

March 6, 2003

The Securities Authority
22 Kanfei Nesharim Street
Jerusalem

Re: Periodic Report for 2002

Company Name: "Bezeq" The Israel Telecommunication Corp. Limited

Company No.: 52-003193-1

Address: 15 Hatzvi Street, Jerusalem 91010

Telephone: 02-539-5333 (CEO) – Facsimile: 02-537-8184

Balance Sheet Date: December 31, 2002

Report Date: Up to March 6, 2003
(Regulations 1 and 7)

Regulation 9: The Financial Statements

Attached

Regulation 10: Directors' Report on the State of the Company's Affairs

Attached.

Regulation 10A: Condensed Quarterly Statements of Operation for the year ended December 31, 2002 (in millions of shekels)

	2002				
	Total	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Revenues	8,235	2,027	2,087	2,056	2,065
Costs and expenses	7,198	1,812	1,811	1,786	1,789
Operating income	1,037	215	276	270	276
Financing expenses	168	14	82	27	45
Other expenses (income)	1,243	852	397	(4)	(2)
Company's equity in losses of investee companies	349	106	116	74	53
Net earnings (loss)	(930)	(786)	(343)	86	113

Regulation 10C: Use of Proceeds from Securities with Reference to their Designation as per the Prospectus

No issuance made in the period.

Regulation 11: Schedule of Investments in Subsidiaries and Related Companies as at the Balance Sheet Date

Company name	Name of holder	Class of share	No. of shares	Total par value	Rate of holding in %	Adjusted cost in NIS thousands	Adjusted book value in NIS thousands
Pelephone Communications Ltd.	The Company	Ordinary NIS 1	151,230,000	151,230,000	50%	553,386	944,145
Bezeq International Ltd.	The Company	Ordinary NIS 0.1	1,000,000,000	100,000,000	100%	313,762	329,462
BezeqCall Communications Ltd.	The Company	Ordinary NIS 1	35,537,220	35,537,220	100%	52,758	50,758
BezeqCall Ltd.	The Company	Ordinary NIS 0.1	400,000,000	40,000,000	100%	0	3,979
Bezeq Globe Ltd.	The Company	Ordinary NIS 1	1,000,636	1,000,636	100%	17,623	2,025
Aphrodite B.V. Amsterdam	The Company	Ordinary 1,000 gulden	26.64	26,640 Gulden	66.60%	0	0
D.B.S. Satellite Services (1998) Ltd.	The Company	Ordinary NIS 1	8,980	8,980	44.90%	-267,964	322,547
Bezeq On Line Ltd.	The Company	Ordinary NIS 1	85,000	85,000	100%	23,817	24,727
Infogate On Line Ltd.	The Company	Ordinary NIS 0.1	40,522	4,052.22	26.20%	14,279	2,568
Adanet Business Group Ltd.	The Company	Ordinary NIS 0.001	5,107	5.1	50%	20,649	32,507
Adanet Communications Ltd.	Adanet Business Group Ltd.	Ordinary Class A NIS 1	20,000	20,000	100%	120	-10,482
		Ordinary Class B NIS 1	20,000	20,000	100%		
UDI (Millennium Ltd.)	Adanet Business Group Ltd.	Ordinary NIS 1	1,000	1,000	100%	1	-8,733
Data Sec Ltd.	Adanet Business Group Ltd.	Ordinary NIS 1	500	1,000	50%	0.5	-12,310
		M'ment NIS 1	600		60%	0.6	
KisNet (2000) Ltd.	Adanet Business Group Ltd.	Ordinary NIS 1	7,000	7,000	70%	8	-12,140
Idit Information Technologies Ltd.	Adanet Business Group Ltd.	Ordinary NIS 0.01	27,500	275	50%	1	-3,183
Adanet Consulting Ltd.	Adanet Business Group Ltd.	100 euro Voting right	100	10,000 euro	50% 70%	43	-157
GoNext Ltd.	Pelephone	Ordinary NIS 0.1	100,000	10,000	100%	11	30,887
Walla! Communications Ltd.	Bezeq International	Ordinary NIS 1	8,488,779	8,488,779	36.74%	67,468	10,899

1. Bezeq International Ltd. includes an investment of NIS 169,573,000 given as CPI-linked shareholders' loans, bearing no interest and without a repayment date.
2. Bezeq Globe Ltd. is in voluntary liquidation proceedings.
3. DBS includes an investment of NIS 1,102,308 thousand, of which NIS 991,846,000 are linked to the CPI, bearing no interest and for which no repayment date has yet been set. The balance is CPI-linked and bears interest of 5.5% p.a. The Company's holdings in DBS are expected to increase to 49.9%.
4. Bezeq OnLine includes an investment of NIS 1,010,000 given as a shareholders' loan. The loan is linked to the CPI and bears no interest.
5. Adanet Business Group includes an investment of NIS 30,734,000 given as a CPI-linked shareholders' loan bearing interest at 7.25% and 6.25% p.a.
6. GoNext includes an investment of NIS 64,790,000 in an unlinked shareholders' loan.
7. Walla! Communications Ltd. includes an investment of NIS 11,485,000 as a CPI-linked interest-free shareholders' loan.

