



Facts & Figures FY 2008

Year ending December 31, 2008

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(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008	2008	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	3,159	3,062	12,407	
QoQ Change			0.2%	2.2%	1.1%		-0.9%	-1.2%	2.8%	-0.6%		-0.6%	-0.5%	2.4%	-3.1%		
YoY Change						2.6%	2.6%	1.1%	1.8%	0.1%	1.4%	0.4%	1.1%	0.6%	-1.8%	0.1%	
Operating Profit	1,527	516	516	560	-8	1,584	657	571	596	552	2,376	664	800	822	531	2,817	
QoQ Change			0.0%	8.5%	N/M		N/M	-13.1%	4.4%	-7.4%		20.3%	20.5%	2.8%	-35.4%		
YoY Change						3.7%	27.3%	10.7%	6.4%	N/M	50.0%	1.1%	40.1%	37.9%	-3.8%	18.6%	
Net profit attributed to Bezeq shareholders	666	314	289	313	-107	809	399	361	255	315	1,330	411	456	462	298	1,627	
QoQ Change			-8.0%	8.3%	N/M		N/M	-9.5%	-29.4%	23.5%		30.5%	10.9%	1.3%	-35.5%		
YoY Change						21.5%	27.1%	24.9%	-18.5%	N/M	64.4%	3.0%	26.3%	81.2%	-5.4%	22.3%	
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	0.18	0.12	0.62	
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	0.17	0.12	0.61	
Depreciation & amortization	1,934	460	472	469	463	1,864	441	436	445	447	1,769	429	422	423	429	1,703	
QoQ Change			2.6%	-0.6%	-1.3%		-4.8%	-1.1%	2.1%	0.4%		-4.0%	-1.6%	0.2%	1.4%		
YoY Change						-3.6%	-4.1%	-7.6%	-5.1%	-3.5%	-5.1%	-2.7%	-3.2%	-4.9%	-4.0%	-3.7%	
EBITDA	3,461	976	988	1,029	455	3,448	1,098	1,007	1,041	999	4,145	1,093	1,222	1,245	960	4,520	
QoQ Change			1.2%	4.1%	-55.8%		141.3%	-8.3%	3.4%	-4.0%		9.4%	11.8%	1.9%	-22.9%		
YoY Change						-0.4%	12.5%	1.9%	1.2%	119.6%	20.2%	-0.5%	21.4%	19.6%	-3.9%	9.0%	
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	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	2,648	2,649	2,649	
Key Cash Flow Metrics																	
Operating cash flow	3,015	N/A	N/A	N/A	N/A	3,539	822	667	784	674	2,947	618	759	1,212	826	3,415	
QoQ Change								-18.9%	17.5%	-14.0%		-8.3%	22.8%	59.7%	-31.8%		
YoY Change						17.4%					-16.7%	-24.8%	13.8%	54.6%	22.6%	15.9%	
Capital expenditures, gross	1,701	333	271	243	316	1,163	240	278	332	396	1,246	366	386	595	422	1,769	
QoQ Change			-18.7%	-10.4%	30.3%		-24.1%	15.8%	19.4%	19.3%		-7.6%	5.5%	54.1%	-29.1%		
YoY Change						-31.6%	-27.9%	N/M	36.8%	25.2%	7.1%	52.5%	38.8%	79.2%	6.6%	42.0%	
Capital expenditures, net	1,680	320	266	226	303	1,115	217	181	315	356	1,069	305	360	581	376	1,622	
QoQ Change			-16.9%	-15.1%	34.3%		-28.4%	-16.6%	74.0%	13.0%		-14.3%	18.0%	61.4%	-35.3%		
YoY Change						-33.6%	-32.2%	-31.9%	39.5%	17.4%	-4.1%	40.6%	98.9%	84.4%	5.6%	51.7%	
Free cash flow	1,335	N/A	N/A	N/A	N/A	2,450	605	489	469	318	1,881	313	401	641	451	1,806	
QoQ Change								-19.2%	-4.1%	-32.2%		-1.6%	28.1%	59.9%	-29.6%		
YoY Change						83.5%					-23.2%	-48.3%	-18.0%	36.7%	41.8%	-4.0%	
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	6,218	6,046	6,046	
Cash & short-term investments	4,562	4,753	3,736	3,524	3,593	3,593	1,884	3,071	2,085	1,592	1,592	1,600	806	1,259	819	819	
Net debt	4,346	3,973	4,766	4,098	3,864	3,864	5,369	4,984	4,785	5,184	5,184	4,939	5,478	4,959	5,227	5,227	
Ratios																	
Operating margin	12.8%	17.1%	17.1%	18.2%	-0.3%	12.9%	21.3%	18.7%	19.0%	17.7%	19.2%	21.4%	25.9%	26.0%	17.3%	22.7%	
Net margin	5.6%	10.4%	9.6%	10.1%	-3.4%	6.6%	12.9%	11.8%	8.1%	10.1%	10.7%	13.3%	14.8%	14.6%	9.7%	13.1%	
EBITDA margin	29.0%	32.4%	32.7%	33.4%	14.6%	28.2%	35.5%	33.0%	33.2%	32.0%	33.4%	35.3%	39.6%	39.4%	31.4%	36.4%	
Capex/Sales	14.3%	11.1%	9.0%	7.9%	10.1%	9.5%	7.8%	9.1%	10.6%	12.7%	10.0%	11.8%	12.5%	18.8%	13.8%	14.3%	
Total debt / EBITDA (ttm)	2.57				2.16	2.16	2.03	2.24	1.91	1.63	1.63	1.58	1.44	1.36	1.34	1.34	
Net debt / EBITDA (ttm)	1.26				1.12	1.12	1.50	1.39	1.33	1.25	1.25	1.19	1.26	1.09	1.16	1.16	



