



## Facts & Figures Q2 2013

Three months and year ending June 30, 2013

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### ***For further information:***

Bezeq Investor Relations

Phone +9722 539 5441

[ir@bezeq.co.il](mailto:ir@bezeq.co.il)

[www.bezeq.co.il](http://www.bezeq.co.il)



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq Group <sup>(1)</sup></b>																
<b>Key Income Statement Metrics</b>																
Revenues	11,136	11,015	11,519	11,987	2,913	2,893	2,917	2,650	11,373	2,740	2,595	2,494	2,449	10,278	2,405	2,351
QoQ Change					-4.7%	-0.7%	0.8%	-9.2%		3.4%	-5.3%	-3.9%	-1.8%		-1.8%	-2.2%
YoY Change		-1.1%	4.6%	4.1%	-0.1%	-3.0%	-3.8%	-13.3%	-5.1%	-5.9%	-10.3%	-14.5%	-7.6%	-9.6%	-12.2%	-9.4%
Operating Profit	2,321	2,640	2,972	3,744	665	935	944	698	3,242	850	746	667	778	3,041	761	744
QoQ Change					-26.2%	40.6%	1.0%	-26.1%		21.8%	-12.2%	-10.6%	16.6%		-2.2%	-2.2%
YoY Change		13.7%	12.6%	26.0%	-23.9%	-5.6%	-3.6%	-22.5%	-13.4%	27.8%	-20.2%	-29.3%	11.5%	-6.2%	-10.5%	-0.3%
Net profit attributed to Bezeq shareholders	1,330	1,627	3,603	2,443	407	585	550	524	2,066	582	415	342	522	1,861	497	473
QoQ Change					-29.2%	43.7%	-6.0%	-4.7%		11.1%	-28.7%	-17.6%	52.6%		-4.8%	-4.8%
YoY Change		22.3%	121.5%	-32.2%	-36.6%	-8.3%	-6.5%	-8.9%	-15.4%	43.0%	-29.1%	-37.8%	-0.4%	-9.9%	-14.6%	14.0%
Earnings Per Share - Basic	0.51	0.62	1.37	0.91	0.15	0.22	0.20	0.19	0.76	0.21	0.15	0.13	0.19	0.68	0.18	0.17
Earnings Per Share - Diluted	0.50	0.61	1.34	0.90	0.15	0.21	0.20	0.19	0.76	0.21	0.15	0.13	0.19	0.68	0.18	0.17
Depreciation & amortization	1,509	1,458	1,485	1,409	335	348	357	355	1,395	358	358	359	361	1,436	328	326
QoQ Change					-9.0%	3.9%	2.6%	-0.6%		0.8%	0.0%	0.3%	0.6%		-9.1%	-0.6%
YoY Change		-3.4%	1.9%	-5.1%	-2.3%	0.0%	2.0%	-3.5%	-1.0%	6.9%	2.9%	0.6%	1.7%	2.9%	-8.4%	-8.9%
Salaries	2,192	2,161	1,990	2,024	532	540	540	491	2,103	511	505	511	449	1,976	499	468
QoQ Change					-1.1%	1.5%	0.0%	-9.1%		4.1%	-1.2%	1.2%	-12.1%		11.1%	-6.2%
YoY Change		-1.4%	-7.9%	1.7%	5.3%	10.4%	9.8%	-8.7%	3.9%	-3.9%	-6.5%	-5.4%	-8.6%	-6.0%	-2.3%	-7.3%
Other operating expenses (income)	N/A	96	201	-216	250	-62	-106	57	139	-23	17	-6	-116	-128	-72	-18
QoQ Change					NM	NM	71.0%	NM		NM	NM	NM	NM		-37.9%	-75.0%
YoY Change			109.4%	NM	NM	-11.4%	79.7%	NM	NM	NM	NM	-94.3%	NM	NM	213.0%	NM
Finance expenses (income), net	182	140	-31	109	20	62	86	42	210	-44	77	55	63	151	24	27
QoQ Change					-9.1%	210.0%	38.7%	-51.2%				-28.6%	14.5%		-61.9%	12.5%
YoY Change		-23.1%				77.1%	16.2%	90.9%	92.7%		24.2%	-36.0%	50.0%	-28.1%	-154.5%	-64.9%
Share in losses of equity accounted investees	N/A	N/A	N/A	-261	-65	-72	-66	-13	-216	-58	-83	-92	-12	-245	-40	-67
QoQ Change					-19.8%	10.8%	-8.3%	-80.3%		346.2%	43.1%	10.8%	-87.0%		233.3%	67.5%
YoY Change						-16.3%	-7.0%	-84.0%	-17.2%	-10.8%	15.3%	39.4%	-7.7%	13.4%	-31.0%	-19.3%
EBITDA	3,830	4,098	4,457	5,153	1,000	1,283	1,301	1,053	4,637	1,208	1,104	1,026	1,139	4,477	1,089	1,070
QoQ Change					-21.2%	28.3%	1.4%	-19.1%		14.7%	-8.6%	-7.1%	11.0%		-4.4%	-1.7%
YoY Change		7.0%	8.8%	15.6%	-17.8%	-4.1%	-2.1%	-17.0%	-10.0%	20.8%	-14.0%	-21.1%	8.2%	-3.5%	-9.9%	-3.1%
Shares Outstanding - Basic	2,605	2,605	2,635	2,675	2,688	2,699	2,706	2,711	2,714	2,715	2,718	2,721	2,725	2,720	2,725	2,725
Shares Outstanding - Diluted	2,641	2,649	2,685	2,717	2,722	2,724	2,724	2,725	2,725	2,727	2,724	2,725	2,726	2,725	2,726	2,729
<b>Key Cash Flow Metrics</b>																
Operating cash flow	2,697	3,068	3,655	3,696	775	670	882	859	3,186	998	990	1,024	1,002	4,014	972	1,102
QoQ Change					3.6%	-13.5%	31.6%	-2.6%		16.2%	-0.8%	3.4%	-2.1%		-3.0%	13.4%
YoY Change		13.7%	19.1%	1.1%	-3.8%	-31.4%	-24.4%	14.8%	-13.8%	28.8%	47.8%	16.1%	16.6%	26.0%	-2.6%	11.3%
Capital expenditures, gross (accounting)	1,086	1,632	1,505	1,645	513	495	437	494	1,939	475	383	347	338	1,543	254	331
QoQ Change					7.3%	-3.5%	-11.7%	13.0%		-3.8%	-19.4%	-9.4%	-2.6%		-24.9%	30.3%
YoY Change		50.3%	-7.8%	9.3%	42.5%	15.9%	14.7%	3.3%	17.9%	-7.4%	-22.6%	-20.6%	-31.6%	-20.4%	-46.5%	-13.6%
Capital expenditures, gross (cash flow)	991	1,531	1,535	1,622	500	455	479	469	1,903	460	382	367	331	1,540	289	301
QoQ Change					4.0%	-9.0%	5.3%	-2.1%		-1.9%	-17.0%	-3.9%	-9.8%		-12.7%	4.2%
YoY Change		54.5%	0.2%	5.7%	35.5%	14.9%	27.4%	-2.5%	17.3%	-8.0%	-16.0%	-23.4%	-29.4%	-19.1%	-37.2%	-21.2%
Capital expenditures, net (cash flow)	814	1,384	1,445	1,489	313	406	374	544	1,637	413	360	270	192	1,235	246	178
QoQ Change					-28.4%	29.7%	-7.9%	45.5%		-24.1%	-12.8%	-25.0%	-28.9%		28.1%	-27.6%
YoY Change		70.0%	4.4%	3.0%	-11.6%	9.7%	14.0%	24.5%	9.9%	31.9%	-11.3%	-27.8%	-64.7%	-24.6%	-40.4%	-50.6%
Free cash flow	1,883	1,684	2,210	2,207	462	264	508	315	1,549	585	630	754	810	2,779	726	924
QoQ Change					48.6%	-42.9%	92.4%	-38.0%		85.7%	7.7%	19.7%	7.4%		-10.4%	27.3%
YoY Change		-10.6%	31.3%	-0.1%	2.2%	-56.4%	-39.4%	1.3%	-29.8%	26.6%	138.6%	48.4%	157.1%	79.4%	24.1%	46.7%
<b>Key Balance Sheet Metrics</b>																
Total debt	5,034	4,356	4,136	5,717	5,638	6,984	9,614	9,578	9,578	9,416	9,125	8,939	9,546	9,546	9,388	9,939
Cash & short-term investments	1,589	816	734	372	701	487	3,620	2,298	2,298	2,770	1,229	1,747	1,547	1,547	2,085	2,007
Net debt	3,445	3,540	3,402	5,345	4,937	6,497	5,994	7,280	7,280	6,646	7,896	7,192	7,999	7,999	7,303	7,932
<b>Ratios</b>																
Operating margin	20.8%	24.0%	25.8%	31.2%	22.8%	32.3%	32.4%	26.3%	28.5%	31.0%	28.7%	26.7%	31.8%	29.6%	31.6%	31.6%
Net margin	11.9%	14.8%	31.3%	20.4%	14.0%	20.2%	18.9%	19.8%	18.2%	21.2%	16.0%	13.7%	21.3%	18.1%	20.7%	20.1%
EBITDA margin	34.4%	37.2%	38.7%	43.0%	34.3%	44.3%	44.6%	39.7%	40.8%	44.1%	42.5%	41.1%	46.5%	43.6%	45.3%	45.5%
Capex/Sales	9.8%	14.8%	13.1%	13.7%	17.6%	17.1%	15.0%	18.6%	17.0%	17.3%	14.8%	13.9%	13.8%	15.0%	10.6%	14.1%
Total debt / EBITDA (ttm)	1.31	1.06	0.93	1.11	1.14	1.43	1.98	2.07	2.07	1.94	1.96	2.04	2.13	2.13	2.15	2.30
Net debt / EBITDA (ttm)	0.90	0.86	0.76	1.04	1.00	1.33	1.24	1.57	1.57	1.37	1.69	1.64	1.79	1.79	1.68	1.83