Regulation 12: Changes in Investments in Subsidiaries and Related Companies
During the Report Period

Date of change	Nature of change	Name of company	No. of shares on the stock exchange	Class of shares	Total par value	Nominal cost	Adjusted cost
2.2002	Premium on shares	Pelephone				141,000	147,403
11.2002	Shareholders' loan	Adanet Business Group				7,160	7,160
1.2002	Shareholders' loan	DBS				20,075	21,559
2.2002	Shareholders' loan	DBS				34,802	36,860
3.2002	Shareholders' loan	DBS				17,485	18,396
4.2002	Shareholders' loan	DBS				19,751	20,649
5.2002	Shareholders' loan	DBS				50,539	52,722
6.2002	Shareholders' loan	DBS				56,935	58,423
7.2002	Shareholders' loan	DBS				20,751	21,089
8.2002	Shareholders' loan	DBS				14,501	14,522
9.2002	Shareholders' loan	DBS				19,788	19,790
10.2002	Shareholders' loan	DBS				13,721	13,719
11.2002	Shareholders' loan	DBS				9,247	9,185
12.2002	Shareholders' loan	DBS				32,178	32,156
12.2002	Linkage differentials	DBS				68,971	3,991
10.2002	Purchase of shares	GoNext				42,000	42,500
3.2002	Issue of rights	Walla Communications				13,917	14,479
5.2002	Purchase of shares from controlling shareholder	Walla Communications				467	474
2.2002	Establishment of company in France	Adanet Consulting		Ordinary 100 euro	10,000 euro	41,000	43,000
6.2002	Sale of shares	Brossit Ltd.		Ordinary NIS 1 Management NIS 1	10,000 3	10,000 3	- -

Regulation 13: Revenues of Subsidiaries and Related Companies and Revenues of the Corporation from them as at the Balance Sheet Date (in NIS thousands)

<u>Company name</u>	<u>Earnings (loss) before tax</u>	<u>Earnings (loss) after tax</u>	<u>Dividend</u>	<u>Management fees</u>	<u>Interest</u>
NIS thousands					
Pelephone Communications Ltd.	(238,528)	(157,920)	0	0	0
Bezeq International Ltd.	111,748	76,355	0	0	0
BezeqCall Communications Ltd.	(14,993)	(15,242)	0	0	0
BezeqCall Ltd.	0	0	0	0	0
D.B.S. Satellite Services (1998) Ltd.	(722,749)	(722,749)	0	0	1,418
Bezeq On Line Ltd.	1,976	1,353	0	0	614
Infogate Online Ltd.	(17,947)	(17,947)	0	0	0
Adanet Business Group Ltd.	(34,613)	(34,613)	0	0	1,842
Adanet Communications Ltd.	(6,646)	(6,646)	0	1,427	0
UDI (Millenium Ltd.)	(2,354)	(2,354)	0	1,551	0
Data Sec Ltd.	(3,831)	(3,871)	0	398	0
KisNet (2000) Ltd.	(17,336)	(17,336)	0	708	0
Idit Information Technologies Ltd.	(2,230)	(2,230)	0	334	0
Adanet Consulting	(200)	(200)			
GoNext Ltd.	(16,403)	(16,403)	0	0	0
Walla	(31,210)	(29,955)	0	0	0

Regulation 14: List of Groups of Loan Balances Extended as at the Balance Sheet Date if the Extension of Loans was one of the Corporation's Main Occupations

Regulation 20: Stock Exchange Trading – Listed Shares – Dates and Causes of Halted Trading

Regulation 21:

Cost of wages

	2002
	In NIS of December 2002
Director	1,340,945
VP Corporate Division	992,302*
Chairman of the Board	912,366**
CEO	767,775
VP Operating Division	752,323

* Including NIS 230,000 in retirement pay

** Including NIS 100,000 in retirement pay

Regulation 22: Salary and Benefits

- (A) Interested parties at Bezeq have not received and are not eligible for any benefits from the Company and from the subsidiaries, except for compensation as described below:
- (B) Members of the Board of Directors who are not employed by the Company and are not civil servants, received compensation, salary and auxiliary expenses in 2002 amounting to NIS 1,584,000.
- (C) The cost of the salary of the CEO and the Chairman of the Board in 2002 was NIS 1,680,000.

