli productions for millions of shekels a year, and about encouraging the local television and cinema industries “ and this too was in violation of the provisions of their license. If these seem like promises from the past, then take note of the fact that only recently, during the discussion of Amendment 25 to the Telecommunications Law, did the cable companies promise the Minister of Communications and the Economics Committee to cancel the tiering arrangement and they have not done so,” said Biran.**