



**MOU between Bezeq International and Tycom**

January 31, 2001

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**The Securities Authority  
22 Kanfei Nesharim St.  
Jerusalem  
Fax: 02-6513940**

**The Registrar of Companies  
P.O.B. 29178  
Jerusalem  
Fax: 02-6247874**

**The Tel Aviv Stock Exchange  
54 Ahad Ha'Am St.  
Tel Aviv  
Fax: 03-5105379**  
Dear Sirs,

Immediate notice is hereby given as follows:

Notice was received today at the Company's offices, from the subsidiary Bezeq International Ltd. ("Bezeq International"), that on the 30th of January 2001, Bezeq International signed a memorandum of understanding with TyCom Networks Ltd. ("TyCom"), a leading international supplier of communications systems and services, including capacity and undersea optical fibers.

The agreement creates a joint venture for laying and operating an undersea system of optical fibers in the eastern Mediterranean basin, as part of the TyCom Global Network ("TGN"), at a total cost of about 390 million dollars. The investment of Bezeq International in the project will be about 20%, and TyCom will own the other 80%. Bezeq International has an option to increase its share, on certain terms, to 33% of the joint venture.

The system, as part of the TGN, creates direct, continuous and uniform undersea routing between New York, Europe and Tel Aviv. It is designed to link Italy, Greece, Turkey, Cyprus and Israel, and possibly other countries in the Mediterranean basin in the second half of 2002.

Under the memorandum of understanding, the parties are supposed to act for the signing of a detailed agreement for obtaining approvals, to the extent required by any law.

Yours sincerely,

Shlomo Koppel  
Company Secretary