Regulation 24: Shares and Convertible Securities Held by Interested Parties in the Corporation, a Subsidiary or Related Company, as Close as Possible to the Report Date

As at March 2, 2003

<u>Holder's name</u>	<u>Type of security</u>	<u>Number of convertible securities</u>	<u>Number of shares</u>	<u>Par value in NIS</u>	<u>Rate of holding in control capital</u>
State of Israel	Ordinary		1,317,094,440	1,317,094,440	54.61
Zeevi Group*	Ordinary		462,323,633	462,323,633	19.17
Barak Avraham	Ordinary		30	30	
Ilan Biran	Ordinary		9,090	9,090	
Yossef Banano	Ordinary		5,232	5,232	

* On November 12, 2002 a receiver was appointed to Ze'evi Communications Holdings Ltd., which holds 459,331,617 shares of the Company.

Regulation 26: The Directors of the Corporation

1. (1) Name: **Miriam (Miki) Mazar** ID No.: 007160179
(2) Date of birth: 20.10.35
(3) Address: 29 Leissin Street, Tel Aviv
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: By-laws– Chairperson, Organization, Property, Billing, Appointment of directors in subsidiaries, Finance, Appointment of legal advisers
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: Yes
(8) Year of appointment as a director: 1998
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
Law degree

El-AI, Dan Urban Association, Ohel Shem, IBA Administrative Committee.
Since 2003 – Chairman of the Board of Bezeq
Since 1984 – Chairman of Tel Aviv-Yafo City Council
Since 1996 – Chairman of Dan Urban Association for Sewerage and Quality of the Environment
(10) Related to another interested party in the Corporation: No.
2. (1) Name: **Yoram Aridor** ID No.: 00435086
(2) Date of birth: 24.10.33
(3) Address: 38 Oranim Avenue, Ramat Efal
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Organization, Billing/Computerization, Finance and By-laws.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 2002
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
M.Jur. – Law.
B.A. Social Sciences, (minors - economics and political science)
(10) Related to an interested party in the Corporation: No.

3. (1) Name: **Amal Ass'ad (Brig. Gen. (Res.))** ID No.: 5376288
 (2) Date of birth: 7.9.55
 (3) Address: Ussifiya 30090, P.O. Box 1261
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Organization, Billing/Computerization, Finance, Marketing and Investments. Multi-year planning and strategy.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: No.
 (8) Year of appointment as a director: 2001
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 M.A. in Political science –Middle East and national security.
 B.A. in Humanities – General history

 Self-employed owner of a company for project consulting and management in the Arab sector, Druse.
 Manager of several educational and sports projects.
 1997–1999 – Head of the security coordination and cooperation with the Palestinians.
 1994–1997 – Deputy commander of liaison unit with Lebanon.
 (10) Related to an interested party in the Corporation: No.
4. (1) Name: **Yosef Banano** ID No.: 5289492
 (2) Date of birth: 30.4.54
 (3) Address: 4 Meir Ya'ari Street, Be'er Sheva
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Billing/Computerization, Issue/Privatization, Finance, Property, Marketing and Investments, Multi-year Planning and Strategy.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: Yes – Employee Director.
 (8) Date of appointment as a director: 1998.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 B.A. – Business Administration
 Manager of Network Operating District, Be'er Sheva.
 Deputy Mayor of Be'er Sheva.
 (10) Related to an interested party in the Corporation: No.

5. (1) Name: **Avraham Barak** ID No.: 3055795-3
(2) Date of birth: 30.1.50
(3) Address: 11, Tidhar Street, Ramat Gan
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Finance – Chairman, Property, Multi-year Planning and Strategy
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 1997
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
Academic education.
Since 2001 – CEO of Yissum – Research and Development Company of the Hebrew University of Jerusalem; as CEO of Yissum, he serves as a director in Medibar, Nanoptics, Novagali, Oxon Medica, S.B.T., Syndromex, Yissum T.A.T. 1995 – 1999 Private business.

Director at Melrose Investments (Israel) Ltd., Kayakei Hagoshrim Ltd., Newport Orchards Ltd., Ilanot Carmel Ltd., Ilanot Carmel Investments (1993) Ltd., Avraham Barak & Co. Consulting Services Ltd., Extra Maofim Ltd., Extra Capital Markets Ltd., Emerald Management & Underwriting Ltd., Lightcom (Israel) Ltd., Lightcom S.A.