<sup>(1)</sup> The Bezeq Group's financial data reflects the deconsolidation of yes as of December 31, 2007



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq Group (cont'd)</b>																
<b>Operating &amp; general expenses</b>																
<b>Total operating &amp; general expenses</b>	<b>5,075</b>	<b>4,660</b>	<b>4,871</b>	<b>5,026</b>	<b>1,131</b>	<b>1,132</b>	<b>1,182</b>	<b>1,049</b>	<b>4,494</b>	<b>1,044</b>	<b>969</b>	<b>963</b>	<b>977</b>	<b>3,953</b>	<b>889</b>	<b>831</b>
QoQ Change					-13.9%	0.1%	4.4%	-11.3%		-0.5%	-7.2%	-0.6%	1.5%		-9.0%	-6.5%
YoY Change		-8.2%	4.5%	3.2%	-7.1%	-7.5%	-7.0%	-20.1%	-10.6%	-7.7%	-14.4%	-18.5%	-6.9%	-12.0%	-21.4%	-14.2%
<b>Terminal equipment &amp; materials</b>	<b>N/A</b>	<b>N/A</b>	<b>1,163</b>	<b>1,225</b>	<b>430</b>	<b>443</b>	<b>454</b>	<b>366</b>	<b>1,693</b>	<b>379</b>	<b>293</b>	<b>285</b>	<b>306</b>	<b>1,263</b>	<b>258</b>	<b>247</b>
QoQ Change						3.0%	2.5%	-19.4%		3.6%	-22.7%	-2.7%	7.4%		-15.7%	-4.3%
YoY Change				5.3%					38.2%	-11.9%	-33.9%	-37.2%	-16.4%		-31.9%	-15.7%
<b>Interconnect &amp; payments to telecom operators</b>	<b>N/A</b>	<b>N/A</b>	<b>1,762</b>	<b>1,876</b>	<b>222</b>	<b>224</b>	<b>242</b>	<b>222</b>	<b>910</b>	<b>224</b>	<b>222</b>	<b>229</b>	<b>225</b>	<b>900</b>	<b>224</b>	<b>228</b>
QoQ Change						0.9%	8.0%	-8.3%		0.9%	-0.9%	3.2%	-1.7%		-0.4%	1.8%
YoY Change				6.5%					-51.5%	0.9%	-0.9%	-5.4%	1.4%		0.0%	2.7%
<b>Maintenance of buildings and sites</b>	<b>N/A</b>	<b>N/A</b>	<b>647</b>	<b>640</b>	<b>161</b>	<b>159</b>	<b>160</b>	<b>161</b>	<b>641</b>	<b>162</b>	<b>158</b>	<b>169</b>	<b>174</b>	<b>663</b>	<b>161</b>	<b>127</b>
QoQ Change						-1.2%	0.6%	0.6%		0.6%	-2.5%	7.0%	3.0%		-7.5%	-21.1%
YoY Change				-1.1%					0.2%	0.6%	-0.6%	5.6%	8.1%		-0.6%	-19.6%
<b>Marketing &amp; general</b>	<b>N/A</b>	<b>N/A</b>	<b>626</b>	<b>622</b>	<b>156</b>	<b>158</b>	<b>177</b>	<b>164</b>	<b>655</b>	<b>122</b>	<b>152</b>	<b>156</b>	<b>126</b>	<b>556</b>	<b>140</b>	<b>126</b>
QoQ Change						1.3%	12.0%	-7.3%		-25.6%	24.6%	2.6%	-19.2%		11.1%	-10.0%
YoY Change				-0.6%					5.3%	-21.8%	-3.8%	-11.9%	-23.2%		14.8%	-17.1%
<b>Services and maintenance by sub-contractors</b>	<b>N/A</b>	<b>N/A</b>	<b>218</b>	<b>189</b>	<b>46</b>	<b>43</b>	<b>42</b>	<b>39</b>	<b>170</b>	<b>43</b>	<b>34</b>	<b>35</b>	<b>46</b>	<b>158</b>	<b>38</b>	<b>36</b>
QoQ Change						-6.5%	-2.3%	-7.1%		10.3%	-20.9%	2.9%	31.4%		-17.4%	-5.3%
YoY Change				-13.3%					-10.1%	-6.5%	-20.9%	-16.7%	17.9%		-11.6%	5.9%
<b>Vehicle maintenance</b>	<b>N/A</b>	<b>N/A</b>	<b>177</b>	<b>188</b>	<b>42</b>	<b>33</b>	<b>37</b>	<b>30</b>	<b>142</b>	<b>38</b>	<b>39</b>	<b>44</b>	<b>41</b>	<b>162</b>	<b>37</b>	<b>38</b>
QoQ Change						-21.4%	12.1%	-18.9%		26.7%	2.6%	12.8%	-6.8%		-9.8%	2.7%
YoY Change				6.2%					-24.5%	-9.5%	18.2%	18.9%	36.7%		-2.6%	-2.6%
<b>Content services</b>	<b>N/A</b>	<b>N/A</b>	<b>151</b>	<b>156</b>	<b>33</b>	<b>32</b>	<b>30</b>	<b>28</b>	<b>123</b>	<b>24</b>	<b>24</b>	<b>21</b>	<b>34</b>	<b>103</b>	<b>17</b>	<b>17</b>
QoQ Change						-3.0%	-6.3%	-6.7%		-14.3%	0.0%	-12.5%	61.9%		-50.0%	0.0%
YoY Change				3.3%					-21.2%	-27.3%	-25.0%	-30.0%	21.4%		-29.2%	-29.2%
<b>Royalties and collection fees</b>	<b>N/A</b>	<b>N/A</b>	<b>127</b>	<b>130</b>	<b>41</b>	<b>40</b>	<b>40</b>	<b>39</b>	<b>160</b>	<b>52</b>	<b>47</b>	<b>24</b>	<b>25</b>	<b>148</b>	<b>14</b>	<b>12</b>
QoQ Change						-2.4%	0.0%	-2.5%		33.3%	-9.6%	-48.9%	4.2%		-44.0%	-14.3%
YoY Change				2.4%					23.1%	26.8%	17.5%	-40.0%	-35.9%		-73.1%	-74.5%