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008	2008	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	1,388	1,348	5,498
QoQ Change			-1.0%	1.7%	-1.8%		0.2%	-3.4%	2.3%	2.0%		-3.1%	-3.8%	2.5%	-2.9%	
YoY Change						-1.6%	-0.9%	-3.3%	-2.7%	1.0%	-1.5%	-2.4%	-2.8%	-2.6%	-7.2%	-3.8%
Operating profit	919	308	280	363	-178	773	369	243	327	380	1,319	368	428	422	257	1,475
QoQ Change			-9.1%	29.6%	N/M	-15.9%	N/M	-34.1%	34.6%	16.2%		-3.2%	16.3%	-1.4%	-39.1%	
YoY Change											70.6%	-0.3%	76.1%	29.1%	-32.4%	11.8%
Depreciation & amortization	1,109	258	258	259	251	1,026	237	236	236	232	941	218	211	214	209	852
QoQ Change			0.0%	0.4%	-3.1%		-5.6%	-0.4%	0.0%	-1.7%		-6.0%	-3.2%	1.4%	-2.3%	
YoY Change						-7.5%	-8.1%	-8.5%	-8.9%	-7.6%	-8.3%	-8.0%	-10.6%	-9.3%	-9.9%	-9.5%
EBITDA	2,028	566	538	622	73	1,799	606	479	563	612	2,260	586	639	636	466	2,327
QoQ Change			-4.9%	15.6%	-88.3%		730.1%	-21.0%	17.5%	8.7%		-4.2%	9.0%	-0.5%	-26.7%	
YoY Change						-11.3%	7.1%	-11.0%	-9.5%	738.4%	25.6%	-3.3%	33.4%	13.0%	-23.9%	3.0%
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	156	170	616
QoQ Change								-10.6%	47.5%	-5.4%		12.1%	-16.5%	18.2%	9.0%	
YoY Change											-12.8%	39.8%	30.7%	4.7%	20.6%	22.2%
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	144	150	499
QoQ Change								-94.7%	N/M	-11.3%		-16.9%	9.2%	34.6%	4.2%	
YoY Change											-34.9%	3.2%	N/M	8.3%	27.1%	42.2%
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>	<i>N/A (1)</i>	<i>N/A (1)</i>	4,276
Cash & short-term investments	3,730	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	3,219	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	817	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	116
Net debt	3,215	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	3,039	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	3,879	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	<i>N/A (1)</i>	4,160
Ratios																
Operating margin	15.6%	21.2%	19.4%	24.8%	-12.4%	13.3%	25.6%	17.4%	22.9%	26.2%	23.1%	26.1%	31.6%	30.4%	19.1%	26.8%
EBITDA margin	34.4%	38.9%	37.4%	42.5%	5.1%	31.0%	42.0%	34.4%	39.5%	42.1%	39.6%	41.6%	47.2%	45.8%	34.6%	42.3%
Capex/Sales						10.0%	7.8%	7.3%	10.5%	9.7%	8.8%	11.2%	9.7%	11.2%	12.6%	11.2%
Total debt / EBITDA (ttm)	3.42					3.48					2.08					1.84
Net debt / EBITDA (ttm)	1.59					1.69					1.72					1.79



