



Facts & Figures Q3 2011

Three months ending September 30, 2011

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(NIS millions, except for EPS)

| | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Bezeq Group ^{(1) (2)} | | | | | | | | | | | | | | | | | | | | |
| Key Income Statement Metrics | | | | | | | | | | | | | | | | | | | | |
| Revenues | 11,136 | 2,760 | 2,748 | 2,806 | 2,701 | 11,015 | 2,791 | 2,872 | 2,924 | 2,932 | 11,519 | 2,915 | 2,981 | 3,033 | 3,058 | 11,987 | 2,913 | 2,893 | 2,917 | |
| QoQ Change | | | -0.4% | 2.1% | -3.7% | | 3.3% | 2.9% | 1.8% | 0.3% | | -0.6% | 2.3% | 1.7% | 0.8% | | -4.7% | -0.7% | 0.8% | |
| YoY Change | | | | | | -1.1% | 1.1% | 4.5% | 4.2% | 8.6% | 4.6% | 3.8% | 3.7% | 4.3% | 4.1% | | -0.1% | -3.0% | -3.8% | |
| Operating Profit | 2,321 | 641 | 772 | 775 | 452 | 2,640 | 799 | 818 | 875 | 480 | 2,972 | 874 | 990 | 979 | 901 | 3,744 | 665 | 935 | 944 | |
| QoQ Change | | | 20.4% | 0.4% | -41.7% | | 76.8% | 2.4% | 7.0% | -45.1% | | 82.1% | 13.3% | -1.1% | -8.0% | | -26.2% | 40.6% | 1.0% | |
| YoY Change | | | | | | 13.7% | 24.6% | 6.0% | 12.9% | 6.2% | 12.6% | 9.4% | 21.0% | 11.9% | 87.7% | 26.0% | -23.9% | -5.6% | -3.6% | |
| Net profit attributed to Bezeq shareholders | 1,330 | 411 | 456 | 462 | 298 | 1,627 | 608 | 541 | 2,088 | 366 | 3,603 | 642 | 638 | 588 | 575 | 2,443 | 407 | 585 | 550 | |
| QoQ Change | | | 10.9% | 1.3% | -35.5% | | 104.0% | -11.0% | 286.0% | -82.5% | | 75.4% | -0.6% | -7.8% | -2.2% | | -29.2% | 43.7% | -6.0% | |
| YoY Change | | | | | | 22.3% | 47.9% | 18.6% | 351.9% | 22.8% | 121.5% | 5.6% | 17.9% | -71.1% | 57.1% | -32.2% | -36.6% | -8.3% | -6.5% | |
| Earnings Per Share - Basic | 0.51 | 0.15 | 0.17 | 0.18 | 0.12 | 0.62 | 0.23 | 0.21 | 0.79 | 0.14 | 1.37 | 0.24 | 0.24 | 0.22 | 0.21 | 0.91 | 0.15 | 0.22 | 0.20 | |
| Earnings Per Share - Diluted | 0.50 | 0.15 | 0.17 | 0.17 | 0.12 | 0.61 | 0.23 | 0.20 | 0.79 | 0.12 | 1.34 | 0.24 | 0.24 | 0.22 | 0.20 | 0.90 | 0.15 | 0.21 | 0.20 | |
| Depreciation & amortization | 1,509 | 368 | 361 | 365 | 364 | 1,458 | 371 | 377 | 361 | 376 | 1,485 | 343 | 348 | 350 | 368 | 1,409 | 335 | 348 | 357 | |
| QoQ Change | | | -1.9% | 1.1% | -0.3% | | 1.9% | 1.6% | -4.2% | 4.2% | | -8.8% | 1.5% | 0.6% | 5.1% | | -9.0% | 3.9% | 2.6% | |
| YoY Change | | | | | | -3.4% | 0.8% | 4.4% | -1.1% | 3.3% | 1.9% | -7.5% | -7.7% | -3.0% | -2.1% | -5.1% | -2.3% | 0.0% | 2.0% | |
| EBITDA | 3,830 | 1,009 | 1,133 | 1,140 | 816 | 4,098 | 1,170 | 1,195 | 1,236 | 856 | 4,457 | 1,217 | 1,338 | 1,329 | 1,269 | 5,153 | 1,000 | 1,283 | 1,301 | |
| QoQ Change | | | 12.3% | 0.6% | -28.4% | | 43.4% | 2.1% | 3.4% | -30.7% | | 42.2% | 9.9% | -0.7% | -4.5% | | -21.2% | 28.3% | 1.4% | |
| YoY Change | | | | | | 7.0% | 16.0% | 5.5% | 8.4% | 4.9% | 8.8% | 4.0% | 12.0% | 7.5% | 48.2% | 15.6% | -17.8% | -4.1% | -2.1% | |
| Shares Outstanding - Basic | 2,605 | 2,605 | 2,605 | 2,605 | 2,605 | 2,605 | 2,606 | 2,617 | 2,628 | 2,657 | 2,635 | 2,663 | 2,675 | 2,677 | 2,682 | 2,675 | 2,688 | 2,699 | 2,706 | |
| Shares Outstanding - Diluted | 2,641 | 2,649 | 2,648 | 2,648 | 2,649 | 2,649 | 2,647 | 2,667 | 2,677 | 2,702 | 2,685 | 2,710 | 2,713 | 2,715 | 2,720 | 2,717 | 2,722 | 2,724 | 2,724 | |
| Key Cash Flow Metrics | | | | | | | | | | | | | | | | | | | | |
| Operating cash flow | 2,697 | 534 | 727 | 1,115 | 693 | 3,068 | 1,134 | 715 | 1,021 | 785 | 3,655 | 806 | 976 | 1,166 | 748 | 3,696 | 775 | 670 | 882 | |
| QoQ Change | | | 36.1% | 53.4% | -37.9% | | 63.8% | -37.0% | 42.9% | -23.1% | | 2.7% | 21.1% | 19.5% | -35.8% | | 3.6% | -13.5% | 31.6% | |