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq Fixed-Line</b>																
<b>Key Income Statement Metrics (Revenues)</b>																
Total Revenues	5,713	5,498	5,303	5,263	1,178	1,170	1,186	1,114	4,648	1,199	1,161	1,149	1,121	4,630	1,129	1,121
QoQ Change					-11.4%	-0.7%	1.4%	-6.1%		7.6%	-3.2%	-1.0%	-2.4%		0.7%	-0.7%
YoY Change		-3.8%	-3.5%	-0.8%	-9.7%	-10.5%	-10.4%	-16.2%	-11.7%	1.8%	-0.8%	-3.1%	0.6%	-0.4%	-5.8%	-3.4%
Telephony Revenues	3,905	3,572	3,333	3,160	617	607	612	557	2,393	588	572	557	537	2,254	510	503
QoQ Change					-22.1%	-1.6%	0.8%	-9.0%		5.6%	-2.7%	-2.6%	-3.6%		-5.0%	-1.4%
YoY Change		-8.5%	-6.7%	-5.2%	-21.4%	-23.6%	-22.3%	-29.7%	-24.3%	-4.7%	-5.8%	-9.0%	-3.6%	-5.8%	-13.3%	-12.1%
Broadband Internet Revenues	712	790	863	977	265	269	276	282	1,092	296	285	291	294	1,166	310	321
QoQ Change					3.1%	1.5%	2.6%	2.2%		5.0%	-3.7%	2.1%	1.0%		5.4%	3.5%
YoY Change		11.0%	9.2%	13.2%	12.3%	14.5%	10.8%	9.7%	11.8%	11.7%	5.9%	5.4%	4.3%	6.8%	4.7%	12.6%
Transmission & Data Revenues	754	811	851	882	228	233	239	231	931	245	247	243	241	976	247	241
QoQ Change					4.1%	2.2%	2.6%	-3.3%		6.1%	0.8%	-1.6%	-0.8%		2.5%	-2.4%
YoY Change		7.6%	4.9%	3.6%	2.2%	5.4%	9.1%	5.5%	5.6%	7.5%	6.0%	1.7%	4.3%	4.8%	0.8%	-2.4%
Other Service Revenues	342	325	256	244	68	61	59	44	232	70	57	58	49	234	62	56
QoQ Change					11.5%	-10.3%	-3.3%	-25.4%		59.1%	-18.6%	1.8%	-15.5%		26.5%	-9.7%
YoY Change		-5.0%	-21.2%	-4.7%	13.3%	8.9%	-11.9%	-27.9%	-4.9%	2.9%	-6.6%	-1.7%	11.4%	0.9%	-11.4%	-1.8%
<b>Key Income Statement Metrics</b>																
Operating profit	1,319	1,475	1,523	2,043	211	517	546	384	1,658	539	437	419	564	1,959	535	510
QoQ Change					-57.3%	145.0%	5.6%	-29.7%		40.4%	-18.9%	-4.1%	34.6%		-5.1%	-4.7%
YoY Change		11.8%	3.3%	34.1%	-56.9%	2.8%	-1.8%	-22.3%	-18.8%	155.5%	-15.5%	-23.3%	46.9%	18.2%	-0.7%	16.7%
Net profit <sup>(1)</sup>	737	950	1,107	1,426	123	330	311	301	1,065	348	263	246	370	1,227	348	351
QoQ Change					-63.8%	168.3%	-5.8%	-3.2%		15.6%	-24.4%	-6.5%	50.4%		-5.9%	0.9%
YoY Change		28.9%	16.5%	28.8%	-65.8%	-5.4%	-17.5%	-11.5%	-25.3%	182.9%	-20.3%	-20.9%	22.9%	15.2%	0.0%	33.5%
Depreciation & amortization	941	852	794	690	162	171	180	175	688	178	178	185	189	730	167	168
QoQ Change					-9.0%	5.6%	5.3%	-2.8%		1.7%	0.0%	3.9%	2.2%		-11.6%	0.6%
YoY Change		-9.5%	-6.8%	-13.1%	-4.7%	0.0%	5.3%	-1.7%	-0.3%	9.9%	4.1%	2.8%	8.0%	6.1%	-6.2%	-5.6%
Salaries	1,293	1,202	1,094	1,079	284	291	284	230	1,089	267	267	274	228	1,036	270	242
QoQ Change					-4.1%	2.5%	-2.4%	-19.0%		16.1%	0.0%	2.6%	-16.8%		18.4%	-10.4%
YoY Change		-7.0%	-9.0%	-1.4%	2.5%	16.4%	10.9%	-22.3%	0.9%	-6.0%	-8.2%	-3.5%	-0.9%	-4.9%	1.1%	-9.4%
Other operating expenses (income)	39	96	202	-158	250	-62	-106	57	139	-22	16	-7	-115	-128	-73	-17
QoQ Change					N/M	N/M	71.0%	N/M		N/M	N/M	N/M	1542.9%		-36.5%	-76.7%
YoY Change		146.2%	N/M	N/M	N/M	376.9%	79.7%	N/M	N/M	N/M	N/M	-93.4%	N/M	N/M	231.8%	N/M
Finance expenses (income), net	188	125	-15	90	26	73	88	53	240	49	76	63	71	259	52	53
QoQ Change					-18.8%	180.8%	20.5%	-39.8%		-7.5%	55.1%	-17.1%	12.7%		-26.8%	1.9%
YoY Change		-33.5%	N/M	N/M	N/M	151.7%	193.3%	65.6%	166.7%	88.5%	4.1%	-28.4%	34.0%	7.9%	6.1%	-30.3%
EBITDA	2,260	2,327	2,317	2,733	373	688	726	559	2,346	717	615	604	753	2,689	702	678
QoQ Change					-44.5%	84.5%	5.5%	-23.0%		28.3%	-14.2%	-1.8%	24.7%		-6.8%	-3.4%
YoY Change		3.0%	-0.4%	18.0%	-43.5%	2.1%	-0.1%	-16.8%	-14.2%	92.2%	-10.6%	-16.8%	34.7%	14.6%	-2.1%	10.2%
<b>Key Cash Flow Metrics</b>																
Operating cash flow	1,379	1,691	2,220	2,140	419	496	641	550	2,106	651	376	470	512	2,009	561	556
QoQ Change					-22.4%	18.4%	29.2%	-14.2%		18.4%	-42.2%	25.0%	8.9%		9.6%	-0.9%
YoY Change		22.6%	31.3%	-3.6%	6.6%	-5.2%	-6.3%	1.8%	-1.6%	55.4%	-24.2%	-26.7%	-6.9%	-4.6%	-13.8%	47.9%
Capital expenditures, gross (accounting)	513	600	844	1,041	340	310	243	281	1,174	262	239	238	206	945	164	197
QoQ Change					15.6%	-8.8%	-21.6%	15.6%		-6.8%	-8.8%	-0.4%	-13.4%		-20.4%	20.1%
YoY Change		17.0%	40.7%	23.3%	49.1%	15.2%	-2.8%	-4.4%	12.8%	-22.9%	-22.9%	-2.1%	-26.7%	-19.5%	-37.4%	-17.6%
Capital expenditures, gross (cash flow)	505	616	853	1,032	319	319	268	259	1,165	269	238	249	202	958	183	186
QoQ Change					5.6%	0.0%	-16.0%	-3.4%		3.9%	-11.5%	4.6%	-18.9%		-9.4%	1.6%
YoY Change		22.0%	38.5%	21.0%	34.0%	29.1%	9.4%	-14.2%	12.9%	-15.7%	-25.4%	-7.1%	-22.0%	-17.8%	-32.0%	-21.8%
Capital expenditures, net (cash flow)	336	472	767	900	247	271	200	219	937	223	216	153	66	658	141	62
QoQ Change					-4.6%	9.7%	-26.2%	9.5%		1.8%	-3.1%	-29.2%	-56.9%		113.6%	-56.0%
YoY Change		40.5%	62.5%	17.3%	10.8%	22.6%	1.5%	-15.4%	4.1%	-9.7%	-20.3%	-23.5%	-69.9%	-29.8%	-36.8%	-71.3%
Free cash flow	1,043	1,219	1,453	1,240	287	225	441	216	1,169	428	160	317	446	1,351	420	494
QoQ Change					2.1%	-21.6%	96.0%	-51.0%		98.2%	-62.6%	98.1%	40.7%		-5.8%	17.6%
YoY Change		16.9%	19.2%	-14.7%	68.8%	-25.5%	-9.4%	-23.2%	-5.7%	49.1%	-28.9%	-28.1%	106.5%	15.6%	-1.9%	208.8%
<b>Ratios</b>																
Operating margin	23.1%	26.8%	28.7%	38.8%	17.9%	44.2%	46.0%	34.5%	35.7%	45.0%	37.6%	36.5%	50.3%	42.3%	47.4%	45.5%
Net margin	12.9%	17.3%	20.9%	27.1%	10.4%	28.2%	26.2%	27.0%	22.9%	29.0%	22.7%	21.4%	33.0%	26.5%	30.8%	31.3%
EBITDA margin	39.6%	42.3%	43.7%	51.9%	31.7%	58.8%	61.2%	50.2%	50.5%	59.8%	53.0%	52.6%	67.2%	58.1%	62.2%	60.5%
Capex/Sales	9.0%	10.9%	15.9%	19.8%	28.9%	26.5%	20.5%	25.2%	25.3%	21.9%	20.6%	20.7%	18.4%	20.4%	14.5%	17.6%

<sup>(1)</sup> Net profit does not include share in profits/losses of equity-accounted investees.