(NIS millions, except for EPS) 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 Q3 2008 Q4 2008 FY 2008

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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	1,214	1,138	4,713
	QoQ Change			0.7%	4.3%	0.3%		-0.1%	0.4%	4.4%	-1.7%		-0.8%	1.3%	2.2%	-6.3%	
	YoY Change						1.1%	5.3%	5.0%	5.2%	3.0%	4.6%	2.3%	3.1%	0.9%	-3.7%	0.6%
Operating profit		591	175	198	171	157	701	213	240	219	133	805	215	266	293	159	933
	QoQ Change			13.1%	-13.6%	-8.2%	18.6%	35.7%	12.7%	-8.8%	-39.3%	14.8%	61.7%	23.7%	10.2%	-45.7%	
	YoY Change						21.7%	21.2%	28.1%	-15.3%	-15.3%	0.9%	10.8%	33.8%	19.5%	-39.3%	15.9%
Net profit		287	126	124	111	125	486	154	173	154	104	585	163	180	211	128	682
	QoQ Change			-1.6%	-10.5%	12.6%	69.3%	23.2%	12.3%	-11.0%	-32.5%	20.4%	56.7%	10.4%	17.2%	-39.3%	
	YoY Change						22.2%	39.5%	38.7%	-16.8%	-16.8%	5.8%	4.0%	37.0%	23.1%	-39.3%	16.6%
Depreciation & amortization		438	120	120	116	114	470	117	115	121	125	478	129	130	129	135	523
	QoQ Change			0.0%	-3.3%	-1.7%	7.3%	2.6%	-1.7%	5.2%	3.3%	1.7%	3.2%	0.8%	-0.8%	4.7%	
	YoY Change						7.3%	-2.5%	-4.2%	4.3%	9.6%	10.3%	13.0%	6.6%	8.0%	8.0%	9.4%
EBITDA		1,029	295	318	287	271	1,171	330	355	340	258	1,283	344	396	422	294	1,456
	QoQ Change			7.8%	-9.7%	-5.6%	13.8%	21.8%	7.6%	-4.2%	-24.1%	9.6%	33.3%	15.1%	6.6%	-30.3%	
	YoY Change						13.8%	11.9%	11.6%	18.5%	-4.8%	9.6%	4.2%	11.5%	24.1%	14.0%	13.5%

Key Cash Flow Metrics

Operating cash flow		967	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	1,306	355	241	387	245	1,228	256	344	379	298	1,277
	QoQ Change						35.1%		-32.1%	60.6%	-36.7%	-6.0%	4.5%	34.4%	10.2%	-21.4%	
	YoY Change						35.1%					-6.0%	-27.9%	42.7%	-2.1%	21.6%	4.0%
Capital expenditures, gross		556	99	84	65	106	354	63	117	81	120	381	103	182	350	163	798
	QoQ Change			-15.2%	-22.6%	63.1%	-36.3%	-40.6%	85.7%	-30.8%	48.1%	7.6%	-14.2%	76.7%	92.3%	-53.4%	
	YoY Change						-36.3%	-36.4%	39.3%	24.6%	13.2%	7.6%	63.5%	55.6%	332.1%	35.8%	109.4%
Capital expenditures, net		552	98	82	64	102	346	61	117	81	117	376	102	181	350	162	795
	QoQ Change			-16.3%	-22.0%	59.4%	-37.3%	-40.2%	91.8%	-30.8%	44.4%	8.7%	-12.8%	77.5%	93.4%	-53.7%	
	YoY Change						-37.3%	-37.8%	42.7%	26.6%	14.7%	8.7%	67.2%	54.7%	332.1%	38.5%	111.4%
Free cash flow		415	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	961	294	124	306	128	852	154	163	29	136	482
	QoQ Change						131.6%		-57.8%	146.8%	-58.2%	-11.3%	20.3%	5.8%	-82.2%	369.0%	
	YoY Change						131.6%					-11.3%	-47.6%	31.5%	-90.5%	6.3%	-43.4%