| YoY Change | | | | | | 13.7% | 112.5% | -1.7% | -8.4% | 13.3% | 19.1% | -28.9% | 36.6% | 14.2% | -4.7% | 1.1% | -3.8% | -31.4% | -24.4% | |
| Capital expenditures, gross (accounting) | 1,086 | 263 | 563 | 297 | 509 | 1,632 | 395 | 399 | 326 | 385 | 1,505 | 360 | 427 | 381 | 478 | 1,645 | 506 | 495 | 437 | |
| QoQ Change | | | 114.1% | -47.2% | 71.4% | | -22.4% | 1.0% | -18.3% | 18.1% | | -6.5% | 18.6% | -10.8% | 25.5% | | 5.9% | -2.2% | -11.7% | |
| YoY Change | | | | | | 50.3% | 50.2% | -29.1% | 9.8% | -24.4% | -7.8% | -8.9% | 7.0% | 16.9% | 24.2% | 9.3% | 40.6% | 15.9% | 14.7% | |
| Capital expenditures, gross (cash flow) | 991 | 287 | 346 | 539 | 359 | 1,531 | 410 | 381 | 384 | 360 | 1,535 | 369 | 396 | 376 | 481 | 1,622 | 500 | 455 | 479 | |
| QoQ Change | | | 20.9% | 55.6% | -33.4% | | 14.0% | -7.0% | 0.8% | -6.2% | | 2.4% | 7.3% | -5.1% | 27.9% | | 4.0% | -9.0% | 5.3% | |
| YoY Change | | | | | | 54.5% | 42.9% | 10.0% | -28.8% | 0.3% | 0.2% | -9.9% | 3.9% | -2.1% | 33.5% | 5.7% | 35.5% | 14.9% | 27.4% | |
| Capital expenditures, net (cash flow) | 814 | 226 | 320 | 525 | 313 | 1,384 | 359 | 370 | 364 | 352 | 1,445 | 354 | 370 | 328 | 439 | 1,491 | 313 | 406 | 374 | |
| QoQ Change | | | 42.0% | 63.9% | -40.3% | | 14.5% | 3.2% | -1.6% | -3.2% | | 0.5% | 4.5% | -11.4% | 33.8% | | -28.7% | 29.7% | -7.9% | |
| YoY Change | | | | | | 70.0% | 58.9% | 15.5% | -30.7% | 12.5% | 4.4% | -1.3% | 0.0% | -9.9% | 24.6% | 3.2% | -11.6% | 9.7% | 14.0% | |
| Free cash flow | 1,883 | 308 | 406 | 590 | 379 | 1,684 | 776 | 345 | 657 | 433 | 2,210 | 452 | 606 | 838 | 309 | 2,205 | 462 | 264 | 508 | |
| QoQ Change | | | 31.7% | 45.2% | -35.7% | | 104.5% | -55.6% | 90.7% | -34.1% | | 4.5% | 34.1% | 38.3% | -63.1% | | 49.5% | -42.9% | 92.4% | |
| YoY Change | | | | | | -10.6% | 151.6% | -15.2% | 11.4% | 14.0% | 31.3% | -41.7% | 75.9% | 27.5% | -28.6% | -0.2% | 2.2% | -56.4% | -39.4% | |
| Key Balance Sheet Metrics | | | | | | | | | | | | | | | | | | | | |
| Total debt | 5,034 | 4,797 | 4,530 | 4,483 | 4,356 | 4,356 | 4,531 | 4,168 | 4,166 | 4,136 | 4,136 | 3,880 | 5,229 | 5,727 | 5,717 | 5,717 | 5,638 | 6,984 | 9,614 | |
| Cash & short-term investments | 1,589 | 1,597 | 803 | 1,256 | 816 | 816 | 1,736 | 882 | 1,459 | 734 | 734 | 956 | 242 | 1,412 | 372 | 372 | 701 | 487 | 3,620 | |
| Net debt | 3,445 | 3,200 | 3,727 | 3,227 | 3,540 | 3,540 | 2,795 | 3,286 | 2,707 | 3,402 | 3,402 | 2,924 | 4,987 | 4,315 | 5,345 | 5,345 | 4,937 | 6,497 | 5,994 | |
| Ratios | | | | | | | | | | | | | | | | | | | | |
| Operating margin | 20.8% | 23.2% | 28.1% | 27.6% | 16.7% | 24.0% | 28.6% | 28.5% | 29.9% | 16.4% | 25.8% | 30.0% | 33.2% | 32.3% | 29.5% | 31.2% | 22.8% | 32.3% | 32.4% | |
| Net margin | 11.9% | 14.9% | 16.6% | 16.5% | 11.0% | 14.8% | 21.8% | 18.8% | 71.4% | 12.5% | 31.3% | 22.0% | 21.4% | 19.4% | 18.8% | 20.4% | 14.0% | 20.2% | 18.9% | |
| EBITDA margin | 34.4% | 36.6% | 41.2% | 40.6% | 30.2% | 37.2% | 41.9% | 41.6% | 42.3% | 29.2% | 38.7% | 41.7% | 44.9% | 43.8% | 41.5% | 43.0% | 34.3% | 44.3% | 44.6% | |
| Capex/Sales | 9.8% | 9.5% | 20.5% | 10.6% | 18.8% | 14.8% | 14.2% | 13.9% | 11.1% | 13.1% | 13.1% | 12.3% | 14.3% | 12.6% | 15.6% | 13.7% | 17.4% | 17.1% | 15.0% | |
| Total debt / EBITDA (ttm) | 1.31 | | | | 1.06 | 1.06 | 1.06 | 0.96 | 0.94 | 0.93 | 0.93 | 0.86 | 1.13 | 1.21 | 1.11 | 1.11 | 1.14 | 1.43 | 1.98 | |
| Net debt / EBITDA (ttm) | 0.90 | | | | 0.86 | 0.86 | 0.66 | 0.76 | 0.61 | 0.76 | 0.76 | 0.65 | 1.07 | 0.91 | 1.04 | 1.04 | 1.00 | 1.33 | 1.24 | |