	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq Fixed-Line (cont'd)</b>																
<b>Operating &amp; general expenses</b>																
<b>Total general &amp; operating expenses</b>	<b>2,121</b>	<b>1,873</b>	<b>1,690</b>	<b>1,609</b>	<b>271</b>	<b>253</b>	<b>282</b>	<b>268</b>	<b>1,074</b>	<b>237</b>	<b>263</b>	<b>278</b>	<b>255</b>	<b>1,033</b>	<b>230</b>	<b>218</b>
QoQ Change						-6.6%	11.5%	-5.0%		-11.6%	11.0%	5.7%	-8.3%		-9.8%	-5.2%
YoY Change		-11.7%	-9.8%	-4.8%					-33.3%	-12.5%	4.0%	-1.4%	-4.9%	-3.8%	-3.0%	-17.1%
<b>Interconnect &amp; payments to telecom operators</b>	<b>N/A</b>	<b>N/A</b>	<b>871</b>	<b>855</b>	<b>79</b>	<b>78</b>	<b>79</b>	<b>78</b>	<b>314</b>	<b>75</b>	<b>72</b>	<b>70</b>	<b>64</b>	<b>281</b>	<b>57</b>	<b>58</b>
QoQ Change						-1.3%	1.3%	-1.3%		-3.8%	-4.0%	-2.8%	-8.6%		-10.9%	1.8%
YoY Change				-1.8%					-63.3%	-5.1%	-7.7%	-11.4%	-17.9%	-10.5%	-24.0%	-19.4%
<b>Marketing &amp; general</b>	<b>N/A</b>	<b>N/A</b>	<b>218</b>	<b>196</b>	<b>47</b>	<b>42</b>	<b>58</b>	<b>47</b>	<b>194</b>	<b>8</b>	<b>42</b>	<b>54</b>	<b>55</b>	<b>159</b>	<b>44</b>	<b>41</b>
QoQ Change						-10.6%	38.1%	-19.0%		-83.0%	425.0%	28.6%	1.9%		-20.0%	-6.8%
YoY Change				-10.1%					-1.0%	-83.0%	0.0%	-6.9%	17.0%	-18.0%	450.0%	-2.4%
<b>Terminal equipment &amp; materials</b>	<b>N/A</b>	<b>N/A</b>	<b>80</b>	<b>88</b>	<b>22</b>	<b>17</b>	<b>23</b>	<b>27</b>	<b>89</b>	<b>24</b>	<b>27</b>	<b>28</b>	<b>32</b>	<b>111</b>	<b>27</b>	<b>23</b>
QoQ Change						-22.7%	35.3%	17.4%		-11.1%	12.5%	3.7%	14.3%		-15.6%	-14.8%
YoY Change				10.0%					1.1%	9.1%	58.8%	21.7%	18.5%	24.7%	12.5%	-14.8%
<b>Maintenance of buildings and sites</b>	<b>N/A</b>	<b>N/A</b>	<b>278</b>	<b>240</b>	<b>62</b>	<b>60</b>	<b>63</b>	<b>62</b>	<b>247</b>	<b>63</b>	<b>59</b>	<b>70</b>	<b>53</b>	<b>245</b>	<b>59</b>	<b>55</b>
QoQ Change						-3.2%	5.0%	-1.6%		1.6%	-6.3%	18.6%	-24.3%		11.3%	-6.8%
YoY Change				-13.7%					2.9%	1.6%	-1.7%	11.1%	-14.5%	-0.8%	-6.3%	-6.8%
<b>Services and maintenance by sub-contractors</b>	<b>N/A</b>	<b>N/A</b>	<b>96</b>	<b>76</b>	<b>20</b>	<b>18</b>	<b>17</b>	<b>21</b>	<b>76</b>	<b>20</b>	<b>19</b>	<b>15</b>	<b>19</b>	<b>73</b>	<b>16</b>	<b>16</b>
QoQ Change						-10.0%	-5.6%	23.5%		-4.8%	-5.0%	-21.1%	26.7%		-15.8%	0.0%
YoY Change				-20.8%					0.0%	0.0%	5.6%	-11.8%	-9.5%	-3.9%	-20.0%	-15.8%
<b>Vehicle maintenance</b>	<b>N/A</b>	<b>N/A</b>	<b>96</b>	<b>101</b>	<b>21</b>	<b>20</b>	<b>22</b>	<b>15</b>	<b>78</b>	<b>19</b>	<b>18</b>	<b>25</b>	<b>21</b>	<b>83</b>	<b>20</b>	<b>19</b>
QoQ Change						-4.8%	10.0%	-31.8%		26.7%	-5.3%	38.9%	-16.0%		-4.8%	-5.0%
YoY Change				5.2%					-22.8%	-9.5%	-10.0%	13.6%	40.0%	6.4%	5.3%	5.6%
<b>Royalties and others</b>	<b>N/A</b>	<b>N/A</b>	<b>51</b>	<b>53</b>	<b>20</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>76</b>	<b>28</b>	<b>26</b>	<b>16</b>	<b>11</b>	<b>81</b>	<b>7</b>	<b>6</b>
QoQ Change						-10.0%	11.1%	-10.0%		55.6%	-7.1%	-38.5%	-31.3%		-36.4%	-14.3%
YoY Change				3.9%					43.4%	40.0%	44.4%	-20.0%	-38.9%	6.6%	-75.0%	-76.9%



