



Facts & Figures Q2 2008

Three month period ending June 30, 2008

Index of contents

Sheet I - Income statement, cash flows and balance sheet

Sheet II - Key Performance Indicators (KPIs)

Sheet III - Glossary & Footnotes

For further information:

Bezeq Investor Relations

Phone +9722 539 5441

ir@bezeq.co.il

www.bezeq.co.il



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008
Bezeq Group													
Key Income Statement Metrics													
Revenues	11,925	3,012	3,019	3,084	3,117	12,232	3,089	3,053	3,139	3,119	12,400	3,100	3,086
QoQ Change			0.2%	2.2%	1.1%		-0.9%	-1.2%	2.8%	-0.6%		-0.6%	-0.5%
YoY Change						2.6%	2.6%	1.1%	1.8%	0.1%	1.4%	0.4%	1.1%
Operating Profit	1,527	516	516	560	-27	1,565	657	571	596	512	2,336	664	800
QoQ Change			0.0%	8.5%	N/M		N/M	-13.1%	4.4%	-14.1%		29.7%	20.5%
YoY Change						2.5%	27.3%	10.7%	6.4%	N/M	49.3%	1.1%	40.1%
Net profit attributed to Bezeq shareholders	666	314	289	313	-107	809	399	361	255	315	1,330	398	437
QoQ Change			-8.0%	8.3%	N/M		N/M	-9.5%	-29.4%	23.5%		26.3%	9.8%
YoY Change						21.5%	27.1%	24.9%	-18.5%	N/M	64.4%	-0.3%	21.1%
Earnings Per Share - Basic	0.26	0.12	0.11	0.12	-0.04	0.31	0.15	0.14	0.10	0.12	0.51	0.15	0.17
Earnings Per Share - Diluted	0.26	0.12	0.11	0.12	-0.04	0.31	0.15	0.14	0.09	0.12	0.50	0.15	0.17
Depreciation & amortization	1,934	460	472	469	463	1,864	441	436	445	447	1,769	429	422
QoQ Change			2.6%	-0.6%	-1.3%		-4.8%	-1.1%	2.1%	0.4%		-4.0%	-1.6%
YoY Change						-3.6%	-4.1%	-7.6%	-5.1%	-3.5%	-5.1%	-3.2%	-3.2%
EBITDA	3,461	976	988	1,029	436	3,429	1,098	1,007	1,041	959	4,105	1,093	1,222
QoQ Change			1.2%	4.1%	-57.6%		151.8%	-8.3%	3.4%	-7.9%		14.0%	11.8%
YoY Change						-0.9%	12.5%	1.9%	1.2%	120.0%	19.7%	-0.5%	21.4%
Shares Outstanding - Basic	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605
Shares Outstanding - Diluted	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,605	2,637	2,641	2,641	2,649	2,648
Key Cash Flow Metrics													
Operating cash flow	3,192	856	868	964	1,097	3,785	865	697	895	623	3,066	637	776
QoQ Change			1.4%	11.1%	13.8%		-22.2%	-18.5%	28.8%	-30.4%		2.2%	21.8%
YoY Change						18.6%	-0.4%	-19.9%	-7.2%	-43.2%	-19.0%	-26.4%	11.3%
Capital expenditures, gross	1,701	331	0	236	328	1,163	240	278	311	433	1,246	366	386
QoQ Change			-19.0%	-11.9%	39.0%		-30.8%	21.1%	13.1%	39.2%		-15.5%	5.5%
YoY Change						-31.6%	-31.4%	2.6%	31.8%	32.0%	7.1%	52.5%	38.8%
Capital expenditures, net	1,680	318	263	226	308	1,115	217	181	294	389	1,069	305	360
QoQ Change			-17.3%	-14.1%	36.3%		-32.5%	-14.4%	65.2%	32.3%		-21.6%	18.0%
YoY Change						-33.6%	-34.6%	-32.3%	30.1%	26.3%	-4.1%	40.6%	98.9%
Free cash flow	1,512	538	605	738	789	2,670	648	516	601	234	1,997	332	416
QoQ Change			12.5%	22.0%	6.9%		-18.3%	-19.8%	16.2%	-61.1%		41.9%	25.3%
YoY Change						76.6%	19.9%	-14.5%	-18.6%	-70.3%	-25.2%	-48.8%	-19.4%
Key Balance Sheet Metrics													
Total debt	8,908	8,726	8,502	7,622	7,457	7,457	7,253	8,055	6,870	6,776	6,776	6,539	6,284
Cash, short-term & long-term investments	5,019	5,250	4,194	3,907	3,935	3,935	2,209	3,350	2,358	1,832	1,825	1,827	1,032
Net debt	3,889	3,476	4,308	3,715	3,522	3,522	5,043	4,705	4,511	4,944	4,951	4,712	5,252
Ratios													
Operating margin	12.8%	17.1%	17.1%	18.2%	-0.9%	12.8%	21.3%	18.7%	19.0%	16.4%	18.8%	21.4%	25.9%
Net margin	5.6%	10.4%	9.6%	10.1%	-3.4%	6.6%	12.9%	11.8%	8.1%	10.1%	10.7%	12.8%	14.2%
EBITDA margin	29.0%	32.4%	32.7%	33.4%	14.0%	28.0%	35.5%	33.0%	33.2%	30.7%	33.1%	35.3%	39.6%
Capex/Sales	14.3%	11.0%	8.9%	7.7%	10.5%	9.5%	7.3%	9.0%	9.9%	13.9%	10.0%	11.8%	12.5%
Total debt / EBITDA (ttm)	2.57				2.17	2.17	2.04	2.26	1.92	1.65	1.65	1.59	1.46
Net debt / EBITDA (ttm)	1.12				1.03	1.03	1.42	1.32	1.26	1.20	1.21	1.15	1.22