¹ As of August 21, 2009, the Company ceased consolidating yes' financial results and started accounting for its investment in yes according to the equity method. The Bezeq Group's financial data herein reflect the yes deconsolidation as of December 31, 2007.

² The Bezeq Group results reflect the consolidation of Walla as of April 25, 2010.



(NIS millions, except for EPS)

| | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Bezeq Fixed-Line | | | | | | | | | | | | | | | | | | | | |
| Key Income Statement Metrics | | | | | | | | | | | | | | | | | | | | |
| Total Revenues | 5,713 | 1,408 | 1,354 | 1,388 | 1,348 | 5,498 | 1,326 | 1,318 | 1,343 | 1,316 | 5,303 | 1,304 | 1,307 | 1,323 | 1,329 | 5,263 | 1,178 | 1,170 | 1,186 | |
| QoQ Change | | | -3.8% | 2.5% | -2.9% | | -1.6% | -0.6% | 1.9% | -2.0% | | -0.9% | 0.2% | 1.2% | 0.5% | | -11.4% | -0.7% | 1.4% | |
| YoY Change | | | | | | -3.8% | -5.8% | -2.7% | -2.4% | -3.5% | -3.5% | -1.7% | -0.8% | -1.5% | 1.0% | -0.8% | -9.7% | -10.5% | -10.4% | |
| Telephony Revenues | 3,905 | N/A | N/A | N/A | N/A | 3,572 | 839 | 828 | 843 | 823 | 3,333 | 785 | 795 | 788 | 792 | 3,160 | 617 | 607 | 612 | |
| QoQ Change | | | | | | | | -1.3% | 1.8% | -2.4% | | -4.6% | 1.3% | -0.9% | 0.5% | | -22.1% | -1.6% | 0.8% | |
| YoY Change | | | | | | -8.5% | | | | | -6.7% | -6.4% | -4.0% | -6.5% | -3.8% | -5.2% | -21.4% | -23.6% | -22.3% | |
| Broadband Internet Revenues | 712 | N/A | N/A | N/A | N/A | 790 | 207 | 210 | 221 | 225 | 863 | 236 | 235 | 249 | 257 | 977 | 265 | 269 | 276 | |
| QoQ Change | | | | | | | | 1.4% | 5.2% | 1.8% | | 4.9% | -0.4% | 6.0% | 3.2% | | 3.1% | 1.5% | 2.6% | |
| YoY Change | | | | | | 11.0% | | | | | 9.2% | 14.0% | 11.9% | 12.7% | 14.2% | 13.2% | 12.3% | 14.5% | 10.8% | |
| Transmission & Data Revenues | 754 | N/A | N/A | N/A | N/A | 811 | 207 | 213 | 217 | 214 | 851 | 223 | 221 | 219 | 219 | 882 | 228 | 233 | 239 | |
| QoQ Change | | | | | | | | 2.9% | 1.9% | -1.4% | | 4.2% | -0.9% | 0.0% | 0.0% | | 4.1% | 2.2% | 2.6% | |
| YoY Change | | | | | | 7.6% | | | | | 4.9% | 7.7% | 3.8% | 0.9% | 2.3% | 3.6% | 2.2% | 5.4% | 9.1% | |
| Other Service Revenues | 342 | N/A | N/A | N/A | N/A | 325 | 73 | 67 | 62 | 54 | 256 | 60 | 56 | 67 | 61 | 244 | 68 | 61 | 59 | |
| QoQ Change | | | | | | | | -8.2% | -7.5% | -12.9% | | 11.1% | -6.7% | 19.6% | -9.0% | | 11.5% | -10.3% | -3.3% | |
| YoY Change | | | | | | -5.0% | | | | | -21.2% | -17.8% | -16.4% | 8.1% | 13.0% | -4.7% | 13.3% | 8.9% | -11.9% | |
| Operating profit | 1,319 | 373 | 442 | 428 | 232 | 1,475 | 437 | 434 | 491 | 161 | 1,523 | 490 | 503 | 556 | 494 | 2,043 | 211 | 517 | 546 | |
| QoQ Change | | | 18.5% | -3.2% | -45.8% | | 88.4% | -0.7% | 13.1% | -67.2% | | 204.3% | 2.7% | 10.5% | -11.2% | | -57.3% | 145.0% | 5.6% | |
| YoY Change | | | | | | 11.8% | 17.2% | -1.8% | 14.7% | -30.6% | 3.3% | 12.1% | 15.9% | 13.2% | 206.8% | 34.1% | -56.9% | 2.8% | -1.8% | |
| Net profit ⁽¹⁾ | 737 | 244 | 290 | 271 | 145 | 950 | 336 | 316 | 319 | 136 | 1,107 | 360 | 349 | 377 | 340 | 1,426 | 4 | 330 | 311 | |
| QoQ Change | | | 18.9% | -6.6% | -46.5% | | 131.7% | -6.0% | 0.9% | -57.4% | | 164.7% | -3.1% | 8.0% | -9.8% | | -98.8% | 8150.0% | -5.8% | |
| YoY Change | | | | | | 28.9% | 37.7% | 9.0% | 17.7% | -6.2% | 16.5% | 7.1% | 10.4% | 18.2% | 150.0% | 28.8% | -98.9% | -5.4% | -17.5% | |
| Depreciation & amortization | 941 | 218 | 211 | 214 | 209 | 852 | 211 | 205 | 184 | 194 | 794 | 170 | 171 | 171 | 178 | 690 | 162 | 171 | 180 | |
| QoQ Change | | | -3.2% | 1.4% | -2.3% | | 1.0% | -2.8% | -10.2% | 5.4% | | -12.4% | 0.6% | 0.0% | 4.1% | | -9.0% | 5.6% | 5.3% | |
| YoY Change | | | | | | -9.5% | -3.2% | -2.8% | -14.0% | -7.2% | -6.8% | -19.4% | -16.6% | -7.1% | -8.2% | -13.1% | -4.7% | 0.0% | 5.3% | |
| EBITDA | 2,260 | 591 | 653 | 642 | 441 | 2,327 | 648 | 639 | 675 | 355 | 2,317 | 660 | 674 | 727 | 672 | 2,733 | 373 | 688 | 726 | |
| QoQ Change | | | 10.5% | -1.7% | -31.3% | | 46.9% | -1.4% | 5.6% | -47.4% | | 85.9% | 2.1% | 7.9% | -7.6% | | -44.5% | 84.5% | 5.5% | |
| YoY Change | | | | | | 3.0% | 9.6% | -2.1% | 5.1% | -19.5% | -0.4% | 1.9% | 5.5% | 7.7% | 89.3% | 18.0% | -43.5% | 2.1% | -0.1% | |
| Key Cash Flow Metrics ⁽²⁾ | | | | | | | | | | | | | | | | | | | | |
| Operating cash flow | 1,379 | N/A | N/A | N/A | N/A | 1,691 | 635 | 408 | 526 | 651 | 2,220 | 393 | 523 | 684 | 540 | 2,140 | 419 | 496 | 641 | |
| QoQ Change | | | | | | | | -35.7% | 28.9% | 23.8% | | -39.6% | 33.1% | 30.8% | -21.1% | | -22.4% | 18.4% | 29.2% | |
| YoY Change | | | | | | 22.6% | | | | | 31.3% | -38.1% | 28.2% | 30.0% | -17.1% | -3.6% | 6.6% | -5.2% | -6.3% | |
| Capital expenditures, gross (accounting) | 513 | 128 | 139 | 112 | 221 | 600 | 210 | 209 | 191 | 234 | 844 | 228 | 269 | 250 | 294 | 1,041 | 333 | 310 | 243 | |
| QoQ Change | | | 8.6% | -19.4% | 97.3% | | -5.0% | -0.5% | -8.6% | 22.5% | | -2.6% | 18.0% | -7.1% | 17.6% | | 13.3% | -6.9% | -21.6% | |
| YoY Change | | | | | | 17.0% | 64.1% | 50.4% | 70.5% | 5.9% | 40.7% | 8.6% | 28.7% | 30.9% | 25.6% | 23.3% | 46.1% | 15.2% | -2.8% | |
| Capital expenditures, gross (cash flow) | 505 | 158 | 132 | 156 | 170 | 616 | 238 | 191 | 204 | 220 | 853 | 238 | 247 | 245 | 302 | 1,032 | 319 | 319 | 268 | |
| QoQ Change | | | -16.5% | 18.2% | 9.0% | | 40.0% | -19.7% | 6.8% | 7.8% | | 8.2% | 3.8% | -0.8% | 23.3% | | 5.6% | 0.0% | -16.0% | |
| YoY Change | | | | | | 22.0% | 50.6% | 44.7% | 30.8% | 29.4% | 38.5% | 0.0% | 29.3% | 20.1% | 37.3% | 21.0% | 34.0% | 29.1% | 9.4% | |
| Capital expenditures, net (cash flow) | 336 | 98 | 107 | 144 | 123 | 472 | 189 | 182 | 185 | 211 | 767 | 223 | 221 | 197 | 259 | 900 | 132 | 271 | 200 | |
| QoQ Change | | | 9.2% | 34.6% | -14.6% | | 53.7% | -3.7% | 1.6% | 14.1% | | 5.7% | -0.9% | -10.9% | 31.5% | | -49.0% | 105.3% | -26.2% | |
| YoY Change | | | | | | 40.5% | 92.9% | 70.1% | 28.5% | 71.5% | 62.5% | 18.0% | 21.4% | 6.5% | 22.7% | 17.3% | -40.8% | 22.6% | 1.5% | |
| Free cash flow | 1,043 | N/A | N/A | N/A | N/A | 1,219 | 446 | 226 | 341 | 440 | 1,453 | 170 | 302 | 487 | 281 | 1,240 | 287 | 225 | 441 | |
| QoQ Change | | | | | | | | -49.3% | 50.9% | 29.0% | | -61.4% | 77.6% | 61.3% | -42.3% | | 2.1% | -21.6% | 96.0% | |
| YoY Change | | | | | | 16.9% | | | | | 19.2% | -61.9% | 33.6% | 42.8% | -36.1% | -14.7% | 68.8% | -25.5% | -9.4% | |
| Ratios | | | | | | | | | | | | | | | | | | | | |
| Operating margin | 23.1% | 26.5% | 32.6% | 30.8% | 17.2% | 26.8% | 33.0% | 32.9% | 36.6% | 12.2% | 28.7% | 37.6% | 38.5% | 42.0% | 37.2% | 38.8% | 17.9% | 44.2% | 46.0% | |
| Net margin | 12.9% | 17.3% | 21.4% | 19.5% | 10.8% | 17.3% | 25.3% | 24.0% | 23.8% | 10.3% | 20.9% | 27.6% | 26.7% | 28.5% | 25.6% | 27.1% | 0.3% | 28.2% | 26.2% | |
| EBITDA margin | 39.6% | 42.0% | 48.2% | 46.3% | 32.7% | 42.3% | 48.9% | 48.5% | 50.3% | 27.0% | 43.7% | 50.6% | 51.6% | 55.0% | 50.6% | 51.9% | 31.7% | 58.8% | 61.2% | |
| Capex/Sales | 9.0% | 9.1% | 10.3% | 8.1% | 16.4% | 10.9% | 15.8% | 15.9% | 14.2% | 17.8% | 15.9% | 17.5% | 20.6% | 18.9% | 22.1% | 19.8% | 28.3% | 26.5% | 20.5% | |

¹ Net profit does not include share in profits/losses of equity-accounted investees.

² Beginning FY 2009, the Israeli Securities Authority directives require the publication of a separate report for Bezeq Fixed-Line, including full balance sheet, income statement and cash flow data. Prior years quarterly data is presented in this metrics file for convenience purposes only.



(NIS millions, except for EPS)

| | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | |
|---|------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|---------|--------|---------|--------|--------|---------|--------|--------|--------|--------|
| | 2007 | 2008 | 2008 | 2008 | 2008 | 2008 | 2009 | 2009 | 2009 | 2009 | 2009 | 2010 | 2010 | 2010 | 2010 | 2010 | 2011 | 2011 | 2011 | |
| Telephone | | | | | | | | | | | | | | | | | | | | |
| Key Income Statement Metrics | | | | | | | | | | | | | | | | | | | | |
| Total Revenues | | 4,684 | 1,173 | 1,188 | 1,214 | 1,138 | 4,713 | 1,265 | 1,346 | 1,372 | 1,393 | 5,376 | 1,393 | 1,429 | 1,442 | 1,468 | 5,732 | 1,450 | 1,438 | 1,421 |
| | QoQ Change | | | 1.3% | 2.2% | -6.3% | | 11.2% | 6.4% | 1.9% | 1.5% | | 0.0% | 2.6% | 0.9% | 1.8% | | -1.2% | -0.8% | -1.2% |
| | YoY Change | | | | | 0.6% | 0.6% | 7.8% | 13.3% | 13.0% | 22.4% | 14.1% | 10.1% | 6.2% | 5.1% | 5.4% | 6.6% | 4.1% | 0.6% | -1.5% |
| Service Revenues | | 3,972 | N/A | N/A | N/A | N/A | 4,020 | 1,019 | 1,050 | 1,101 | 1,086 | 4,256 | 1,106 | 1,140 | 1,159 | 1,145 | 4,550 | 949 | 925 | 914 |
| | QoQ Change | | | | | | | 1.2% | | | | | 1.8% | 3.1% | 1.7% | -1.2% | | -17.1% | -2.5% | -1.2% |
| | YoY Change | | | | | | | 3.0% | 4.9% | -1.4% | | 5.9% | 8.5% | 8.6% | 5.3% | 5.4% | 6.9% | -14.2% | -18.9% | -21.1% |
| Equipment Revenues | | 712 | N/A | N/A | N/A | N/A | 693 | 246 | 296 | 271 | 307 | 1,120 | 287 | 289 | 283 | 323 | 1,182 | 501 | 513 | 507 |
| | QoQ Change | | | | | | | 20.3% | -8.4% | 13.3% | | | -6.5% | 0.7% | -2.1% | 14.1% | | 55.1% | 2.4% | -1.2% |
| | YoY Change | | | | | | | | | | | 61.6% | 16.7% | -2.4% | 4.4% | 5.2% | 5.5% | 74.6% | 77.5% | 79.2% |
| Operating profit | | 805 | 215 | 266 | 293 | 159 | 933 | 302 | 321 | 316 | 251 | 1,190 | 322 | 362 | 356 | 343 | 1,383 | 399 | 357 | 342 |
| | QoQ Change | | | 23.7% | 10.2% | -45.7% | | 89.9% | 6.3% | -1.6% | -20.6% | | 28.3% | 12.4% | -1.7% | -3.7% | | 16.3% | -10.5% | -4.2% |
| | YoY Change | | | | | | 15.9% | 40.5% | 20.7% | 7.8% | 57.9% | 27.5% | 6.6% | 12.8% | 12.7% | 36.7% | 16.2% | 23.9% | -1.4% | -3.9% |
| Net profit | | 585 | 163 | 180 | 211 | 128 | 682 | 230 | 233 | 231 | 181 | 875 | 259 | 267 | 239 | 268 | 1,033 | 310 | 279 | 263 |
| | QoQ Change | | | 10.4% | 17.2% | -39.3% | | 79.7% | 1.3% | -0.9% | -21.6% | | 43.1% | 3.1% | -10.5% | 12.1% | | 15.7% | -10.0% | -5.7% |
| | YoY Change | | | | | | 16.6% | 41.1% | 29.4% | 9.5% | 41.4% | 28.3% | 12.6% | 14.6% | 3.5% | 48.1% | 18.1% | 19.7% | 4.5% | 10.0% |
| Depreciation & amortization | | 479 | 129 | 130 | 129 | 135 | 523 | 139 | 151 | 155 | 158 | 603 | 149 | 149 | 149 | 154 | 601 | 139 | 143 | 139 |
| | QoQ Change | | | 0.8% | -0.8% | 4.7% | | 3.0% | 8.6% | 1.9% | | | -5.7% | 0.0% | 0.0% | 3.4% | | -9.7% | 2.9% | -2.8% |
| | YoY Change | | | | | | 9.2% | 7.8% | 16.2% | 20.2% | 17.0% | 15.3% | 7.2% | -1.3% | -3.9% | -2.5% | -0.3% | -6.7% | -4.0% | -6.7% |
| EBITDA | | 1,284 | 344 | 396 | 422 | 294 | 1,456 | 441 | 472 | 471 | 410 | 1,794 | 471 | 511 | 505 | 497 | 1,984 | 539 | 500 | 481 |
| | QoQ Change | | | 15.1% | 6.6% | -30.3% | | 50.0% | 7.0% | -0.2% | -13.0% | | 14.9% | 8.5% | -1.2% | -1.6% | | 8.5% | -7.2% | -3.8% |
| | YoY Change | | | | | | 13.4% | 28.2% | 19.2% | 11.6% | 39.5% | 23.2% | 6.8% | 8.3% | 7.2% | 21.2% | 10.6% | 14.4% | -2.2% | -4.8% |
| Key Cash Flow Metrics | | | | | | | | | | | | | | | | | | | | |
| Operating cash flow | | 1,228 | 256 | 344 | 379 | 298 | 1,277 | 375 | 290 | 395 | 55 | 1,115 | 350 | 378 | 400 | 91 | 1,219 | 308 | 101 | 168 |
| | QoQ Change | | | 34.4% | 10.2% | -21.4% | | 25.8% | -22.7% | 36.2% | -86.1% | | 536.4% | 8.0% | 5.8% | -77.3% | | 238.5% | -67.2% | 66.3% |
| | YoY Change | | | | | | 4.0% | 46.5% | -15.7% | 4.2% | -81.5% | -12.7% | -6.7% | 30.3% | 1.3% | 65.5% | 9.3% | -12.0% | -73.3% | -58.0% |
| Capital expenditures, gross (accounting) | | 440 | 108 | 374 | 172 | 257 | 911 | 165 | 127 | 107 | 109 | 508 | 110 | 112 | 99 | 110 | 431 | 122 | 109 | 98 |
| | QoQ Change | | | 246.3% | -54.0% | 49.4% | | -35.8% | -23.0% | -15.7% | 1.9% | | 0.9% | 1.8% | -11.6% | 11.1% | | 10.9% | -10.7% | -10.1% |
| | YoY Change | | | | | | 107.0% | 52.8% | -66.0% | -37.8% | -57.6% | -44.2% | -33.3% | -11.8% | -7.5% | 0.9% | -15.2% | 10.9% | -2.7% | -1.0% |
| Capital expenditures, gross (cash flow) | | 381 | 103 | 182 | 350 | 163 | 798 | 149 | 163 | 146 | 101 | 559 | 92 | 114 | 99 | 92 | 397 | 133 | 86 | 107 |
| | QoQ Change | | | 76.7% | 92.3% | -53.4% | | -8.6% | 9.4% | -10.4% | -30.8% | | -8.9% | 23.9% | -13.2% | -7.1% | | 44.6% | -35.3% | 24.4% |
| | YoY Change | | | | | | 109.4% | 44.7% | -10.4% | -58.3% | -38.0% | -29.9% | -38.3% | -30.1% | -32.2% | -8.9% | -29.0% | 44.6% | -24.6% | 8.1% |
| Capital expenditures, net (cash flow) | | 376 | 102 | 181 | 350 | 162 | 795 | 149 | 159 | 146 | 101 | 555 | 92 | 114 | 99 | 92 | 397 | 133 | 86 | 71 |
| | QoQ Change | | | 77.5% | 93.4% | -53.7% | | -8.0% | 6.7% | -8.2% | -30.8% | | -8.9% | 23.9% | -13.2% | -7.1% | | 44.6% | -35.3% | -17.4% |
| | YoY Change | | | | | | 111.4% | 46.1% | -12.2% | -58.3% | -37.7% | -30.2% | -38.3% | -28.3% | -32.2% | -8.9% | -28.5% | 44.6% | -24.6% | -28.3% |
| Free cash flow | | 852 | 154 | 163 | 29 | 136 | 482 | 226 | 131 | 249 | -45 | 560 | 258 | 264 | 301 | -1 | 822 | 175 | 15 | 97 |
| | QoQ Change | | | 5.8% | -82.2% | 369.0% | | 66.2% | -42.0% | 90.1% | -118.1% | | -673.3% | 2.3% | 14.0% | -100.3% | | N/M | -91.4% | 546.7% |
| | YoY Change | | | | | | -43.4% | 46.8% | -19.6% | 758.6% | -133.1% | 16.2% | 14.2% | 101.5% | 20.9% | -97.8% | 46.8% | -32.2% | -94.3% | -67.8% |
| Ratios | | | | | | | | | | | | | | | | | | | | |
| Operating margin | | 17.2% | 18.3% | 22.4% | 24.1% | 14.0% | 19.8% | 23.9% | 23.8% | 23.0% | 18.0% | 22.1% | 23.1% | 25.3% | 24.7% | 23.4% | 24.1% | 27.5% | 24.8% | 24.1% |
| Net margin | | 12.5% | 13.9% | 15.2% | 17.4% | 11.2% | 14.5% | 18.2% | 17.3% | 16.8% | 13.0% | 16.3% | 18.6% | 18.7% | 16.6% | 18.3% | 18.0% | 21.4% | 19.4% | 18.5% |
| EBITDA margin | | 27.4% | 29.3% | 33.3% | 34.8% | 25.8% | 30.9% | 34.9% | 35.1% | 34.3% | 29.4% | 33.4% | 33.8% | 35.8% | 35.0% | 33.9% | 34.6% | 37.2% | 34.8% | 33.8% |
| Capex/Sales | | 9.4% | 9.2% | 31.5% | 14.2% | 22.6% | 19.3% | 13.0% | 9.4% | 7.8% | 7.8% | 9.4% | 7.9% | 7.8% | 6.9% | 7.5% | 7.5% | 8.4% | 7.6% | 6.9% |