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Telephone</b>																
<b>Key Income Statement Metrics (Revenues)</b>																
<b>Total Revenues</b>	<b>4,684</b>	<b>4,713</b>	<b>5,376</b>	<b>5,732</b>	<b>1,450</b>	<b>1,438</b>	<b>1,421</b>	<b>1,239</b>	<b>5,548</b>	<b>1,244</b>	<b>1,148</b>	<b>1,049</b>	<b>1,027</b>	<b>4,468</b>	<b>964</b>	<b>915</b>
QoQ Change					-1.2%	-0.8%	-1.2%	-12.8%		0.4%	-7.7%	-8.6%	-2.1%		-6.1%	-5.1%
YoY Change		0.6%	14.1%	6.6%	4.1%	0.6%	-1.5%	-15.6%	-3.2%	-14.2%	-20.2%	-26.2%	-17.1%	-19.5%	-22.5%	-20.3%
<b>Service Revenues</b>	<b>3,972</b>	<b>4,020</b>	<b>4,256</b>	<b>4,550</b>	<b>949</b>	<b>925</b>	<b>914</b>	<b>849</b>	<b>3,637</b>	<b>834</b>	<b>857</b>	<b>816</b>	<b>754</b>	<b>3,261</b>	<b>714</b>	<b>696</b>
QoQ Change					-17.1%	-2.5%	-1.2%	-7.1%		-1.8%	2.8%	-4.8%	-7.6%		-5.3%	-2.5%
YoY Change		1.2%	5.9%	6.9%	-14.2%	-18.9%	-21.1%	-25.9%	-20.1%	-12.1%	-7.4%	-10.7%	-11.2%	-10.3%	-14.4%	-18.8%
<b>Equipment Revenues</b>	<b>712</b>	<b>693</b>	<b>1,120</b>	<b>1,182</b>	<b>501</b>	<b>513</b>	<b>507</b>	<b>390</b>	<b>1,911</b>	<b>410</b>	<b>291</b>	<b>233</b>	<b>273</b>	<b>1,207</b>	<b>250</b>	<b>219</b>
QoQ Change					55.1%	2.4%	-1.2%	-23.1%		5.1%	-29.0%	-19.9%	17.2%		-8.4%	-12.4%
YoY Change		-2.7%	61.6%	5.5%	74.6%	77.5%	79.2%	20.7%	61.7%	-18.2%	-43.3%	-54.0%	-30.0%	-36.8%	-39.0%	-24.7%
<b>Key Income Statement Metrics</b>																
<b>Gross margin</b>	<b>1,337</b>	<b>1,478</b>	<b>1,784</b>	<b>1,978</b>	<b>548</b>	<b>511</b>	<b>495</b>	<b>407</b>	<b>1,961</b>	<b>413</b>	<b>396</b>	<b>333</b>	<b>286</b>	<b>1,428</b>	<b>288</b>	<b>288</b>
QoQ Change					10.0%	-6.8%	-3.1%	-17.8%		1.5%	-4.1%	-15.9%	-14.1%		0.7%	0.0%
YoY Change		10.5%	20.7%	10.9%	16.6%	0.4%	-1.2%	-18.3%	-0.9%	-24.6%	-22.5%	-32.7%	-29.7%	-27.2%	-30.3%	-27.3%
<b>Operating profit</b>	<b>805</b>	<b>933</b>	<b>1,190</b>	<b>1,383</b>	<b>399</b>	<b>357</b>	<b>342</b>	<b>262</b>	<b>1,360</b>	<b>267</b>	<b>259</b>	<b>199</b>	<b>167</b>	<b>892</b>	<b>174</b>	<b>186</b>
QoQ Change					16.3%	-10.5%	-4.2%	-23.4%		1.9%	-3.0%	-23.2%	-16.1%		4.2%	6.9%
YoY Change		15.9%	27.5%	16.2%	23.9%	-1.4%	-3.9%	-23.6%	-1.7%	-33.1%	-27.5%	-41.8%	-36.3%	-34.4%	-34.8%	-28.2%
<b>Net profit</b>	<b>585</b>	<b>682</b>	<b>875</b>	<b>1,033</b>	<b>310</b>	<b>279</b>	<b>263</b>	<b>204</b>	<b>1,056</b>	<b>216</b>	<b>194</b>	<b>154</b>	<b>134</b>	<b>698</b>	<b>153</b>	<b>161</b>
QoQ Change					15.7%	-10.0%	-5.7%	-22.4%		5.9%	-10.2%	-20.6%	-13.0%		14.2%	5.2%
YoY Change		16.6%	28.3%	18.1%	19.7%	4.5%	10.0%	-23.9%	2.2%	-30.3%	-30.5%	-41.4%	-34.3%	-33.9%	-29.2%	-17.0%
<b>Cost of sales</b>	<b>3,347</b>	<b>3,235</b>	<b>3,592</b>	<b>3,754</b>	<b>902</b>	<b>927</b>	<b>926</b>	<b>832</b>	<b>3,587</b>	<b>831</b>	<b>752</b>	<b>716</b>	<b>741</b>	<b>3,040</b>	<b>676</b>	<b>627</b>
QoQ Change					-7.0%	2.8%	-0.1%	-10.2%		-0.1%	-9.5%	-4.8%	3.5%		-8.8%	-7.2%
YoY Change		-3.3%	11.0%	4.5%	-2.3%	0.8%	-1.6%	-14.2%	-4.4%	-7.9%	-18.9%	-22.7%	-10.9%	-15.2%	-18.7%	-16.6%
<b>Sales &amp; marketing expenses</b>	<b>430</b>	<b>405</b>	<b>461</b>	<b>468</b>	<b>117</b>	<b>125</b>	<b>125</b>	<b>113</b>	<b>480</b>	<b>116</b>	<b>111</b>	<b>105</b>	<b>90</b>	<b>422</b>	<b>86</b>	<b>75</b>
QoQ Change					0.0%	6.8%	0.0%	-9.6%		2.7%	-4.3%	-5.4%	-14.3%		-4.4%	-12.8%
YoY Change		-5.8%	13.8%	1.5%	-1.7%	6.8%	8.7%	-3.4%	2.6%	-0.9%	-11.2%	-16.0%	-20.4%	-12.1%	-25.9%	-32.4%
<b>General &amp; administrative expenses</b>	<b>102</b>	<b>140</b>	<b>133</b>	<b>127</b>	<b>32</b>	<b>29</b>	<b>28</b>	<b>32</b>	<b>121</b>	<b>30</b>	<b>26</b>	<b>29</b>	<b>29</b>	<b>114</b>	<b>28</b>	<b>27</b>
QoQ Change					-15.8%	-9.4%	-3.4%	14.3%		-6.3%	-13.3%	11.5%	0.0%		-3.4%	-3.6%
YoY Change		37.3%	-5.0%	-4.5%	10.3%	-3.3%	-6.7%	-15.8%	-4.7%	-6.3%	-10.3%	3.6%	-9.4%	-5.8%	-6.7%	3.8%
<b>Depreciation &amp; amortization</b>	<b>479</b>	<b>523</b>	<b>603</b>	<b>601</b>	<b>139</b>	<b>143</b>	<b>139</b>	<b>140</b>	<b>561</b>	<b>135</b>	<b>137</b>	<b>130</b>	<b>129</b>	<b>531</b>	<b>121</b>	<b>113</b>
QoQ Change					-9.7%	2.9%	-2.8%	0.7%		-3.6%	1.5%	-5.1%	-0.8%		-6.2%	-6.6%
YoY Change		9.2%	15.3%	-0.3%	-6.7%	-4.0%	-6.7%	-9.1%	-6.7%	-2.9%	-4.2%	-6.5%	-7.9%	-5.3%	-10.4%	-17.5%
<b>EBITDA</b>	<b>1,284</b>	<b>1,456</b>	<b>1,794</b>	<b>1,984</b>	<b>539</b>	<b>500</b>	<b>481</b>	<b>401</b>	<b>1,921</b>	<b>402</b>	<b>396</b>	<b>329</b>	<b>296</b>	<b>1,423</b>	<b>295</b>	<b>299</b>
QoQ Change					8.5%	-7.2%	-3.8%	-16.6%		0.2%	-1.5%	-16.9%	-10.0%		-0.3%	1.4%
YoY Change		13.4%	23.2%	10.6%	14.4%	-2.2%	-4.8%	-19.3%	-3.2%	-25.4%	-20.8%	-31.6%	-26.2%	-25.9%	-26.6%	-24.5%
<b>Key Cash Flow Metrics</b>																
<b>Operating cash flow</b>	<b>1,228</b>	<b>1,277</b>	<b>1,115</b>	<b>1,219</b>	<b>308</b>	<b>101</b>	<b>168</b>	<b>223</b>	<b>800</b>	<b>294</b>	<b>556</b>	<b>490</b>	<b>388</b>	<b>1,728</b>	<b>354</b>	<b>468</b>
QoQ Change					238.5%	-67.2%	66.3%	32.7%		31.8%	89.1%	-11.9%	-20.8%		-8.8%	32.2%
YoY Change		4.0%	-12.7%	9.3%	-12.0%	-73.3%	-58.0%	145.1%	-34.4%	-4.5%	450.5%	191.7%	74.0%	116.0%	20.4%	-15.8%
<b>Capital expenditures, gross (accounting)</b>	<b>440</b>	<b>911</b>	<b>508</b>	<b>431</b>	<b>122</b>	<b>109</b>	<b>98</b>	<b>113</b>	<b>442</b>	<b>121</b>	<b>113</b>	<b>77</b>	<b>86</b>	<b>397</b>	<b>56</b>	<b>91</b>
QoQ Change					10.9%	-10.7%	-10.1%	15.3%		7.1%	-6.6%	-31.9%	11.7%		-34.9%	62.5%
YoY Change		107.0%	-44.2%	-15.2%	10.9%	-2.7%	-1.0%	2.7%	2.6%	-0.8%	3.7%	-21.4%	-23.9%	-10.2%	-53.7%	-19.5%
<b>Capital expenditures, gross (cash flow)</b>	<b>381</b>	<b>798</b>	<b>559</b>	<b>397</b>	<b>133</b>	<b>86</b>	<b>107</b>	<b>93</b>	<b>419</b>	<b>115</b>	<b>109</b>	<b>84</b>	<b>76</b>	<b>384</b>	<b>66</b>	<b>84</b>
QoQ Change					44.6%	-35.3%	24.4%	-13.1%		23.7%	-5.2%	-22.9%	-9.5%		-13.2%	27.3%
YoY Change		109.4%	-29.9%	-29.0%	44.6%	-24.6%	8.1%	1.1%	5.5%	-13.5%	26.7%	-21.5%	-18.3%	-8.4%	-42.6%	-22.9%
<b>Capital expenditures, net (cash flow)</b>	<b>376</b>	<b>795</b>	<b>555</b>	<b>397</b>	<b>133</b>	<b>86</b>	<b>71</b>	<b>92</b>	<b>382</b>	<b>115</b>	<b>109</b>	<b>84</b>	<b>73</b>	<b>381</b>	<b>66</b>	<b>84</b>
QoQ Change					44.6%	-35.3%	-17.4%	29.6%		25.0%	-5.2%	-22.9%	-13.1%		-9.6%	27.3%
YoY Change		111.4%	-30.2%	-28.5%	44.6%	-24.6%	-28.3%	0.0%	-3.8%	-13.5%	26.7%	18.3%	-20.7%	-0.3%	-42.6%	-22.9%
<b>Free cash flow</b>	<b>852</b>	<b>482</b>	<b>560</b>	<b>822</b>	<b>175</b>	<b>15</b>	<b>97</b>	<b>131</b>	<b>418</b>	<b>179</b>	<b>447</b>	<b>406</b>	<b>315</b>	<b>1,347</b>	<b>288</b>	<b>384</b>
QoQ Change					N/M	-91.4%	546.7%	35.1%		36.6%	149.7%	-9.2%	-22.4%		-8.6%	33.3%
YoY Change		-43.4%	16.2%	46.8%	-32.2%	-94.3%	-67.8%	N/M	-49.1%	2.3%	2880.0%	318.6%	140.5%	222.2%	60.9%	-14.1%
<b>Ratios</b>																
<b>Operating margin</b>	<b>17.2%</b>	<b>19.8%</b>	<b>22.1%</b>	<b>24.1%</b>	<b>27.5%</b>	<b>24.8%</b>	<b>24.1%</b>	<b>21.1%</b>	<b>24.5%</b>	<b>21.5%</b>	<b>22.6%</b>	<b>19.0%</b>	<b>16.3%</b>	<b>20.0%</b>	<b>18.0%</b>	<b>20.3%</b>
<b>Net margin</b>	<b>12.5%</b>	<b>14.5%</b>	<b>16.3%</b>	<b>18.0%</b>	<b>21.4%</b>	<b>19.4%</b>	<b>18.5%</b>	<b>16.5%</b>	<b>19.0%</b>	<b>17.4%</b>	<b>16.9%</b>	<b>14.7%</b>	<b>13.0%</b>	<b>15.6%</b>	<b>15.9%</b>	<b>17.6%</b>
<b>EBITDA margin</b>	<b>27.4%</b>	<b>30.9%</b>	<b>33.4%</b>	<b>34.6%</b>	<b>37.2%</b>	<b>34.8%</b>	<b>33.8%</b>	<b>32.4%</b>	<b>34.6%</b>	<b>32.3%</b>	<b>34.5%</b>	<b>31.4%</b>	<b>28.8%</b>	<b>31.9%</b>	<b>30.6%</b>	<b>32.7%</b>
<b>Capex/Sales</b>	<b>9.4%</b>	<b>19.3%</b>	<b>9.4%</b>	<b>7.5%</b>	<b>8.4%</b>	<b>7.6%</b>	<b>6.9%</b>	<b>9.1%</b>	<b>8.0%</b>	<b>9.7%</b>	<b>9.8%</b>	<b>7.3%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>5.8%</b>	<b>9.9%</b>