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008

Bezeq Fixed Line

Key Income Statement Metrics

Revenues		5,893	1,455	1,440	1,465	1,439	5,799	1,442	1,393	1,425	1,453	5,713	1,408	1,354
	QoQ Change			-1.0%	1.7%	-1.8%		0.2%	-3.4%	2.3%	2.0%		-3.1%	-3.8%
	YoY Change						-1.6%	-0.9%	-3.3%	-2.7%	1.0%	-1.5%	-2.4%	-2.8%
Operating profit		919	308	280	363	-197	754	369	243	327	340	1,279	368	428
	QoQ Change			-9.1%	29.6%	N/M		N/M	-34.1%	34.6%	4.0%		8.2%	16.3%
	YoY Change						-18.0%	19.8%	-13.2%	-9.9%	N/M	69.6%	-0.3%	76.1%
Depreciation & amortization		1,109	258	258	259	251	1,026	237	236	236	232	941	218	211
	QoQ Change			0.0%	0.4%	-3.1%		-5.6%	-0.8%	0.4%	-1.3%		-6.4%	-3.2%
	YoY Change						-7.5%	-8.1%	-8.9%	-8.9%	-7.2%	-8.3%	-8.0%	-10.6%
EBITDA		2,028	566	538	622	54	1,780	606	479	563	572	2,220	586	639
	QoQ Change			-4.9%	15.6%	-91.3%		1022.2%	-21.1%	17.8%	1.8%		2.3%	9.0%
	YoY Change						-12.2%	7.1%	-11.2%	-9.5%	961.1%	24.7%	-3.3%	33.4%

Key Cash Flow Metrics

Capital expenditures, gross		<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	578	113	101	149	141	504	158	132
									-10.6%	47.5%	-5.4%	-12.8%	-12.1%	-16.5%
Capital expenditures, net		<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	539	95	5	133	118	351	98	107
	QoQ Change								-94.7%	2560.0%	-11.3%		5.1%	9.2%
	YoY Change											-34.9%	30.5%	N/M