(NIS millions, except for EPS)

| | | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|------------|---------|---------|---------|---------|----------|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Bezeq International | | | | | | | | | | | | | | | | | | | | |
| Key Income Statement Metrics ¹ | | | | | | | | | | | | | | | | | | | | |
| Revenues | | 1,304 | 314 | 326 | 329 | 337 | 1,306 | 324 | 327 | 332 | 334 | 1,318 | 343 | 340 | 347 | 350 | 1,380 | 329 | 332 | 351 |
| | QoQ Change | | | 3.8% | 0.9% | 2.5% | | -3.8% | 0.7% | 1.8% | 0.5% | | 2.7% | -0.9% | 2.2% | 0.7% | | -5.9% | 0.9% | 5.5% |
| | YoY Change | | | | | | 0.2% | 3.4% | 0.3% | 1.1% | -1.0% | 0.9% | 5.7% | 4.1% | 4.5% | 4.8% | 4.8% | -4.0% | -2.2% | 1.0% |
| Operating profit | | 204 | 55 | 63 | 59 | 65 | 242 | 60 | 68 | 66 | 67 | 261 | 62 | 124 | 70 | 65 | 320 | 61 | 60 | 61 |
| | QoQ Change | | | 14.2% | -5.5% | 10.1% | | -7.5% | 12.4% | -1.8% | 0.5% | | -7.7% | 101.0% | -43.8% | -6.5% | | -6.4% | -0.9% | 1.7% |
| | YoY Change | | | | | | 18.6% | 9.8% | 8.0% | 12.3% | 2.5% | 8.0% | 2.3% | 83.0% | 4.8% | -1.5% | 22.6% | -1.1% | -51.2% | -11.8% |
| Net profit | | 153 | 42 | 47 | 44 | 46 | 178 | 44 | 56 | 51 | 49 | 200 | 46 | 108 | 53 | 46 | 254 | 46 | 46 | 46 |
| | QoQ Change | | | 13.4% | -6.5% | 4.0% | | -3.7% | 26.5% | -9.1% | -2.5% | | -6.0% | 132.9% | -50.6% | -14.2% | | 0.2% | 0.8% | -0.9% |
| | YoY Change | | | | | | 16.6% | 6.2% | 18.6% | 15.2% | 7.9% | 12.1% | 5.4% | 94.0% | 5.4% | -7.2% | 27.0% | -1.1% | -57.2% | -14.0% |
| Depreciation & amortization | | 87 | 20 | 20 | 20 | 20 | 80 | 20 | 21 | 21 | 23 | 84 | 23 | 23 | 24 | 25 | 94 | 24 | 26 | 28 |
| | QoQ Change | | | 1.6% | -2.0% | -0.2% | | -1.2% | 5.4% | 3.5% | 5.4% | | 0.2% | 1.8% | 2.3% | 7.1% | | -3.6% | 8.8% | 5.9% |
| | YoY Change | | | | | | -7.5% | -1.9% | 1.8% | 7.5% | 13.5% | 5.2% | 15.2% | 11.3% | 9.9% | 11.7% | 11.9% | 7.4% | 14.8% | 18.9% |
| EBITDA | | 290 | 75 | 83 | 79 | 85 | 322 | 80 | 88 | 88 | 89 | 345 | 84 | 147 | 93 | 90 | 414 | 85 | 87 | 89 |
| | QoQ Change | | | 10.8% | -4.7% | 7.5% | | -6.1% | 10.7% | -0.6% | 1.7% | | -5.7% | 74.4% | -36.6% | -3.3% | | -5.4% | 1.9% | 3.0% |
| | YoY Change | | | | | | 10.8% | 6.6% | 6.5% | 11.1% | 5.1% | 7.3% | 5.5% | 66.2% | 6.0% | 1.0% | 20.0% | 1.2% | -40.9% | -4.0% |
| Key Cash Flow Metrics ¹ | | | | | | | | | | | | | | | | | | | | |
| Operating cash flow | | 93 | 8 | 51 | 32 | 73 | 163 | 84 | 83 | 81 | 72 | 320 | 59 | 66 | 75 | 92 | 292 | 42 | 68 | 57 |
| | QoQ Change | | | 577.4% | -37.4% | 129.4% | | 14.2% | -1.0% | -1.5% | -11.4% | | -17.6% | 10.7% | 13.3% | 23.1% | | -54.2% | 62.2% | -16.0% |
| | YoY Change | | | | | | 76.3% | 1010.8% | 62.4% | 155.5% | -1.3% | 95.7% | -28.8% | -20.4% | -8.4% | 27.3% | -8.8% | -29.3% | 3.5% | -23.2% |
| Capital expenditures, gross (accounting) | | 131 | 27 | 50 | 14 | 29 | 120 | 20 | 63 | 29 | 38 | 150 | 20 | 43 | 29 | 69 | 160 | 49 | 71 | 85 |
| | QoQ Change | | | 85.2% | -72.0% | 107.1% | | -31.0% | 215.0% | -54.0% | 31.0% | | -47.4% | 115.0% | -32.6% | 137.9% | | -29.0% | 44.9% | 19.7% |
| | YoY Change | | | | | | -8.4% | -25.9% | 26.0% | 107.1% | 31.0% | 25.0% | 0.0% | -31.7% | 0.0% | 81.6% | 6.7% | 145.0% | 65.1% | 193.1% |
| Capital expenditures, gross (cash flow) | | 103 | 28 | 31 | 33 | 27 | 119 | 21 | 26 | 33 | 39 | 120 | 37 | 33 | 30 | 80 | 180 | 46 | 47 | 92 |
| | QoQ Change | | | 12.4% | 7.7% | -19.1% | | -20.4% | 21.7% | 28.3% | 16.2% | | -5.6% | -10.8% | -8.4% | 167.3% | | -42.6% | 2.1% | 95.2% |
| | YoY Change | | | | | | 14.7% | -22.0% | -15.6% | 0.5% | 44.5% | 1.1% | 71.3% | 25.6% | -10.3% | 106.2% | 49.9% | 25.3% | 43.4% | 205.3% |
| Capital expenditures, net (cash flow) | | 100 | 28 | 31 | 33 | 26 | 118 | 21 | 26 | 33 | 39 | 120 | 37 | 33 | 30 | 80 | 180 | 46 | 47 | 92 |
| | QoQ Change | | | 12.4% | 7.7% | -20.7% | | -19.2% | 22.1% | 28.5% | 16.2% | | -5.6% | -10.7% | -8.7% | 168.1% | | -43.0% | 2.6% | 95.0% |
| | YoY Change | | | | | | 18.7% | -22.4% | -15.8% | 0.5% | 47.3% | 1.4% | 72.0% | 25.8% | -10.6% | 106.2% | 50.0% | 24.7% | 43.4% | 206.1% |
| Free cash flow | | -7 | -20 | 20 | -1 | 47 | 45 | 62 | 57 | 48 | 33 | 200 | 23 | 33 | 45 | 12 | 112 | -4 | 21 | -34 |
| | QoQ Change | | | NM | -107.1% | -3386.4% | | 33.1% | -8.9% | -15.3% | -30.6% | | -31.6% | 45.3% | 35.1% | -73.9% | | -131.9% | -670.7% | -261.5% |
| | YoY Change | | | | | | N/M | NM | 183.0% | -3476.9% | -28.7% | 341.7% | -63.4% | -41.6% | -6.8% | -64.9% | -43.9% | -116.3% | -35.9% | -176.7% |
| Ratios | | | | | | | | | | | | | | | | | | | | |
| Operating margin | | 15.6% | 17.5% | 19.2% | 18.0% | 19.3% | 18.5% | 18.5% | 20.7% | 20.0% | 20.0% | 19.8% | 17.9% | 36.4% | 20.0% | 18.6% | 23.2% | 18.5% | 18.1% | 17.5% |
| Net margin | | 11.7% | 13.2% | 14.4% | 13.4% | 13.6% | 13.7% | 13.6% | 17.1% | 15.2% | 14.8% | 15.2% | 13.5% | 31.8% | 15.4% | 13.1% | 18.4% | 14.0% | 13.9% | 13.1% |
| EBITDA margin | | 22.3% | 23.8% | 25.4% | 24.0% | 25.2% | 24.6% | 24.6% | 27.0% | 26.4% | 26.7% | 26.2% | 24.5% | 43.1% | 26.8% | 25.7% | 30.0% | 25.8% | 26.1% | 25.5% |
| Capex/Sales | | 10.0% | 8.6% | 15.3% | 4.3% | 8.6% | 9.2% | 6.2% | 19.3% | 8.7% | 11.4% | 11.4% | 5.8% | 12.6% | 8.3% | 19.7% | 11.6% | 14.9% | 21.4% | 24.2% |

¹ Q1-Q3 2010 results exclude Walla's financials, but include a one-time profit from the consolidation of Walla! recorded in Q2-10, and another small profit from the sale of Walla! to Bezeq recorded in Q3-10.