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq International</b>																
<b>Key Income Statement Metrics</b>																
Revenues	1,304	1,306	1,318	1,380	329	332	351	341	1,354	332	330	339	340	1,340	346	359
QoQ Change					-5.9%	0.9%	5.5%	-2.7%		-2.6%	-0.7%	2.6%	0.3%		1.8%	3.8%
YoY Change		0.2%	0.9%	4.8%	-4.0%	-2.2%	1.0%	-2.5%	-1.9%	0.9%	-0.8%	-3.5%	-0.5%	-1.0%	4.0%	8.8%
Gross margin	445	526	541	558	136	139	142	149	566	131	135	140	138	544	138	140
QoQ Change					-6.2%	2.2%	2.2%	4.9%		-12.2%	3.2%	3.7%	-1.3%		-0.4%	1.9%
YoY Change		18.2%	2.9%	3.1%	2.3%	-1.4%	2.2%	2.8%	1.4%	-3.8%	-2.9%	-1.4%	-7.3%	-3.9%	5.2%	3.9%
Operating profit	204	242	261	320	61	60	61	59	241	50	53	55	62	219	56	60
QoQ Change					-6.5%	-0.9%	1.7%	-4.5%		-15.4%	6.8%	3.7%	12.2%		-9.2%	7.6%
YoY Change		18.6%	8.0%	22.6%	-1.1%	-51.2%	-11.8%	-9.9%	-24.6%	-18.5%	-12.2%	-10.5%	5.2%	-9.2%	12.9%	13.7%
Net profit	153	178	200	254	46	46	46	44	182	36	39	40	45	160	37	44
QoQ Change					0.2%	0.8%	-0.9%	-4.2%		-18.6%	8.6%	3.6%	10.8%		-16.0%	16.2%
YoY Change		16.6%	12.1%	27.0%	-1.1%	-57.2%	-14.0%	-4.1%	-28.3%	-22.1%	-16.1%	-12.3%	1.5%	-12.4%	4.7%	12.0%
Cost of sales	859	780	777	822	193	194	209	192	788	201	194	199	201	796	208	218
QoQ Change					-4.9%	0.5%	7.7%	-8.1%		4.9%	-3.5%	2.4%	1.2%		3.3%	5.1%
YoY Change		-9.2%	-0.4%	5.8%	-8.1%	-3.5%	0.5%	-5.4%	-4.1%	4.4%	0.2%	-4.8%	4.8%	1.0%	3.2%	12.5%
Sales & marketing expenses	147	181	175	192	47	53	51	58	209	50	53	54	52	209	51	50
QoQ Change					-9.6%	12.8%	-3.8%	13.7%		-13.7%	5.9%	1.9%	-3.7%		-1.2%	-2.5%
YoY Change		23.1%	-3.3%	9.7%	6.8%	10.4%	6.3%	11.5%	8.9%	6.5%	0.0%	5.9%	-10.4%	0.0%	2.6%	-5.5%
General & administrative expenses	94	103	105	109	28	26	30	32	116	31	29	31	26	117	30	30
QoQ Change					0.0%	-7.1%	15.4%	6.7%		-1.8%	-8.6%	8.0%	-16.5%		15.7%	0.2%
YoY Change		9.6%	1.9%	3.8%	0.0%	-3.7%	15.4%	14.3%	6.4%	12.2%	10.4%	3.3%	-19.2%	0.9%	-4.8%	4.4%
Depreciation & amortization	87	80	84	94	24	26	28	30	109	34	34	35	33	136	31	33
QoQ Change					-3.6%	8.8%	5.9%	8.1%		13.6%	0.3%	0.2%	-4.1%		-5.4%	4.0%
YoY Change		-7.5%	5.2%	11.9%	7.4%	14.8%	18.9%	20.1%	15.5%	41.6%	30.4%	23.3%	9.4%	25.2%	-8.9%	-5.5%
EBITDA	290	322	345	414	85	87	89	89	350	84	87	89	95	355	87	93
QoQ Change					-5.4%	1.9%	3.0%	-0.6%		-5.5%	4.1%	2.3%	5.9%		-7.9%	6.3%
YoY Change		10.8%	7.3%	20.0%	1.2%	-40.9%	-4.0%	-1.3%	-15.5%	-1.4%	0.8%	0.1%	6.6%	1.5%	3.9%	6.1%
<b>Key Cash Flow Metrics</b>																
Operating cash flow	93	163	320	290	42	68	57	76	243	58	64	63	86	272	58	81
QoQ Change					-53.4%	62.2%	-15.7%	32.2%		-23.1%	9.9%	-1.7%	36.7%		-32.4%	39.2%
YoY Change		76.3%	95.5%	-9.2%	-29.4%	3.4%	-23.0%	-15.7%	-16.1%	39.1%	-5.7%	9.9%	13.7%	11.7%	-0.2%	26.5%
Capital expenditures, gross (accounting)	131	120	150	160	49	71	85	80	285	81	29	29	30	169	26	39
QoQ Change					-29.0%	44.9%	19.7%	-5.9%		1.3%	-64.2%	0.0%	3.4%		-13.3%	50.0%
YoY Change		-8.4%	25.0%	6.7%	145.0%	65.1%	193.1%	15.9%	78.1%	65.3%	-59.2%	-65.9%	-62.5%	-40.7%	-67.9%	34.5%
Capital expenditures, gross (cash flow)	103	119	120	180	46	47	92	104	288	71	36	30	39	175	31	28
QoQ Change					-42.6%	2.1%	95.2%	13.2%		-31.5%	-49.7%	-17.0%	31.0%		-20.5%	-10.6%
YoY Change		14.7%	1.1%	49.9%	25.3%	43.4%	205.3%	29.3%	60.4%	54.4%	-23.8%	-67.6%	-62.5%	-39.2%	-56.5%	-22.8%
Capital expenditures, net (cash flow)	100	118	120	180	46	47	92	103	288	71	36	29	38	173	31	27
QoQ Change					-43.0%	2.6%	95.0%	12.8%		-31.6%	-49.5%	-19.8%	33.4%		-19.5%	-11.6%
YoY Change		18.7%	1.4%	50.0%	24.7%	43.4%	206.1%	28.8%	60.1%	54.3%	-24.1%	-68.8%	-63.1%	-39.8%	-56.5%	-23.9%
Free cash flow	-7	45	200	110	-4	21	-34	-27	-44	-12	29	35	48	99	28	54
QoQ Change					N/M	N/M	N/M	-19.7%		-55.4%	N/M	20.9%	39.5%		-42.7%	95.8%
YoY Change		N/M	341.0%	-44.7%	N/M	-36.1%	N/M	N/M	N/M	223.9%	35.1%	N/M	N/M	N/M	N/M	89.3%
<b>Ratios</b>																
Operating margin	15.6%	18.5%	19.8%	23.2%	18.5%	18.1%	17.5%	17.2%	17.8%	14.9%	16.1%	16.2%	18.1%	16.3%	16.2%	16.8%
Net margin	11.7%	13.7%	15.2%	18.4%	14.0%	13.9%	13.1%	12.9%	13.5%	10.8%	11.8%	11.9%	13.1%	11.9%	10.8%	12.1%
EBITDA margin	22.3%	24.6%	26.2%	30.0%	25.8%	26.1%	25.5%	26.0%	25.9%	25.3%	26.5%	26.4%	27.9%	26.5%	25.2%	25.9%
Capex/Sales	10.0%	9.2%	11.4%	11.6%	14.9%	21.4%	24.2%	23.5%	21.1%	24.4%	8.8%	8.6%	8.8%	12.6%	7.5%	10.9%