Outside Director – Aspen Construction & Development Ltd., Pelephone Communications Ltd.
(10) Related to an interested party in the Corporation: No.
6. (1) Name: **Dalit Braun** ID No.: 022416929
(2) Date of birth: 19.6.66
(3) Address: 6 Simtat Hatavor, Tel Aviv
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Billing/Computerization – Chairperson, Multi-year Planning and Strategy, Organization.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 2002.
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
B.Sc. – Industry and Management, Technion
M.B.A. – Tel Aviv University
LL.M. – European Business law, Anglia University, UK

Since 1996, CEO of RAD Binat Property & Services
Director at Bazukan Integrations Ltd.
(10) Related to an interested party in the Corporation: No.

7. (1) Name: **Ido Dissentshik** ID No.: 783178-7
(2) Age: 7.12.40
(3) Address: 10 Tolkowsky Street, Tel Aviv
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Appointments, Billing/Computerization, Marketing and Investments.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No
(8) Year of appointment as a director: 1999.
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
B.A., Hebrew University of Jerusalem
M.A., Columbia University – New York
M.B.A. (Certificate), Tel Aviv University
- Until November 2002 – Chairman of Board, Bezeq
Telephone Communications Ltd. (since 8/2000), DBS Satellite Services (1998) Ltd. (since 9/2000), Hadar Insurance Company Ltd. (until 8/2002), Bank Hapoalim (until 9/1999 and again since 12/2002), Aviation Services (until 5/2000), Mercado Software (until 11/1999), IIG Israel (until 8/2000), Dyson Consulting & Investments, Dolev Insurance Company (until 8/1999), Weizmann Institute, The Edmund de Rothschild Foundation and Company for the Development of Caesarea, The Davidson Institute for Science Education, The Tel Aviv Municipality Tourism Association.
- (10) Related to another interested party in the Corporation: No.
8. (1) Name: **Shlomit Eytan** ID No.: 5724087
(2) Date of birth: 26.7.61
(3) Address: 2 Hahalom Upishro, Herzliya
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Marketing and Investment – Chairperson, Organization, Billing/Computerization, Issue/Privatization
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Date of appointment as a director: 2000.
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
M.B.A.
B.A. – Economics
- 1993-2002 – Manager of the Economics department at the Israel Export Institute.
- (10) Related to another interested party in the Corporation: No.

9. (1) Name: **Blanche Kay** ID No.: 048202717
 (2) Date of birth: 19.3.30
 (3) Address: 10 Mania and Israel Street, Tel Aviv
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Organization, Audit, Property, Marketing and Investments, Appointments in Subsidiaries, By-laws, Appointment of Legal Counsel, Security.
 (6) Outside Director: Yes
 (7) Employee of the Corporation, a subsidiary, related company or an interested party: No.
 (8) Year of appointment as a director: 2000.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 Law Degree
 1973–1994 Judge (early retirement)
 Chairperson of the Public Committee for Investigation of the Role of the Second Authority for Radio and Television.
 1995–1998 – Founder and president of the Israel-Jordan Chamber of Commerce, now a member of management.
 2000 – Director in the Dead Sea Shore Development Company.
 (10) Related to an interested party in the Corporation: No.
10. (1) Name: **Shimon Levy (Police Commander, Ret.)** ID No.: 061137741
 (2) Date of birth: 19.5.46
 (3) Address: 1 Shlomo Adani Street, Be'er Sheva
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Organization - Chairman, Audit, Property, Marketing and Investments, Security.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: No.
 (8) Year of appointment as a director: 2001.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 B.A. in History and Jewish Philosophy
 Since 1999 – Chairman of the Society for the Elderly – Ofakim.
 Since 2001 – Security advisor for Le'umit Health Fund.
 (10) Related to an interested party in the Corporation: No.

11. (1) Name: **Shilo Lifschitz** ID No.: 054924196
(2) Date of birth: 27.11.57
(3) Address: 12 Zvi Segal Street, Ramot, Jerusalem
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Market Risks – Chairman, Billing/Computerization, Issue/Privatization, Finance, Multi-year Planning and Strategy.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No
(8) Year of appointment as a director: 2001.
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
B.A. – Economics, Hebrew University of Jerusalem
M.B.A. – Hebrew University of Jerusalem
Hebrew University of Jerusalem, Jerusalem College, Derby University, Futures & Options Institute Ltd., United Mizrahi Bank.
(10) Related to an interested party in the Corporation: No.
12. (1) Name: **Rachel Kremmerman-Meridor** ID No.: 00146403
(2) Date of birth: 30.7.37
(3) Address: 36 Be'eri Street, Tel Aviv
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Organization, Marketing and Investments, Multi-year Planning and Strategy.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 2001
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
B.A. in the Social Sciences, General history – Haifa University.
Veneered Wood Concern.
(10) