



## **Bezeq is strengthening its status in the business sector**

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**Preliminary data on penetration of Bezeq products:**

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- **For the first time, Bezeq discloses impressive data on the penetration of its unique products for the business sector**
- **The flagship service – IPVPN – has increased the number of lines by 30% in the first half of the year**
- **Bezeq CEO Yacov Gelbard: Bezeq responds quickly to changes and to the needs of its business customers**
- **Bezeq's TV campaign – aimed specifically at the business sector – starts tomorrow (Thursday)**

In the first half of 2006 Bezeq consolidated its status as the leading communications provider in the business sector, posting a 25% growth in the number of customers for the company's flagship service – IPVPN, and a 30% increase in the number of lines connected to the service.

The outstanding trend in 2006 for data services is the demand of numerous businesses to upgrade their communications infrastructures and switch to higher bandwidths. This enables them to provide more effective support for various applications that require high bandwidth, stronger links among branches and between branches and management, secure access to the internet for distance work, etc.

At the end of last week Bezeq won the Accountant General's ("A-G") tender for setting up a data communications network for all government ministries on transmission and IPVPN services. Bezeq will provide the A-G with an advanced data solution based on a combination of two networks – IPVPN and transmission, enabling full backup and survivability for every site. The estimated value of the project is tens of millions of shekels per year. When the win was published, Bezeq's CEO, Yacov Gelbard, said that the selection of Bezeq as the exclusive provider of data solutions for government ministries is a huge vote of confidence in the company.

The business organizations that work with Bezeq's IPVPN service represent all the segments of the business sector – banks, insurance companies, industry, supermarkets, retail – all are IPVPN subscribers.

Another interesting fact is that as the large businesses join the services, the number of small and medium-size businesses subscribing to IPVPN has doubled, reaching 7% of all customers. These smaller businesses, such as chains of fashion stores, use the service mainly for communication between branches.

Another communications solution enjoying outstanding success is ATM Direct, which is intended mainly for connecting sub-branches to the main branch, at various bandwidths and competitive prices, and to provide connectivity of various qualities for the internet provider. Since the beginning of 2006, the number of business customers for this service has doubled.

Recent months have seen a rise of almost 50% in the number of customers ordering transmission services, which

enable them to receive a secure communications line at the highest speeds for their exclusive use – all under the umbrella of Bezeq service quality and infrastructure.

Bezeq is also leading in internet in the business sector: many business customers who order an internet line through ISP companies, demand that the connection to the internet use DSL technology. Indeed, about 75% of business in Israel (large and small alike) are connected to the internet through Bezeq's ADSL network.

On the subject of Voice, the most significant datum is the 10% increase in call minutes from Bezeq to cellular in the business sector, compared with 2005. With the further reduction in interconnect fees in March 2006, the price of a Bezeq to cellular call fell to only 41.4 agorot per minute. This is a very attractive price compared to the prices of calls within the cellular networks, and has led to massive disconnection of tellular handsets. More than 10,000 handsets have been disconnected recently, followed by an increase in orders for Bezeq lines in the business sector.

Yacov Gelbard, CEO of the Bezeq Group, said that Bezeq has met the targets it set for itself of bringing a range of new products and the newest technologies to business customers. "Bandwidth is the basis for new and advanced applications. We are continuing to examine the significance of advanced infrastructure technologies that will take us and our business customers into a fascinating world of abilities. Bezeq is proving itself as a company that responds quickly to changes, and every business customer knows that Bezeq can offer it communications solutions that are suited to every situation," said Gelbard.

Ika Abravanel, Deputy CEO of Bezeq: "Bezeq's relations with its business customers are based on the awareness that if Bezeq can meet all the requirements of its customer and provide a tailor-made solution for its communications requirements, then that customer will see Bezeq as a partner for achieving its goals and targets and it will remain a Bezeq customer. An important facet of our relations with customers is service – we listen to customers' needs and provide a rapid, high-quality solution. To do this, we structure segments of businesses and organizations that enable us to offer each segment the most suitable solutions for it, said Abravanel.

This Thursday (3<sup>rd</sup> August) Bezeq will launch a television campaign that highlights the advantages and strength of the communications solutions that Bezeq offers the business sector. The message behind the campaign is that when Bezeq Business takes care of the communications solutions for a customer, the customer is free to attend to its core business. The campaign was prepared and produced by the Adler Chomsky ad agency.