		FY 2007	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>yes</b>																	
<b>Key Income Statement Metrics</b>																	
<b>Revenues</b>		1,415	1,513	1,530	1,583	406	404	405	404	1,619	417	409	403	408	1,636	404	404
	QoQ Change					1.3%	-0.4%	0.4%	-0.4%		3.2%	-1.9%	-1.5%	1.3%		-1.1%	0.1%
	YoY Change		6.9%	1.2%	3.4%	3.6%	2.0%	2.6%	0.9%	2.3%	2.8%	1.2%	-0.7%	1.0%	1.1%	-3.2%	-1.2%
<b>Gross margin</b>		298	421	488	454	134	135	138	184	591	144	153	130	141	569	145	143
	QoQ Change					17.7%	1.0%	2.0%	33.9%		-21.6%	5.9%	-15.0%	8.7%		2.5%	-1.4%
	YoY Change		41.6%	15.9%	-7.0%	2.9%	82.8%	0.6%	62.3%	30.1%	8.1%	13.3%	-5.5%	-23.3%	-3.7%	0.3%	-6.5%
<b>Operating profit</b>		56	177	248	178	61	65	63	106	295	52	74	54	73	253	67	68
	QoQ Change					51.2%	6.4%	-3.0%	67.3%		-51.3%	44.3%	-27.5%	34.6%		-7.2%	0.2%
	YoY Change		216.3%	40.1%	-28.2%	4.6%	796.5%	-11.7%	161.1%	65.4%	-15.9%	14.0%	-14.8%	-30.7%	-14.3%	30.7%	-9.3%
<b>Net profit</b>		-118	-265	-222	-314	-73	-88	-76	8	-230	-64	-107	-119	-21	-310	-61	-101
	QoQ Change					-12.9%	20.4%	-14.1%	N/M		N/M	67.0%	11.3%	-82.2%		187.2%	66.3%
	YoY Change		125.1%	-16.0%	41.0%	787.6%	-38.1%	-3.1%	N/M	-26.8%	-13.0%	20.7%	56.4%	N/M	35.1%	-4.9%	-5.4%
<b>Cost of sales</b>		1,117	1,091	1,042	1,129	272	269	268	219	1,028	272	256	273	266	1,067	258	261
	QoQ Change					-5.1%	-1.1%	-0.5%	-18.0%		24.0%	-6.1%	6.6%	-2.3%		-3.1%	1.1%
	YoY Change		-2.3%	-4.5%	8.3%	4.0%	-16.5%	3.6%	-23.4%	-8.9%	0.1%	-4.9%	1.8%	21.4%	3.8%	-5.2%	2.0%
<b>Sales &amp; marketing expenses</b>		138	128	122	143	40	35	37	41	153	54	42	40	31	166	39	36
	QoQ Change					1.0%	-13.3%	7.0%	9.7%		31.2%	-22.3%	-3.7%	-22.3%		25.7%	-7.4%
	YoY Change		-6.9%	-4.6%	17.1%	2.9%	5.1%	17.8%	2.7%	6.7%	33.6%	19.7%	7.8%	-23.7%	8.9%	-26.9%	-12.9%
<b>General &amp; administrative expenses</b>		104	116	118	133	32	35	37	39	143	39	37	36	38	150	39	39
	QoQ Change					-3.2%	8.3%	6.4%	4.3%		1.6%	-6.2%	-2.4%	4.3%		3.4%	0.7%
	YoY Change		11.6%	1.4%	12.5%	0.0%	4.2%	10.8%	16.4%	7.9%	22.1%	5.7%	-3.0%	-3.0%	4.8%	-1.2%	6.1%
<b>Depreciation &amp; amortization</b>		273	250	234	285	69	71	74	63	276	66	54	64	64	248	62	64
	QoQ Change					-19.3%	3.7%	4.1%	-15.5%		5.2%	-18.3%	19.8%	-0.4%		-3.5%	3.5%
	YoY Change		-8.5%	-6.3%	21.6%	7.6%	4.3%	9.3%	-26.4%	-2.9%	-4.0%	-24.4%	-13.0%	2.5%	-10.2%	-5.9%	19.1%
<b>EBITDA</b>		329	427	482	463	130	136	137	168	571	118	128	118	136	501	130	132
	QoQ Change					3.5%	5.0%	0.7%	22.2%		-29.8%	8.7%	-7.7%	15.1%		-4.5%	1.2%
	YoY Change		29.7%	13.0%	-4.0%	6.1%	80.8%	-1.5%	33.7%	23.4%	-9.2%	-6.0%	-13.8%	-18.6%	-12.3%	10.4%	2.6%
<b>Key Cash Flow Metrics</b>																	
<b>Operating cash flow</b>		250	347	410	492	141	119	134	119	513	116	100	83	120	418	122	110
	QoQ Change					7.4%	-15.9%	13.0%	-11.5%		-2.4%	-13.7%	-17.6%	44.8%		1.7%	-9.4%
	YoY Change		38.9%	18.1%	20.0%	13.7%	8.4%	6.4%	-9.7%	4.4%	-18.0%	-15.8%	-38.5%	0.6%	-18.5%	4.9%	10.1%
<b>Capital expenditures, gross (accounting)</b>		299	265	270	295	79	75	68	69	291	60	88	102	74	324	71	76
	QoQ Change					15.5%	-5.1%	-9.3%	1.5%		-13.0%	46.7%	15.9%	-27.5%		-4.1%	7.0%
	YoY Change		-11.4%	1.9%	9.4%	19.7%	-5.1%	-17.1%	0.8%	-1.5%	-24.1%	17.3%	50.0%	7.2%	11.3%	18.3%	-13.6%
<b>Capital expenditures, gross (cash flow)</b>		255	238	262	278	71	64	67	62	264	56	69	87	72	284	90	85
	QoQ Change					-20.5%	-9.5%	4.6%	-7.9%		-9.1%	22.8%	25.0%	-16.8%		24.5%	-5.5%
	YoY Change		-6.7%	10.1%	6.4%	16.5%	1.8%	4.1%	-30.6%	-5.0%	-20.7%	7.5%	28.6%	17.1%	7.5%	59.0%	22.4%
<b>Capital expenditures, net (cash flow)</b>		255	238	261	277	71	64	67	62	264	56	69	87	72	284	90	85
	QoQ Change					-20.5%	-9.4%	4.4%	-7.7%		-9.2%	23.0%	25.1%	-17.0%		24.9%	-5.5%
	YoY Change		-6.7%	9.7%	6.2%	16.7%	2.1%	5.5%	-30.6%	-4.8%	-20.7%	7.6%	28.8%	17.5%	7.6%	59.3%	22.3%
<b>Free cash flow</b>		-5	109	149	215	70	54	67	57	250	60	31	-4	48	134	32	26
	QoQ Change					66.5%	-22.6%	23.0%	-15.0%		4.7%	-48.2%	N/M	N/M		-33.0%	-20.1%
	YoY Change		NM	36.2%	44.0%	10.9%	17.0%	7.3%	34.9%	16.2%	-15.2%	-43.3%	N/M	-17.3%	-46.2%	-46.4%	-17.3%
<b>Ratios</b>																	
<b>Operating margin</b>		4.0%	11.7%	16.2%	11.3%	15.1%	16.2%	15.6%	26.2%	18.2%	12.4%	18.2%	13.4%	17.8%	15.4%	16.7%	16.7%
<b>Net margin</b>		-8.3%	-17.5%	-14.5%	-19.8%	-18.1%	-21.9%	-18.7%	2.0%	-14.2%	-15.3%	-26.1%	-29.5%	-5.2%	-19.0%	-15.0%	-25.0%
<b>EBITDA margin</b>		23.3%	28.2%	31.5%	29.3%	32.0%	33.8%	33.9%	41.6%	35.3%	28.3%	31.4%	29.4%	33.4%	30.6%	32.3%	32.6%
<b>Capex/Sales</b>		21.1%	17.5%	17.6%	18.7%	19.5%	18.6%	16.8%	17.1%	18.0%	14.4%	21.5%	25.3%	18.1%	19.8%	17.6%	18.8%