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%	24.1%	14.0%	19.8%
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%	17.4%	11.2%	14.5%
EBITDA margin		23.2%	27.1%	29.0%	25.1%	23.6%	26.2%	28.8%	30.8%	28.3%	21.8%	27.4%	29.3%	33.3%	34.8%	25.8%	30.9%
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%	28.8%	14.3%	16.9%



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	2008	2008	2008	2008	2008	
Bezeq International																	
Key Income Statement Metrics																	
Revenues	815	242	255	259	265	1,021	323	321	326	334	1,304	314	326	329	337	1,306	
QoQ Change			5.4%	1.6%	2.3%		21.9%	-0.6%	1.6%	2.5%		-6.0%	3.8%	0.9%	2.4%		
YoY Change						25.3%	33.5%	25.9%	25.9%	26.0%	27.7%	-2.8%	1.6%	0.9%	0.9%	0.2%	
Operating profit	93	33	38	36	25	132	51	54	54	45	204	55	63	59	65	242	
QoQ Change			15.2%	-5.3%	-30.6%		104.0%	5.9%	0.0%	-16.7%		22.2%	14.5%	-6.3%	10.2%		
YoY Change						41.9%	54.5%	42.1%	50.0%	80.0%	54.5%	7.8%	16.7%	9.3%	44.4%	18.6%	
Net profit	104	18	29	29	20	96	37	39	39	38	153	41	47	44	46	178	
QoQ Change			61.1%	0.0%	-31.0%		85.0%	5.4%	0.0%	-2.6%		7.9%	14.6%	-6.4%	4.5%		
YoY Change						-7.7%	105.6%	34.5%	34.5%	90.0%	59.4%	10.8%	20.5%	12.8%	21.1%	16.3%	
Depreciation & amortization	87	20	16	19	32	87	23	22	21	21	87	20	20	20	20	80	
QoQ Change			-20.0%	18.8%	68.4%		-28.1%	-4.3%	-4.5%	0.0%		-4.8%	0.0%	0.0%	0.0%		
YoY Change						0.0%	15.0%	37.5%	10.5%	-34.4%	0.0%	-13.0%	-9.1%	-4.8%	-4.8%	-8.0%	
EBITDA	180	53	54	55	57	219	74	76	75	66	291	75	83	79	85	322	
QoQ Change			1.9%	1.9%	3.6%		29.8%	2.7%	-1.3%	-12.0%		13.6%	10.7%	-4.8%	7.6%		
YoY Change						21.7%	39.6%	40.7%	36.4%	15.8%	32.9%	1.4%	9.2%	5.3%	28.8%	10.7%	
Key Cash Flow Metrics																	
Operating cash flow	183	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	204	-2	32	33	30	93	8	51	32	72	163	
QoQ Change								<i>N/M</i>	3.1%	-9.1%		-73.3%	537.5%	-37.3%	125.0%		
YoY Change						11.5%					-54.4%	<i>N/M</i>	59.4%	-3.0%	140.0%	75.3%	
Capital expenditures, gross	63	13	14	20	15	62	21	18	29	36	104	28	31	33	26	118	
QoQ Change			7.7%	42.9%	-25.0%		40.0%	-14.3%	61.1%	24.1%		-22.2%	10.7%	6.5%	-21.2%		
YoY Change						-1.6%	61.5%	28.6%	45.0%	140.0%	67.7%	33.3%	72.2%	13.8%	-27.8%	13.5%	
Capital expenditures, net	61	13	14	20	15	62	21	18	27	34	100	28	31	33	25	117	
QoQ Change			7.7%	42.9%	-25.0%		40.0%	-14.3%	50.0%	25.9%		-17.6%	10.7%	6.5%	-24.2%		
YoY Change						1.6%	61.5%	28.6%	35.0%	126.7%	61.3%	33.3%	72.2%	22.2%	-26.5%	17.0%	
Free cash flow	122	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	142	-23	14	6	-4	-7	-20	20	9	47	56	
QoQ Change								<i>N/M</i>	-57.1%	<i>N/M</i>		<i>N/M</i>	<i>N/M</i>	-55.0%	422.2%		
YoY Change						16.4%					<i>N/M</i>	<i>N/M</i>	42.9%	50.0%	<i>N/M</i>	<i>N/M</i>	
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%	17.9%	19.3%	18.5%	
Net margin	12.8%	7.4%	11.4%	11.2%	7.5%	9.4%	11.5%	12.1%	12.0%	11.4%	11.7%	13.1%	14.4%	13.4%	13.6%	13.6%	
EBITDA margin	22.1%	21.9%	21.2%	21.2%	21.5%	21.4%	22.9%	23.7%	23.0%	19.8%	22.3%	23.9%	25.5%	24.0%	25.2%	24.7%	
Capex/Sales	7.7%	5.4%	5.5%	7.7%	5.7%	6.1%	6.5%	5.6%	8.9%	10.8%	8.0%	8.9%	9.5%	10.0%	7.7%	9.0%	



(NIS millions, except for EPS) 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 Q3 2008 Q4 2008 FY 2008

yes

Key Income Statement Metrics

Revenues		1,222	332	338	340	345	1,355	354	354	360	347	1,415	381	380	375	377	1,513
	QoQ Change			1.8%	0.6%	1.5%		2.6%	0.0%	1.7%	-3.6%		9.8%	-0.3%	-1.3%	0.5%	
	YoY Change						10.9%	6.6%	4.7%	5.9%	0.6%	4.4%	7.6%	7.3%	4.2%	8.6%	6.9%
Operating profit		-64	-5	7	-11	10	1	25	31	-4	4	56	26	43	52	56	177
	QoQ Change			N/M	N/M	N/M		150.0%	24.0%	N/M	N/M		550.0%	65.4%	20.9%	7.7%	
	YoY Change						N/M	N/M	342.9%	N/M	-60.0%	N/M	4.0%	38.7%	N/M	1300.0%	216.1%
Net profit		-346	-84	-97	-97	-42	-320	-48	-65	70	-75	-118	-66	-99	-82	-18	-265
	QoQ Change			15.5%	0.0%	-56.7%		14.3%	35.4%	N/M	N/M		-12.0%	50.0%	-17.2%	-78.0%	
	YoY Change						-7.5%	-42.9%	-33.0%	N/M	78.6%	-63.1%	37.5%	52.3%	N/M	-76.0%	124.6%
Depreciation & amortization		285	73	74	74	72	293	68	69	66	70	273	65	60	59	66	250
	QoQ Change			1.4%	0.0%	-2.7%		-5.5%	1.5%	-4.3%	6.1%		-7.1%	-7.7%	-1.7%	11.9%	
	YoY Change						2.8%	-6.8%	-6.8%	-10.8%	-2.7%	-6.8%	-4.4%	-13.0%	-10.6%	-5.7%	-8.4%
EBITDA		221	68	81	63	82	294	93	100	62	74	329	91	103	111	122	427
	QoQ Change			19.1%	-22.2%	30.1%		13.5%	7.5%	-38.0%	19.4%		23.0%	13.2%	7.8%	9.9%	
	YoY Change						33.0%	36.8%	23.5%	-1.6%	-9.7%	11.9%	-2.2%	3.0%	79.0%	64.9%	29.8%

Key Cash Flow Metrics

Operating cash flow		137	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	244	93	25	56	76	250	84	32	97	134	347
	QoQ Change								-73.1%	124.0%	35.7%		10.5%	-61.9%	203.1%	38.1%	
	YoY Change						78.1%					2.5%	-9.7%	28.0%	73.2%	76.3%	38.8%
Capital expenditures, gross		259	54	55	39	38	186	45	45	84	81	255	79	40	56	63	238
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%	40.0%	12.5%	
	YoY Change						-28.2%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%	-33.3%	-22.2%	-6.7%
Capital expenditures, net		258	54	55	39	38	186	45	45	84	81	255	79	40	56	63	238
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%	40.0%	12.5%	
	YoY Change						-27.9%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%	-33.3%	-22.2%	-6.7%
Free cash flow		-121	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	58	48	-20	-28	-5	-5	5	-8	41	71	109
	QoQ Change								N/M	40.0%	-82.1%		N/M	N/M	N/M	73.2%	
	YoY Change						N/M					N/M	-89.6%	-60.0%	N/M	N/M	N/M