Key Balance Sheet Metrics

Total debt		6,945	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	6,258	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	4,696	<i>N/A (1)</i>	<i>N/A (1)</i>
Cash, short-term & long-term investments		4,128	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	3,495	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	991	<i>N/A (1)</i>	<i>N/A (1)</i>
Net debt		2,817	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	2,683	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	3,705	<i>N/A (1)</i>	<i>N/A (1)</i>

Ratios

Operating margin		15.6%	21.2%	19.4%	24.8%	-13.7%	13.0%	25.6%	17.4%	22.9%	23.4%	22.4%	26.1%	31.6%
EBITDA margin		34.4%	38.9%	37.4%	42.5%	3.8%	30.7%	42.0%	34.4%	39.5%	39.4%	38.9%	41.6%	47.2%
Capex/Sales							10.0%	7.8%	7.3%	10.5%	9.7%	8.8%	11.2%	9.7%
Total debt / EBITDA (ttm)		3.42					3.52					2.12		
Net debt / EBITDA (ttm)		1.39					1.51					1.67		



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008
Telephone													
Key Income Statement Metrics													
Revenues	4,428	1,089	1,097	1,144	1,148	4,478	1,147	1,152	1,203	1,182	4,684	1,173	1,188
<i>QoQ Change</i>			0.7%	4.3%	0.3%		-0.1%	0.4%	4.4%	-1.7%		-0.8%	1.3%
<i>YoY Change</i>						1.1%	5.3%	5.0%	5.2%	3.0%	4.6%	2.3%	3.1%
Operating profit	591	175	198	171	157	701	213	240	219	133	805	215	266
<i>QoQ Change</i>			13.1%	-13.6%	-8.2%		35.7%	12.7%	-8.8%	-39.3%		61.7%	23.7%
<i>YoY Change</i>						18.6%	21.7%	21.2%	28.1%	-15.3%	14.8%	0.9%	10.8%
Net profit	287	126	124	111	125	486	154	173	154	104	585	163	180
<i>QoQ Change</i>			-1.6%	-10.5%	12.6%		23.2%	12.3%	-11.0%	-32.5%		56.7%	10.4%
<i>YoY Change</i>						69.3%	22.2%	39.5%	38.7%	-16.8%	20.4%	5.8%	4.0%
Depreciation & amortization	438	120	120	116	114	470	117	115	121	126	478	129	130
<i>QoQ Change</i>			0.0%	-3.3%	-1.7%		2.6%	-1.7%	5.2%	3.3%		3.2%	0.8%
<i>YoY Change</i>						7.3%	-2.5%	-4.2%	4.3%	9.6%	1.7%	10.3%	13.0%
EBITDA	1,021	295	318	287	271	1,171	330	355	340	259	1,283	344	396
<i>QoQ Change</i>			7.8%	-9.7%	-5.6%		21.8%	7.6%	-4.2%	-24.1%		32.9%	15.1%
<i>YoY Change</i>						14.7%	11.9%	11.6%	18.5%	-4.8%	9.6%	3.9%	11.5%
Key Cash Flow Metrics													
Operating cash flow	974	285	408	337	294	1,324	359	246	392	252	1,249	264	351
<i>QoQ Change</i>			43.2%	-17.4%	-12.8%		22.1%	-31.5%	59.3%	-35.7%		4.8%	33.0%
<i>YoY Change</i>						35.9%	26.0%	-39.7%	16.3%	-14.3%	-5.7%	-26.5%	42.7%
Capital expenditures, gross	556	99	84	65	106	354	63	117	81	120	381	103	182
<i>QoQ Change</i>			-15.2%	-22.6%	63.1%		-40.6%	85.7%	-30.8%	48.1%		-14.2%	76.7%
<i>YoY Change</i>						-36.3%	-36.4%	39.3%	24.6%	13.2%	7.6%	63.5%	55.6%
Capital expenditures, net	555	98	82	64	102	346	61	117	81	117	376	102	181
<i>QoQ Change</i>			-16.3%	-22.0%	59.4%		-40.2%	91.8%	-30.8%	44.4%		-12.8%	77.5%
<i>YoY Change</i>						-37.7%	-37.8%	42.7%	26.6%	14.7%	8.7%	67.2%	54.7%
Free cash flow	419	187	326	273	192	978	298	129	311	135	873	162	170
<i>QoQ Change</i>			74.3%	-16.3%	-29.7%		55.2%	-56.7%	141.1%	-56.6%		20.0%	4.9%
<i>YoY Change</i>						133.4%	59.4%	-60.4%	13.9%	-29.7%	-10.7%	-45.6%	31.8%
Ratios													
Operating margin	13.3%	16.1%	18.0%	14.9%	13.7%	15.7%	18.6%	20.8%	18.2%	11.3%	17.2%	18.3%	22.4%
Net margin	6.5%	11.6%	11.3%	9.7%	10.9%	10.9%	13.4%	15.0%	12.8%	8.8%	12.5%	13.9%	15.2%
EBITDA margin	23.1%	27.1%	29.0%	25.1%	23.6%	26.2%	28.8%	30.8%	28.3%	21.8%	27.4%	29.2%	33.3%
Capex/Sales	12.6%	9.1%	7.7%	5.7%	9.2%	7.9%	5.5%	10.2%	6.7%	10.2%	8.1%	8.8%	15.3%