	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
<b>Bezeq Fixed-Line</b>															
<b>Key Performance Indicators</b>															
<b>Total outgoing minutes (in millions)</b>	<b>13,260</b>	<b>12,017</b>	<b>10,699</b>	<b>2,521</b>	<b>2,415</b>	<b>2,482</b>	<b>2,339</b>	<b>9,758</b>	<b>2,360</b>	<b>2,226</b>	<b>2,126</b>	<b>1,979</b>	<b>8,691</b>	<b>1,788</b>	<b>1,805</b>
QoQ Change				-3.8%	-4.2%	2.8%	-5.8%		0.9%	-5.7%	-4.5%	-6.9%		-9.7%	1.0%
YoY Change	-9.9%	-9.4%	-11.0%	-7.7%	-11.1%	-5.6%	-10.8%	-8.8%	-6.4%	-7.8%	-14.3%	-15.4%	-10.9%	-24.2%	-18.9%
<b>Total incoming minutes (in millions)</b>	<b>6,691</b>	<b>6,718</b>	<b>6,547</b>	<b>1,577</b>	<b>1,535</b>	<b>1,602</b>	<b>1,526</b>	<b>6,240</b>	<b>1,543</b>	<b>1,516</b>	<b>1,595</b>	<b>1,571</b>	<b>6,225</b>	<b>1,503</b>	<b>1,551</b>
QoQ Change				-4.1%	-2.7%	4.4%	-4.7%		1.1%	-1.7%	5.2%	-1.5%		-4.3%	3.2%
YoY Change	4.4%	0.4%	-2.5%	-2.8%	-6.1%	-2.7%	-7.2%	-4.7%	-2.2%	-1.2%	-0.4%	2.9%	-0.2%	-2.6%	2.3%
<b>Total access lines (in 000's)</b>	<b>2,604</b>	<b>2,483</b>	<b>2,366</b>	<b>2,358</b>	<b>2,356</b>	<b>2,363</b>	<b>2,367</b>	<b>2,367</b>	<b>2,368</b>	<b>2,335</b>	<b>2,299</b>	<b>2,268</b>	<b>2,268</b>	<b>2,242</b>	<b>2,224</b>
QoQ Change				-0.3%	-0.1%	0.3%	0.2%		0.0%	-1.4%	-1.5%	-1.3%		-1.1%	-0.8%
YoY Change	-5.3%	-4.6%	-4.7%	15.0%	-2.7%	-1.3%	0.0%	0.0%	0.4%	-0.9%	-2.7%	-4.2%	-4.2%	-5.3%	-4.8%
<b>ARPL - Voice &amp; fixed fees (in NIS)</b>	<b>83</b>	<b>82</b>	<b>81</b>	<b>79</b>	<b>77</b>	<b>78</b>	<b>70</b>	<b>76</b>	<b>74</b>	<b>73</b>	<b>73</b>	<b>71</b>	<b>73</b>	<b>69</b>	<b>68</b>
QoQ Change				-4.8%	-2.5%	1.3%	-10.3%		5.7%	-1.4%	0.0%	-2.7%		-2.8%	-1.4%
YoY Change	-4.6%	-1.2%	-1.2%	-1.3%	-4.9%	-4.9%	-15.7%	-6.2%	-6.3%	-5.2%	-6.4%	1.4%	-3.9%	-6.8%	-6.8%
<b>Churn rate (%)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.3%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>11.6%</b>	<b>3.2%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>15.3%</b>	<b>3.7%</b>	<b>3.5%</b>
<b>Broadband Internet lines (in 000's)</b>	<b>1,005</b>	<b>1,035</b>	<b>1,066</b>	<b>1,079</b>	<b>1,088</b>	<b>1,100</b>	<b>1,111</b>	<b>1,111</b>	<b>1,121</b>	<b>1,136</b>	<b>1,153</b>	<b>1,169</b>	<b>1,169</b>	<b>1,185</b>	<b>1,202</b>
QoQ Change				1.2%	0.8%	1.1%	1.0%		0.9%	1.3%	1.5%	1.4%		1.4%	1.4%
YoY Change	4.4%	3.0%	3.0%	3.3%	3.5%	4.2%	4.2%	4.2%	3.9%	4.4%	4.8%	5.2%	5.2%	5.7%	5.8%
<b>Broadband Internet ARPU (in NIS)</b>	<b>67</b>	<b>69</b>	<b>75</b>	<b>79</b>	<b>80</b>	<b>81</b>	<b>81</b>	<b>80</b>	<b>84</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>81</b>	<b>83</b>	<b>85</b>
QoQ Change				1.3%	1.3%	1.3%	0.0%		3.7%	-4.8%	0.0%	0.0%		3.8%	2.4%
YoY Change	4.7%	3.0%	8.7%	8.2%	11.1%	6.6%	3.8%	6.7%	6.3%	0.0%	-1.2%	-1.2%	1.3%	-1.2%	6.3%
<b>NGN subscribers as % of total internet subscribers covered by NGN network</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>40%</b>	<b>43%</b>	<b>47%</b>	<b>51%</b>	<b>51%</b>	<b>55%</b>	<b>57%</b>	<b>60%</b>	<b>62%</b>	<b>62%</b>	<b>65%</b>	<b>84%</b>
<b>Average broadband speed per subscriber (end of period, Mbps)</b>	<b>2.2</b>	<b>2.7</b>	<b>4.3</b>	<b>4.8</b>	<b>5.3</b>	<b>6.0</b>	<b>6.7</b>	<b>6.7</b>	<b>7.5</b>	<b>8.3</b>	<b>9.0</b>	<b>9.6</b>	<b>9.6</b>	<b>10.4</b>	<b>15.2</b>
QoQ Change				11.6%	10.4%	13.2%	11.7%		11.9%	10.7%	8.4%	6.7%		8.3%	46.2%
YoY Change	29.4%	22.7%	59.3%	60.0%	55.9%	57.9%	55.8%	55.8%	56.3%	56.6%	50.0%	43.3%	43.3%	38.7%	83.1%
<b>Number of employees</b>	<b>7,530</b>	<b>7,364</b>	<b>7,216</b>	<b>7,216</b>	<b>7,123</b>	<b>7,087</b>	<b>7,076</b>	<b>7,076</b>	<b>7,208</b>	<b>7,274</b>	<b>7,343</b>	<b>7,422</b>	<b>7,422</b>	<b>7,266</b>	<b>6,906</b>
QoQ Change				0.0%	-1.3%	-0.5%	-0.2%		1.9%	0.9%	0.9%	1.1%		-2.1%	-5.0%
YoY Change	-1.1%	-2.2%	-2.0%	-1.6%	-2.8%	-2.9%	-1.9%	-1.9%	-0.1%	2.1%	3.6%	4.9%	4.9%	0.8%	-5.1%



	FY 2008	FY 2009	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013
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## Pelephone

### Key Performance Indicators

<b>Subscribers (in 000's)</b>	<b>2,649</b>	<b>2,766</b>	<b>2,857</b>	<b>2,861</b>	<b>2,827</b>	<b>2,842</b>	<b>2,847</b>	<b>2,847</b>	<b>2,876</b>	<b>2,859</b>	<b>2,839</b>	<b>2,800</b>	<b>2,800</b>	<b>2,741</b>	<b>2,702</b>
QoQ Change				0.1%	-1.2%	0.5%	0.2%		1.0%	-0.6%	-0.7%	-1.4%		-2.1%	-1.4%
YoY Change	1.0%	4.4%	3.3%	2.6%	0.7%	0.6%	-0.4%	-0.4%	0.5%	1.1%	-0.1%	-1.7%	-1.7%	-4.7%	-5.5%
<b>MOU (per sub, per month)</b>	<b>352</b>	<b>333</b>	<b>349</b>	<b>359</b>	<b>370</b>	<b>385</b>	<b>384</b>	<b>375</b>	<b>399</b>	<b>409</b>	<b>425</b>	<b>442</b>	<b>419</b>	<b>440</b>	<b>467</b>
QoQ Change				-1.4%	3.1%	4.1%	-0.3%		3.9%	2.5%	3.9%	4.0%		-0.5%	6.1%
YoY Change	-0.6%	-5.4%	4.8%	6.8%	6.3%	11.0%	5.5%	7.4%	11.1%	10.5%	10.4%	15.1%	11.7%	10.3%	14.2%
<b>ARPU (in NIS)</b>	<b>N/A</b>	<b>N/A</b>	<b>111</b>	<b>110</b>	<b>109</b>	<b>107</b>	<b>100</b>	<b>107</b>	<b>97</b>	<b>99</b>	<b>95</b>	<b>89</b>	<b>95</b>	<b>86</b>	<b>85</b>
QoQ Change				0.9%	-0.9%	-1.8%	-6.5%		-3.0%	2.1%	-4.0%	-6.3%		-3.4%	-1.2%
YoY Change				0.0%	-1.8%	-5.3%	-8.3%	-3.6%	-11.8%	-9.2%	-11.2%	-11.0%	-11.2%	-11.3%	-14.1%
<b>Churn rate (%)</b>	<b>N/A</b>	<b>13.8%</b>	<b>15.3%</b>	<b>5.0%</b>	<b>6.6%</b>	<b>6.1%</b>	<b>5.3%</b>	<b>22.9%</b>	<b>3.9%</b>	<b>6.0%</b>	<b>6.7%</b>	<b>5.9%</b>	<b>22.4%</b>	<b>7.2%</b>	<b>6.9%</b>

## yes

### Key Performance Indicators

<b>Subscribers (in 000's)</b>	<b>560</b>	<b>571</b>	<b>578</b>	<b>580</b>	<b>581</b>	<b>585</b>	<b>586</b>	<b>586</b>	<b>585</b>	<b>582</b>	<b>581</b>	<b>578</b>	<b>578</b>	<b>578</b>	<b>583</b>
QoQ Change				0.3%	0.2%	0.7%	0.2%		-0.2%	-0.5%	-0.2%	-0.5%		0.0%	0.9%
YoY Change	2.0%	2.0%	1.2%	1.6%	1.4%	1.7%	1.4%	1.4%	0.9%	0.2%	-0.7%	-1.4%	-1.4%	-1.2%	0.2%
<b>ARPU (in NIS)</b>	<b>228</b>	<b>226</b>	<b>230</b>	<b>234</b>	<b>232</b>	<b>232</b>	<b>229</b>	<b>232</b>	<b>237</b>	<b>234</b>	<b>231</b>	<b>234</b>	<b>234</b>	<b>233</b>	<b>232</b>
QoQ Change				1.3%	-0.9%	0.0%	-1.3%		3.5%	-1.3%	-1.3%	1.3%		-0.4%	-0.4%
YoY Change	5.1%	-0.9%	1.8%	2.2%	0.4%	1.3%	-0.9%	0.9%	1.3%	0.9%	-0.4%	2.2%	1.0%	-1.7%	-0.9%
<b>Churn rate (%)</b>	<b>N/A</b>	<b>13.3%</b>	<b>13.0%</b>	<b>3.3%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>11.9%</b>	<b>3.6%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>3.8%</b>	<b>15.4%</b>	<b>3.8%</b>	<b>3.2%</b>



## GLOSSARY

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### Glossary

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EBITDA	= Earnings Before Interest, Taxes, Depreciation & Amortization; ttm = trailing twelve months
Free cash flow	= Operating cash flows less net capital expenditures
Net capital expenditures	= Purchase of property, plant & equipment (PPE), plus investments in intangible assets, less proceeds from the sale of PPE
ARPL	= Average revenue per line
ARPU	= Average revenue per user
MOU	= Minutes of use
N/A	= Not available
N/M	= Not meaningful