(NIS millions, except for EPS)

| | | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | |
|--|------------|-------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|------|
| | | 2007 | 2008 | 2008 | 2008 | 2008 | 2008 | 2009 | 2009 | 2009 | 2009 | 2009 | 2010 | 2010 | 2010 | 2010 | 2010 | 2011 | 2011 | 2011 | 2011 |
| yes | | | | | | | | | | | | | | | | | | | | | |
| Key Income Statement Metrics ¹ | | | | | | | | | | | | | | | | | | | | | |
| Revenues | | 1,415 | 381 | 380 | 375 | 376 | 1,513 | 384 | 376 | 380 | 390 | 1,530 | 391 | 396 | 395 | 400 | 1,583 | 406 | 404 | 405 | |
| | QoQ Change | | | -0.4% | -1.2% | 0.3% | | 2.0% | -2.0% | 1.2% | 2.5% | | 0.3% | 1.2% | -0.2% | 1.2% | | 1.3% | -0.4% | 0.4% | |
| | YoY Change | | | | | | 6.9% | 0.6% | -1.0% | 1.4% | 3.7% | 1.2% | 2.0% | 5.3% | 3.9% | 2.6% | 3.4% | 3.6% | 2.0% | 2.6% | |
| Operating profit | | 56 | 27 | 43 | 52 | 55 | 177 | 66 | 59 | 61 | 63 | 248 | 59 | 7 | 72 | 41 | 178 | 61 | 65 | 63 | |
| | QoQ Change | | | 58.5% | 23.2% | 5.6% | | 19.2% | -10.5% | 2.7% | 3.1% | | -6.2% | -87.6% | 884.8% | -43.4% | | 51.2% | 6.4% | -3.0% | |
| | YoY Change | | | | | | 216.3% | 145.6% | 38.8% | 15.7% | 13.0% | 40.1% | -11.0% | -87.7% | 18.3% | -35.1% | -28.2% | 4.6% | 796.5% | -11.7% | |
| Net profit | | -118 | -66 | -99 | -82 | -17 | -265 | -1 | -95 | -88 | -38 | -222 | -8 | -143 | -78 | -84 | -314 | -73 | -88 | -76 | |
| | QoQ Change | | | 51.0% | -17.3% | -78.7% | | -93.4% | 8152.7% | -7.0% | -57.4% | | -78.1% | 1627.2% | -45.1% | 7.5% | | -12.9% | 20.4% | -14.1% | |
| | YoY Change | | | | | | 125.1% | -98.2% | -4.2% | 7.7% | 115.5% | -16.0% | 617.0% | 50.1% | -11.4% | 123.5% | 41.0% | 787.6% | -38.1% | -3.1% | |
| Depreciation & amortization | | 273 | 65 | 61 | 59 | 66 | 250 | 57 | 56 | 59 | 63 | 234 | 64 | 68 | 68 | 85 | 285 | 69 | 71 | 74 | |
| | QoQ Change | | | -6.4% | -3.1% | 12.1% | | -14.1% | -1.7% | 6.1% | 7.2% | | 0.9% | 6.9% | -0.6% | 25.4% | | -19.3% | 3.7% | 4.1% | |
| | YoY Change | | | | | | -8.5% | -12.6% | -8.3% | 0.3% | -4.1% | -6.3% | 12.7% | 22.7% | 15.0% | 34.6% | 21.6% | 7.6% | 4.3% | 9.3% | |
| EBITDA | | 329 | 92 | 103 | 111 | 121 | 427 | 122 | 115 | 120 | 126 | 482 | 122 | 75 | 140 | 126 | 463 | 130 | 136 | 137 | |
| | QoQ Change | | | 12.7% | 7.8% | 9.0% | | 1.1% | -6.4% | 4.3% | 5.1% | | -2.6% | -38.4% | 84.9% | -10.0% | | 3.5% | 5.0% | 0.7% | |
| | YoY Change | | | | | | 29.7% | 33.8% | 11.1% | 7.6% | 3.8% | 13.0% | 0.0% | -34.2% | 16.7% | -0.1% | -4.0% | 6.1% | 80.8% | -1.5% | |
| Key Cash Flow Metrics | | | | | | | | | | | | | | | | | | | | | |
| Operating cash flow | | 250 | 84 | 32 | 97 | 133 | 347 | 91 | 93 | 135 | 91 | 410 | 124 | 110 | 126 | 132 | 492 | 141 | 119 | 134 | |
| | QoQ Change | | | -61.5% | 200.4% | 37.1% | | -32.0% | 3.0% | 44.6% | -32.9% | | 37.1% | -11.9% | 15.1% | 4.3% | | 7.4% | -15.9% | 13.0% | |
| | YoY Change | | | | | | 38.9% | 7.8% | 188.5% | 38.9% | -32.0% | 18.1% | 37.1% | 17.3% | -6.6% | 45.1% | 20.0% | 13.7% | 8.4% | 6.4% | |
| Capital expenditures, gross (accounting) | | 299 | 70 | 52 | 77 | 66 | 265 | 20 | 71 | 101 | 78 | 270 | 66 | 79 | 82 | 68 | 295 | 79 | 75 | 68 | |
| | QoQ Change | | | -25.7% | 48.1% | -14.3% | | -69.7% | 255.0% | 42.3% | -22.8% | | -15.4% | 19.7% | 3.8% | -16.6% | | 15.5% | -5.1% | -9.3% | |
| | YoY Change | | | | | | -11.4% | -71.4% | 36.5% | 31.2% | 18.2% | 1.9% | 230.0% | 11.3% | -18.8% | -12.3% | 9.4% | 19.7% | -5.1% | -17.1% | |
| Capital expenditures, gross (cash flow) | | 255 | 79 | 40 | 56 | 63 | 238 | 61 | 60 | 87 | 53 | 262 | 61 | 63 | 65 | 89 | 278 | 71 | 64 | 67 | |
| | QoQ Change | | | -50.2% | 41.2% | 12.3% | | -2.1% | -2.5% | 45.9% | -39.6% | | 15.5% | 3.6% | 2.3% | 38.2% | | -20.5% | -9.5% | 4.6% | |
| | YoY Change | | | | | | -6.7% | -22.6% | 51.5% | 56.5% | -15.8% | 10.1% | -0.7% | 5.5% | -25.9% | 69.2% | 6.4% | 16.5% | 1.8% | 4.1% | |
| Capital expenditures, net (cash flow) | | 255 | 79 | 40 | 56 | 63 | 238 | 61 | 60 | 87 | 52 | 261 | 61 | 63 | 64 | 89 | 277 | 71 | 64 | 67 | |
| | QoQ Change | | | -50.2% | 41.2% | 12.3% | | -2.1% | -2.5% | 44.9% | -39.6% | | 16.0% | 3.5% | 1.1% | 40.3% | | -20.5% | -9.4% | 4.4% | |
| | YoY Change | | | | | | -6.7% | -22.6% | 51.5% | 55.4% | -16.4% | 9.7% | -1.0% | 5.1% | -26.7% | 70.3% | 6.2% | 16.7% | 2.1% | 5.5% | |
| Free cash flow | | -5 | 5 | -7 | 41 | 71 | 109 | 29 | 33 | 48 | 38 | 149 | 63 | 47 | 62 | 42 | 215 | 70 | 54 | 67 | |
| | QoQ Change | | | NM | NM | 70.6% | | -58.6% | 14.4% | 44.1% | -20.8% | | 66.2% | -26.6% | 34.1% | -32.4% | | 66.5% | -22.6% | 23.0% | |
| | YoY Change | | | | | | NM | 522.3% | NM | 16.5% | -45.9% | 36.2% | 116.9% | 39.1% | 29.5% | 10.7% | 44.0% | 10.9% | 17.0% | 7.3% | |
| Ratios | | | | | | | | | | | | | | | | | | | | | |
| Operating margin | | 4.0% | 7.0% | 11.2% | 14.0% | 14.7% | 11.7% | 17.2% | 15.7% | 15.9% | 16.0% | 16.2% | 15.0% | 1.8% | 18.1% | 10.1% | 11.3% | 15.1% | 16.2% | 15.6% | |
| Net margin | | -8.3% | -17.2% | -26.1% | -21.9% | -4.6% | -17.5% | -0.3% | -25.3% | -23.3% | -9.7% | -14.5% | -2.1% | -36.1% | -19.8% | -21.0% | -19.8% | -18.1% | -21.9% | -18.7% | |
| EBITDA margin | | 23.3% | 24.0% | 27.2% | 29.6% | 32.2% | 28.2% | 31.9% | 30.5% | 31.4% | 32.2% | 31.5% | 31.3% | 19.1% | 35.3% | 31.4% | 29.3% | 32.0% | 33.8% | 33.9% | |
| Capex/Sales | | 21.1% | 18.4% | 13.7% | 20.5% | 17.5% | 17.5% | 5.2% | 18.9% | 26.5% | 20.0% | 17.6% | 16.9% | 20.0% | 20.7% | 17.1% | 18.7% | 19.5% | 18.6% | 16.8% | |