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008
Bezeq International													
Key Income Statement Metrics													
Revenues	815	242	255	259	265	1,021	323	321	326	334	1,304	314	326
QoQ Change			5.4%	1.6%	2.3%		21.9%	-0.3%	1.2%	2.1%		-5.7%	3.8%
YoY Change						25.3%	33.5%	26.3%	25.9%	25.7%	27.7%	-2.8%	1.6%
Operating profit	93	33	38	36	25	132	51	53	54	46	204	54	63
QoQ Change			15.2%	-5.3%	-30.6%		104.0%	5.9%	0.0%	-16.7%		22.2%	16.7%
YoY Change						41.9%	54.5%	42.1%	50.0%	80.0%	54.5%	7.8%	18.9%
Net profit	104	18	29	29	20	96	37	39	39	38	153	41	47
QoQ Change			61.1%	0.0%	-31.0%		85.0%	5.4%	0.0%	-2.6%		10.5%	14.6%
YoY Change						-7.7%	105.6%	34.5%	34.5%	90.0%	59.4%	16.7%	20.5%
Depreciation & amortization	91	20	16	19	26	81	23	22	21	21	87	20	20
QoQ Change			-20.0%	18.8%	36.8%		-11.5%	-4.3%	-4.5%	-1.9%		-2.9%	0.0%
YoY Change						-11.0%	15.0%	37.5%	10.5%	-20.8%	6.9%	-13.0%	-9.1%
EBITDA	184	53	54	55	51	213	74	75	75	67	291	74	83
QoQ Change			1.9%	1.9%	-7.3%		45.1%	2.7%	-1.3%	-12.5%		14.3%	12.2%
YoY Change						15.8%	39.6%	40.7%	36.4%	28.6%	36.4%	1.4%	10.7%
Key Cash Flow Metrics													
Operating cash flow	188	50	32	55	72	209	-1	32	34	30	95	8	51
QoQ Change			-36.0%	71.9%	31.0%		N/M	N/M	6.3%	-11.8%		-73.3%	537.5%
YoY Change						11.2%	N/M	0.0%	-38.2%	-58.4%	-54.6%	N/M	59.4%
Capital expenditures, gross	63	13	14	14	14	55	8	18	29	36	91	28	31
QoQ Change			7.7%	0.0%	0.0%		-42.9%	125.0%	61.1%	24.1%		-22.2%	10.7%
YoY Change						-12.7%	-38.5%	28.6%	107.1%	157.1%	65.5%	250.0%	72.2%
Capital expenditures, net	61	13	14	14	14	55	8	18	27	34	87	28	31
QoQ Change			7.7%	0.0%	0.0%		-42.9%	125.0%	50.0%	25.9%		-17.6%	10.7%
YoY Change						-9.8%	-38.5%	28.6%	92.9%	142.9%	58.2%	250.0%	72.2%
Free cash flow	127	37	18	41	58	154	-9	14	7	-4	8	-20	20
QoQ Change			-51.4%	127.8%	41.6%		N/M	N/M	-50.0%	N/M		400.0%	-200.0%
YoY Change						21.3%	N/M	-22.2%	-82.9%	N/M	-94.8%	122.2%	42.9%
Ratios													
Operating margin	11.4%	13.6%	14.9%	13.9%	9.4%	12.9%	15.8%	16.8%	16.6%	13.5%	15.6%	17.5%	19.3%
Net margin	12.8%	7.4%	11.4%	11.2%	7.5%	9.4%	11.5%	12.1%	12.0%	11.4%	11.7%	13.4%	14.4%
EBITDA margin	22.6%	21.9%	21.2%	21.2%	19.2%	20.9%	22.9%	23.4%	23.0%	19.7%	22.3%	23.9%	25.5%
Capex/Sales	7.7%	5.4%	5.5%	5.4%	5.3%	5.4%	2.5%	5.6%	8.9%	10.8%	7.0%	8.9%	9.5%



		FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
	(NIS millions, except for EPS)	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008
yes														
Key Income Statement Metrics														
Revenues		1,222	332	338	340	345	1,355	354	354	360	347	1,415	381	380
	QoQ Change			1.8%	0.6%	1.5%		2.6%	0.0%	1.7%	-3.1%		9.8%	-0.3%
	YoY Change						10.9%	6.6%	4.7%	5.9%	1.2%	4.6%	7.6%	7.3%
Operating profit		-64	-5	7	-11	10	1	25	31	-4	4	56	26	43
	QoQ Change			N/M	N/M	N/M		140.0%	29.2%	N/M	N/M		440.0%	65.4%
	YoY Change						N/M	N/M	342.9%	-63.6%	-50.0%	N/M	12.5%	38.7%
Net profit		-346	-84	-97	-97	-42	-320	-48	-65	70	-75	-118	-66	-99
	QoQ Change			15.5%	0.0%	-56.7%		14.3%	35.4%	N/M	N/M		-13.3%	50.0%
	YoY Change						-7.5%	-42.9%	-33.0%	N/M	73.8%	-63.8%	35.4%	52.3%
Depreciation & amortization		285	73	74	74	72	293	68	69	66	70	273	65	60
	QoQ Change			1.4%	0.0%	-2.7%		-5.5%	1.5%	-4.3%	6.1%		-7.1%	-7.7%
	YoY Change						2.8%	-6.8%	-6.8%	-10.8%	-2.7%	-6.8%	-4.4%	-13.0%
EBITDA		218	68	81	63	82	294	93	100	62	74	329	91	103
	QoQ Change			19.1%	-22.2%	30.1%		12.2%	8.7%	-38.0%	21.0%		22.7%	13.2%
	YoY Change						34.8%	35.3%	23.5%	-1.6%	-8.5%	11.9%	0.0%	3.0%
Key Cash Flow Metrics														
Operating cash flow		137	46	75	27	96	244	93	25	56	76	250	84	32
	QoQ Change			63.0%	-64.0%	255.6%		-3.1%	-73.1%	124.0%	35.7%		10.5%	-61.9%
	YoY Change						78.1%	102.2%	-66.7%	107.4%	-20.8%	2.5%	-9.7%	28.0%
Capital expenditures, gross		259	54	55	39	38	186	45	45	84	81	255	79	40
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%
	YoY Change						-28.2%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%
Capital expenditures, net		258	54	55	39	38	186	45	45	84	81	255	79	40
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%
	YoY Change						-27.9%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%
Free cash flow		-121	-8	20	-12	58	58	48	-20	-28	-5	-5	5	-8
	QoQ Change			-350.0%	N/M	N/M		N/M	N/M	40.0%	-82.1%		N/M	N/M
	YoY Change						-147.9%	N/M	-200.0%	N/M	-108.6%	-108.6%	N/M	-60.0%
Ratios														
Operating margin		-5.5%	-1.5%	2.1%	-3.2%	2.9%	0.1%	6.8%	8.8%	-1.1%	1.4%	4.0%	7.1%	11.3%
Net margin		-28.3%	-25.3%	-28.7%	-28.5%	-12.2%	-23.6%	-13.6%	-18.4%	19.4%	-20.9%	-8.2%	-17.1%	-26.1%
EBITDA margin		17.8%	20.5%	24.0%	18.5%	23.8%	21.7%	26.0%	28.2%	17.2%	21.5%	23.2%	24.1%	27.1%
Capex/Sales		21.2%	16.3%	16.3%	11.5%	11.0%	13.7%	12.7%	12.7%	23.3%	23.2%	18.0%	20.7%	10.5%