Ratios

Operating margin		-5.2%	-1.5%	2.1%	-3.2%	2.9%	0.1%	7.1%	8.8%	-1.1%	1.2%	4.0%	6.8%	11.3%	13.9%	14.9%	11.7%
Net margin		-28.3%	-25.3%	-28.7%	-28.5%	-12.2%	-23.6%	-13.6%	-18.4%	19.4%	-21.6%	-8.3%	-17.3%	-26.1%	-21.9%	-4.8%	-17.5%
EBITDA margin		18.1%	20.5%	24.0%	18.5%	23.8%	21.7%	26.3%	28.2%	17.2%	21.3%	23.3%	23.9%	27.1%	29.6%	32.4%	28.2%
Capex/Sales		21.2%	16.3%	16.3%	11.5%	11.0%	13.7%	12.7%	12.7%	23.3%	23.3%	18.0%	20.7%	10.5%	14.9%	16.7%	15.7%



	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	Q3 2008	Q4 2008	FY 2008
Bezeq Fixed Line																
Key Performance Indicators																
Total outgoing minutes (in millions) ²	17,246	4,133	4,035	4,107	3,884	16,160	3,802	3,654	3,760	3,653	14,869	3,511	3,346	3,428	3,154	13,439
QoQ Change			-2.4%	1.8%	-5.4%		-2.1%	-3.9%	2.9%	-2.8%		-3.9%	-4.7%	2.5%	-8.0%	
YoY Change						-6.3%	-8.0%	-9.4%	-8.4%	-5.9%	-8.0%	-7.7%	-8.4%	-8.8%	-13.7%	-9.6%
Total incoming minutes (in millions) ²	4,960	1,371	1,393	1,470	1,493	5,727	1,545	1,553	1,651	1,661	6,411	1,673	1,651	1,719	1,648	6,691
QoQ Change			1.6%	5.5%	1.6%		3.5%	0.5%	6.3%	0.6%		0.7%	-1.3%	4.1%	-4.1%	
YoY Change						15.5%	12.7%	11.5%	12.3%	11.3%	11.9%	8.3%	6.3%	4.1%	-0.8%	4.4%
Total access lines (in 000's)	2,848	2,831	2,822	2,813	2,808	2,808	2,798	2,778	2,767	2,761	2,761	2,711	2,681	2,645	2,615	2,615
QoQ Change			-0.3%	-0.3%	-0.2%		-0.4%	-0.7%	-0.4%	-0.2%		-1.8%	-1.1%	-1.3%	-1.1%	
YoY Change						-1.4%	-1.2%	-1.6%	-1.6%	-1.7%	-1.7%	-3.1%	-3.5%	-4.4%	-5.3%	-5.3%
Bezeq ARPL - Voice & fixed fees (in NIS) ³	92	90	89	90	88	89	89	86	86	86	87	84	82	85	82	83
QoQ Change			-1.1%	1.1%	-2.2%		1.1%	-3.4%	0.0%	0.0%		-2.3%	-2.4%	3.7%	-3.5%	
YoY Change						-3.3%	-1.1%	-3.4%	-4.4%	-2.3%	-2.2%	-5.6%	-4.7%	-1.2%	-4.7%	-4.6%
ADSL lines (in 000's)	804	826	846	867	892	892	912	924	942	963	963	970	982	994	1,005	1,005
QoQ Change			2.4%	2.5%	2.9%		2.2%	1.3%	1.9%	2.2%		0.7%	1.2%	1.2%	1.1%	
YoY Change						10.9%	10.4%	9.2%	8.7%	8.0%	8.0%	6.4%	6.3%	5.5%	4.4%	4.4%
Bezeq ARPU - ADSL (in NIS) ²	63	61	60	59	60	60	62	62	64	69	64	68	66	68	67	67
QoQ Change			-2.5%	-0.8%	1.7%		3.3%	0.0%	3.2%	7.8%		-1.4%	-2.9%	3.0%	-1.5%	
YoY Change						-4.8%	1.6%	4.2%	8.5%	15.0%	6.7%	9.7%	6.5%	6.3%	-2.9%	4.7%
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	7,417	7,530	7,530
QoQ Change			0.5%	0.1%	-1.4%		-4.7%	-2.7%	2.3%	-0.6%		-2.0%	-0.4%	-0.1%	1.5%	
YoY Change						-0.4%		-8.4%	-6.5%	-5.7%	-5.7%	-3.1%	-0.9%	-3.1%	-1.1%	-1.1%

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	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	Q3 2008	Q4 2008	FY 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	2,698	2,649	2,649
QoQ Change			0.7%	1.9%	2.6%		2.1%	1.4%	1.9%	2.4%		-1.0%	1.6%	2.4%	-1.8%	
YoY Change						6.1%	7.5%	8.2%	8.2%	8.0%	8.0%	4.7%	4.9%	5.4%	1.0%	1.0%
ARPU (in NIS)	138	136	141	142	136	138	132	129	135	130	131	126	128	129	122	126
QoQ Change			3.7%	0.7%	-4.2%		-2.9%	-2.3%	4.7%	-3.7%		-3.1%	1.6%	0.8%	-5.4%	
YoY Change						0.0%	-2.9%	-8.5%	-4.9%	-4.4%	-5.1%	-4.5%	-0.8%	-4.4%	-6.2%	-3.8%
MOU (per sub, per month)	338	345	346	357	347	349	344	350	363	358	354	355	358	359	335	352
QoQ Change			0.3%	3.2%	-2.8%		-0.9%	1.7%	3.7%	-1.4%		-0.8%	0.8%	0.3%	-6.7%	
YoY Change						3.3%	-0.3%	1.2%	1.7%	3.2%	1.4%	3.2%	2.3%	-1.1%	-6.4%	-0.6%
3G subscribers (in 000's)	60	85	115	146	255	255	358	471	607	749	749	867	977	1,068	1,151	1,151
QoQ Change			35.3%	27.0%	74.7%		40.4%	31.6%	28.9%	23.4%		15.8%	12.7%	9.3%	7.8%	
YoY Change						325.0%	321.2%	309.6%	315.8%	193.7%	193.7%	142.2%	107.4%	75.9%	53.7%	53.7%
% 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%	16.2%	18.4%	16.3%

YES

Key Performance Indicators																
Subscribers (in 000's)	521	528	535	539	540	540	542	543	545	549	549	549	551	556	560	560
QoQ Change			1.3%	0.7%	0.2%		0.4%	0.2%	0.4%	0.7%		0.0%	0.4%	0.9%	0.7%	
YoY Change						3.6%	2.7%	1.5%	1.1%	1.7%	1.7%	1.3%	1.5%	2.0%	2.0%	2.0%
ARPU (in NIS)	205	211	212	211	214	212	218	218	220	212	217	231	230	226	225	228
QoQ Change			0.5%	-0.5%	1.4%		1.9%	0.0%	0.9%	-3.6%		9.0%	-0.4%	-1.7%	-0.4%	
YoY Change						3.3%	3.3%	2.8%	4.3%	-0.9%	2.4%	6.0%	5.5%	2.7%	6.1%	5.1%



GLOSSARY & FOOTNOTES

Glossary

EBITDA	= Earnings Before Interest, Taxes, Depreciation & Amortization
Free Cash Flow	= Operating cash flow less net capital expenditures plus dividends received
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

Dividends and interest received were reclassified from operating cash flow to cash flow from investment activities.
Group net profit attributed to Bezeq shareholders was retroactively adjusted from 1.1.08 due to the adoption of IAS 27 and IFRS 3.
Net provision for early retirement in relation to labor agreement of NIS 165 million taken in Q4 2008.
Bezeq International capex and FCF were retroactively adjusted to include acquisitions of other intangible assets.

2007 Financial Footnotes

Group operating cash flow and capex were reclassified in Q1 and Q2 2007.
Net provision for early retirement in relation to labor agreement of NIS 51 million taken in Q4 2007.

2006 Financial Footnotes

Net provision for early retirement in relation to the December 2006 labor agreement of NIS 290 million taken in Q4 2006.
In the fourth quarter of 2006 stock-based compensation totaled NIS 286 million.

KPIs Footnotes

- ² The following KPIs were retroactively adjusted:
Outgoing minutes - excludes internet dial-up and Bezeq employee minutes
Incoming minutes - includes international minutes
ARPL - includes revenue from installation fees and nominal figures instead of normalized ones
ARPU - ADSL - includes revenue from equipment sales
- ³ Not including revenues from data communications and transmission services, internet services, services to communications providers, and contract and other work.