¹ Q2-10 includes a provision related to retroactive royalties claimed by ACUM.



| | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Bezeq Fixed-Line | | | | | | | | | | | | | | | | | | | |
| Key Performance Indicators | | | | | | | | | | | | | | | | | | | |
| Total outgoing minutes (in millions) ¹ | 14,711 | 3,473 | 3,306 | 3,379 | 3,103 | 13,260 | 3,077 | 2,972 | 3,051 | 2,917 | 12,017 | 2,732 | 2,717 | 2,629 | 2,621 | 10,699 | 2,521 | 2,415 | 2,481 |
| QoQ Change | | | -4.8% | 2.2% | -8.2% | | -0.8% | -3.4% | 2.7% | -4.4% | | -6.3% | -0.5% | -3.2% | -0.3% | | -3.8% | -4.2% | 2.7% |
| YoY Change | | | | | | -9.9% | -11.4% | -10.1% | -9.7% | -6.0% | -9.4% | -11.2% | -8.6% | -13.8% | -10.1% | -11.0% | -7.7% | -11.1% | -5.6% |
| Total incoming minutes (in millions) | 6,411 | 1,673 | 1,651 | 1,719 | 1,648 | 6,691 | 1,654 | 1,659 | 1,731 | 1,674 | 6,718 | 1,623 | 1,634 | 1,646 | 1,644 | 6,547 | 1,577 | 1,535 | 1,607 |
| QoQ Change | | | -1.3% | 4.1% | -4.1% | | 0.4% | 0.3% | 4.3% | -3.3% | | -3.0% | 0.7% | 0.7% | -0.1% | | -4.1% | -2.7% | 4.7% |
| YoY Change | | | | | | 4.4% | -1.1% | 0.5% | 0.7% | 1.6% | 0.4% | -1.9% | -1.5% | -4.9% | -1.8% | -2.5% | -2.8% | -6.1% | -2.4% |
| Total access lines (in 000's) ¹ | 2,749 | 2,700 | 2,669 | 2,633 | 2,603 | 2,603 | 2,568 | 2,536 | 2,507 | 2,476 | 2,476 | 2,445 | 2,412 | 2,382 | 2,352 | 2,352 | 2,342 | 2,336 | 2,341 |
| QoQ Change | | | -1.1% | -1.3% | -1.1% | | -1.3% | -1.2% | -1.1% | -1.2% | | -1.3% | -1.3% | -1.2% | -1.3% | | -0.4% | -0.3% | 0.2% |
| YoY Change | | | | | | -5.3% | -4.9% | -5.0% | -4.8% | -4.9% | -4.9% | -4.8% | -4.9% | -5.0% | -5.0% | -5.0% | -4.2% | -3.2% | -1.7% |
| ARPL - Voice & fixed fees (in NIS) ¹ | 87 | 85 | 82 | 85 | 82 | 83 | 82 | 81 | 83 | 83 | 82 | 80 | 81 | 83 | 83 | 82 | 80 | 78 | 78 |
| QoQ Change | | | -3.5% | 3.7% | -3.5% | | 0.0% | -1.2% | 2.5% | 0.0% | | -3.6% | 1.3% | 2.5% | 0.0% | | -3.6% | -2.5% | 0.0% |
| YoY Change | | | | | | -4.6% | -3.5% | -1.2% | -2.4% | 1.2% | -1.2% | -2.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -3.7% | -6.0% |
| Churn rate (%) | 9.5% | 3.7% | 2.8% | 3.1% | 2.9% | 12.5% | 3.2% | 2.8% | 3.0% | 3.0% | 12.1% | 3.0% | 3.1% | 3.1% | 3.4% | 12.6% | 3.1% | 2.6% | 2.6% |
| QoQ Change | | | -24.3% | 10.7% | -6.5% | | 10.3% | -12.5% | 7.1% | 0.0% | | 0.0% | 3.3% | 0.0% | 9.7% | | -8.8% | -16.1% | 0.0% |
| YoY Change | | | | | | 31.6% | -13.5% | 0.0% | -3.2% | 3.4% | -3.2% | -6.3% | 10.7% | 3.3% | 13.3% | 4.1% | 3.3% | -16.1% | -16.1% |
| Broadband Internet lines (in 000's) | 963 | 970 | 982 | 994 | 1,005 | 1,005 | 1,011 | 1,016 | 1,026 | 1,035 | 1,035 | 1,045 | 1,051 | 1,056 | 1,066 | 1,066 | 1,079 | 1,088 | 1,100 |
| QoQ Change | | | 1.2% | 1.2% | 1.1% | | 0.6% | 0.5% | 1.0% | 0.9% | | 1.0% | 0.6% | 0.5% | 0.9% | | 1.2% | 0.8% | 1.1% |
| YoY Change | | | | | | 4.4% | 4.2% | 3.5% | 3.2% | 3.0% | 3.0% | 3.4% | 3.4% | 2.9% | 3.0% | 3.0% | 3.3% | 3.5% | 4.2% |
| Broadband Internet ARPU (in NIS) | 64 | 68 | 66 | 67 | 66 | 67 | 67 | 67 | 70 | 70 | 69 | 73 | 72 | 76 | 78 | 75 | 79 | 80 | 81 |
| QoQ Change | | | -2.9% | 1.5% | -1.5% | | 1.5% | 0.0% | 4.5% | 0.0% | | 4.3% | -1.4% | 5.6% | 2.6% | | 1.3% | 1.3% | 1.3% |
| YoY Change | | | | | | 4.7% | -1.5% | 1.5% | 4.5% | 6.1% | 3.0% | 9.0% | 7.5% | 8.6% | 11.4% | 8.7% | 8.2% | 11.1% | 6.6% |
| NGN subscribers as % of total internet subscribers covered by NGN network | N/A | N/A | N/A | N/A | N/A | N/A | 1% | 3% | 8% | 12% | 12% | 17% | 23% | 27% | 34% | 34% | 37% | 40% | 44% |
| QoQ Change | | | | | | | | 200.0% | 166.7% | 50.0% | | 41.7% | 35.3% | 17.4% | 25.9% | | 8.8% | 8.1% | 10.0% |
| YoY Change | | | | | | | | | | | | | 666.7% | 237.5% | 183.3% | 183.3% | 117.6% | 73.9% | 63.0% |
| Average broadband speed per subscriber (end of period, Mbps) | 1.7 | 1.9 | 2.0 | 2.1 | 2.2 | 2.2 | 2.3 | 2.4 | 2.5 | 2.7 | 2.7 | 3.0 | 3.4 | 3.8 | 4.3 | 4.3 | 4.8 | 5.3 | 6.0 |
| QoQ Change | | | 5.3% | 5.0% | 4.8% | | 4.5% | 4.3% | 4.2% | 8.0% | | 11.1% | 13.3% | 11.8% | 13.2% | | 11.6% | 10.4% | 13.2% |
| YoY Change | | | | | | 29.4% | 21.1% | 20.0% | 19.0% | 22.7% | 22.7% | 30.4% | 41.7% | 52.0% | 59.3% | 59.3% | 60.0% | 55.9% | 57.9% |
| Number of employees | 7,614 | 7,458 | 7,425 | 7,417 | 7,530 | 7,530 | 7,545 | 7,399 | 7,335 | 7,364 | 7,364 | 7,332 | 7,325 | 7,299 | 7,216 | 7,216 | 7,216 | 7,123 | 7,087 |
| QoQ Change | | | -0.4% | -0.1% | 1.5% | | 0.2% | -1.9% | -0.9% | 0.4% | | -0.4% | -0.1% | -0.4% | -1.1% | | 0.0% | -1.3% | -0.5% |
| YoY Change | | | | | | -1.1% | 1.2% | -0.4% | -1.1% | -2.2% | -2.2% | -2.8% | -1.0% | -0.5% | -2.0% | -2.0% | -1.6% | -2.8% | -2.9% |