Bezeq - The Israel Telecommunication Corp. Ltd



	FY 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007	Q1 2008	Q2 2008
--	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

Bezeq Fixed Line

Key Performance Indicators

Total outgoing minutes (in millions)	18,448	4,322	4,202	4,257	4,005	16,786	3,914	3,753	3,849	3,738	15,254	3,594	3,413
QoQ Change			-2.8%	1.3%	-5.9%		-2.3%	-4.1%	2.6%	-2.9%		-3.9%	-5.0%
YoY Change						-9.0%	-9.4%	-10.7%	-9.6%	-6.7%	-9.1%	-8.2%	-9.1%
Total incoming minutes (in millions) ²	3,051	868	890	967	990	3,715	1,045	1,069	1,149	1,164	4,426	1,182	1,191
QoQ Change			2.5%	8.7%	2.4%		5.6%	2.3%	7.5%	1.3%		1.5%	0.8%
YoY Change						21.8%	20.4%	20.1%	18.8%	17.6%	19.1%	13.1%	11.4%
Total access lines (in 000's)	2,848	2,831	2,822	2,813	2,808	2,808	2,797	2,778	2,767	2,761	2,761	2,713	2,682
QoQ Change			-0.3%	-0.3%	-0.2%		-0.4%	-0.7%	-0.4%	-0.2%		-1.7%	-1.1%
YoY Change						-1.4%	-1.2%	-1.6%	-1.6%	-1.7%	-1.7%	-3.0%	-3.5%
Bezeq ARPL - Voice & fixed fees (in NIS) ³	87.8	89.9	89.0	90.4	87.8	87.0	88.3	85.1	85.6	85.8	84.2	84.9	82.6
QoQ Change			-0.8%	1.6%	-2.0%		0.2%	-3.7%	0.5%	-0.4%		-1.0%	-2.7%
YoY Change						-0.9%	-1.0%	-3.9%	-5.0%	-3.4%	-3.2%	-3.9%	-2.9%
ADSL lines (in 000's)	800	827	844	867	892	892	912	924	942	963	963	970	982
QoQ Change			2.1%	2.7%	2.9%		2.2%	1.3%	1.9%	2.2%		0.7%	1.2%
YoY Change						11.5%	10.3%	9.5%	8.7%	8.0%	8.0%	6.4%	6.3%
Bezeq ARPU - ADSL (in NIS)	58.6	57.7	56.8	56.6	57.0	57.0	57.4	58.1	58.5	58.1	58.0	58.1	57.7
QoQ Change			-1.6%	-0.4%	0.7%		0.7%	1.2%	0.7%	-0.7%		0.0%	-0.7%
YoY Change						-2.7%	-0.5%	2.3%	3.4%	1.9%	1.8%	1.2%	-0.7%
Number of employees	8,108	8,135	8,179	8,188	8,076	8,076	7,693	7,489	7,658	7,614	7,614	7,458	7,425
QoQ Change			0.5%	0.1%	-1.4%		-4.7%	-2.7%	2.3%	-0.6%		-2.0%	-0.4%
YoY Change						-0.4%	-8.4%	-8.4%	-6.5%	-5.7%	-5.7%	-3.1%	-0.9%



	FY 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007	Q1 2008	Q2 2008
--	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

Telephone

Key Performance Indicators

Subscribers (in 000's)	2,287	2,306	2,323	2,366	2,427	2,427	2,478	2,513	2,560	2,622	2,622	2,595	2,636
QoQ Change			0.7%	1.9%	2.6%		2.1%	1.4%	1.9%	2.4%		-1.0%	1.6%
YoY Change						6.1%	7.5%	8.2%	8.2%	8.0%	8.0%	4.7%	4.9%
ARPU (in NIS)	138	136	141	142	136	138	132	129	135	130	131	126	128
QoQ Change			3.7%	0.7%	-4.2%		-2.9%	-2.3%	4.7%	-3.7%		-3.1%	1.6%
YoY Change						0.0%	-2.9%	-8.5%	-4.9%	-4.4%	-5.1%	-4.5%	-0.8%
MOU (per sub, per month)	338	345	346	357	347	349	344	350	363	358	354	355	358
QoQ Change			0.3%	3.2%	-2.8%		-0.9%	1.7%	3.7%	-1.4%		-0.8%	0.8%
YoY Change						3.3%	-0.3%	1.2%	1.7%	3.2%	1.4%	3.2%	2.3%
3G subscribers (in 000's)	60	85	115	146	255	255	358	471	607	749	749	867	977
QoQ Change			35.3%	27.0%	74.7%		40.4%	31.6%	28.9%	23.4%		15.8%	12.7%
YoY Change						325.0%	321.2%	309.6%	315.8%	193.7%	193.7%	142.2%	107.4%
% data of total cellular service revenue	8.6%	10.0%	10.3%	10.9%	11.6%	10.7%	12.0%	12.5%	12.8%	13.6%	12.7%	15.0%	15.5%

YES

Key Performance Indicators

Subscribers (in 000's)	521	528	535	539	540	540	542	543	545	549	549	549	551
QoQ Change			1.3%	0.7%	0.2%		0.4%	0.2%	0.4%	0.7%		0.0%	0.4%
YoY Change						3.6%	2.7%	1.5%	1.1%	1.7%	1.7%	1.3%	1.5%
ARPU (in NIS)	205	211	212	211	214	212	218	218	220	212	217	231	230
QoQ Change			0.5%	-0.5%	1.4%		1.9%	0.0%	0.9%	-3.6%		9.0%	-0.4%
YoY Change						3.3%	3.3%	2.8%	4.3%	-0.9%	2.4%	6.0%	5.5%



GLOSSARY & FOOTNOTES

Glossary

EBITDA	= Earnings Before Interest, Taxes, Depreciation & Amortization
Net Capital Expenditures	= Purchase of property, plant & equipment (less proceeds from sale) and investment in intangible assets
ARPU	= Average Revenue Per User
MOU	= Minutes of Use
N/A	= Not Available
N/M	= Not Meaningful

General Financial Footnotes

- ¹ Pursuant to IFRS standards, the Company is not required to report financial data for its subsidiaries.

2008 Financial Footnotes

Bezeq Fixed Line's gross and net capex were retroactively adjusted to reflect timing of investments and disposal of assets

Provision for early retirement in relation to labor agreement of NIS 16 million taken in Q1 2008.

2007 Financial Footnotes

Group operating cash flow and capex were reclassified in Q1 and Q2 2007.

Provision for early retirement in relation to labor agreement of NIS 91 million taken in fourth quarter of 2007.

2006 Financial Footnotes

In the fourth quarter of 2006 a provision for early retirement in the amount of NIS 309 million was made in relation to the December 2006 labor agreement.

In the fourth quarter of 2006 stock-based compensation totaled NIS 286 million.

KPIs Footnotes

- ² The increase in incoming minutes compared to the corresponding period in 2007 stems from an increase in traffic minutes from domestic carriers in competition with Bezeq.

- ³ Not including revenues from data communications and transmission services, services to communications providers, and contract and other work. This item has been updated going back to 1.1.2006 in order to present nominal figures instead of normalized ones.