¹ Outgoing minutes, access lines, and ARPL were retroactively adjusted to exclude public coin operated payphones.



| | | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|--|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Pelephone | | | | | | | | | | | | | | | | | | | | |
| Key Performance Indicators | | | | | | | | | | | | | | | | | | | | |
| Subscribers (in 000's) | | 2,622 | 2,595 | 2,636 | 2,698 | 2,649 | 2,649 | 2,669 | 2,694 | 2,721 | 2,766 | 2,766 | 2,789 | 2,807 | 2,825 | 2,857 | 2,857 | 2,880 | 2,890 | 2,933 |
| | QoQ Change | | | 1.6% | 2.4% | -1.8% | | 0.8% | 0.9% | 1.0% | 1.7% | | 0.8% | 0.6% | 0.6% | 1.1% | | 0.8% | 0.3% | 1.5% |
| | YoY Change | | | | | | 1.0% | 2.9% | 2.2% | 0.9% | 4.4% | 4.4% | 4.5% | 4.2% | 3.8% | 3.3% | 3.3% | 3.3% | 3.0% | 3.8% |
| HSPA subscribers (in 000's) | | N/A | N/A | N/A | N/A | N/A | N/A | 117 | 283 | 471 | 676 | 676 | 845 | 1,005 | 1,160 | 1,325 | 1,325 | 1,471 | 1,610 | 1,757 |
| | QoQ Change | | | | | | | | 141.9% | 66.4% | 43.5% | | 25.0% | 18.9% | 15.4% | 14.2% | | 11.0% | 9.4% | 9.1% |
| | YoY Change | | | | | | | | | | | | 622.2% | 255.1% | 146.3% | 96.0% | 96.0% | 74.1% | 60.2% | 51.5% |
| MOU (per sub, per month) | | 354 | 355 | 358 | 359 | 335 | 352 | 323 | 329 | 339 | 339 | 333 | 336 | 348 | 347 | 364 | 349 | 359 | 365 | 375 |
| | QoQ Change | | | 0.8% | 0.3% | -6.7% | | -3.6% | 1.9% | 3.0% | 0.0% | | -0.9% | 3.6% | -0.3% | 4.9% | | -1.4% | 1.7% | 2.7% |
| | YoY Change | | | | | | -0.6% | -9.0% | -8.1% | -5.6% | 1.2% | -5.4% | 4.0% | 5.8% | 2.4% | 7.4% | 4.8% | 6.8% | 4.9% | 8.1% |
| ARPU (in NIS) | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 110 | 111 | 113 | 109 | N/A | 110 | 107 | 105 |
| | QoQ Change | | | | | | | | | | | | | 0.9% | 1.8% | -3.5% | | 0.9% | -2.7% | -1.9% |
| | YoY Change | | | | | | | | | | | | | | | | | 0.0% | -3.6% | -7.1% |
| Churn rate (%) | | N/A | N/A | N/A | N/A | N/A | N/A | 3.3% | 3.3% | 3.8% | 3.4% | 13.8% | 3.9% | 3.9% | 3.5% | 3.9% | 15.3% | 4.3% | 4.9% | 5.0% |
| | QoQ Change | | | | | | | | 0.0% | 15.2% | -10.5% | | 14.7% | 0.0% | -10.3% | 11.4% | | 10.3% | 14.0% | 2.0% |
| | YoY Change | | | | | | | | | | | | 18.2% | 18.2% | -7.9% | 14.7% | 10.9% | 10.3% | 25.6% | 42.9% |
| VAS revenues as % of total cellular service revenues | | 12.7% | 15.0% | 15.5% | 16.2% | 18.4% | 16.3% | 18.5% | 19.1% | 20.0% | 20.8% | 19.6% | 22.6% | 23.0% | 24.5% | 25.0% | 23.8% | 32.1% | 34.5% | 36.3% |

yes

| | | FY 2007 | Q1 2008 | Q2 2008 | Q3 2008 | Q4 2008 | FY 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 | FY 2010 | Q1 2011 | Q2 2011 | Q3 2011 |
|-----------------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Key Performance Indicators | | | | | | | | | | | | | | | | | | | | |
| Subscribers (in 000's) | | 549 | 549 | 551 | 556 | 560 | 560 | 560 | 562 | 567 | 571 | 571 | 571 | 573 | 575 | 578 | 578 | 580 | 581 | 585 |
| | QoQ Change | | | 0.4% | 0.9% | 0.7% | | 0.0% | 0.4% | 0.9% | 0.7% | | 0.0% | 0.4% | 0.3% | 0.5% | | 0.3% | 0.2% | 0.7% |
| | YoY Change | | | | | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 1.4% | 1.2% | 1.2% | 1.6% | 1.4% | 1.7% |
| ARPU (in NIS) | | 217 | 231 | 230 | 226 | 225 | 228 | 228 | 224 | 224 | 229 | 226 | 229 | 231 | 229 | 231 | 230 | 234 | 232 | 232 |
| | QoQ Change | | | -0.4% | -1.7% | -0.4% | | 1.3% | -1.8% | 0.0% | 2.2% | | 0.0% | 0.9% | -0.9% | 0.9% | | 1.3% | -0.9% | 0.0% |
| | YoY Change | | | | | | 5.1% | -1.3% | -2.6% | -0.9% | 1.8% | -0.9% | 0.4% | 3.1% | 2.2% | 0.9% | 1.8% | 2.2% | 0.4% | 1.3% |
| Churn rate (%) | | N/A | N/A | N/A | N/A | N/A | N/A | 3.7% | 3.1% | 3.3% | 3.2% | 13.3% | 3.5% | 3.1% | 3.3% | 3.1% | 13.0% | 3.3% | 2.9% | 2.8% |
| | QoQ Change | | | | | | | | | 6.5% | -3.0% | | 9.4% | -11.4% | 6.5% | -6.1% | | 6.5% | -12.1% | -3.4% |
| | YoY Change | | | | | | | | | | | | -5.4% | 0.0% | 0.0% | -3.1% | -2.3% | -5.7% | -6.5% | -15.2% |



GLOSSARY

Glossary

| | |
|---|---|
| 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 |
| | |
| <u>Fixed-line KPIs</u> | |
| Total access lines | = Inactive subscribers are those whose lines have been physically disconnected (except for a subscriber in the first three months of collection proceedings). |
| ARPL - Voice & fixed fees | = Not including revenues from data communications and transmissions services, internet services, services to communications providers, and contract and other services. Based on average subscribers for the period. |
| Churn rate | = The number of telephony subscribers who left during the period, divided by the average number of registered subscribers in the period. |
| Broadband Internet ARPU | = Total revenue from Internet services excluding revenue from business directory services, divided by average internet subscribers. |
| | |
| <u>Telephone KPIs</u> | |
| Subscribers | = Subscriber data excludes inactive subscribers connected to Pelephone's services for six months or more. An inactive subscriber is one who in the past six months has not received or made at least one call or who has not paid for Pelephone's services. |
| ARPU | = Average monthly revenue per subscriber is calculated by dividing the monthly average of revenue from cellular services (airtime, usage fees, call completion fees, roaming services, value added services and sundry), repair services and warranty in the period, by the average number of active subscribers in the same period. In light of the decrease in mobile termination rates as of 1.1.11, Q1-Q4 2010 ARPU data is presented based on reduced termination rates in order to compare to 2011. |
| MOU | = Average monthly use per subscriber (in minutes) is calculated according to a monthly average of total outgoing and incoming minutes in the period, divided by the average total number of active subscribers in the same period. |
| Churn rate | = Churn rate is calculated according to the proportion of subscribers who have disconnected from the Company's services and subscribers who have become inactive during the period, out of the average number of active subscribers during the same period. |
| VAS revenues as % of total cellular service revenues | = Based on interconnect fees in effect during each period. |
| | |
| <u>yes KPIs</u> | |
| Subscribers | = One household or small business customer - for a business customer with numerous intake points or decoders (such as a hotel, kibbutz or gym), the number of subscribers is calculated by dividing the total payment received from the business customer by the average revenue from a small business customer. |
| ARPU | = Includes total yes revenues (content and equipment, premium channels, technical services, advanced services, one-time sales of content, revenue from channels, internet and others) divided by average subscribers for the period. |
| Churn rate | = Number of yes subscribers who left yes during the period, divided by the average number of yes registered subscribers in the period. |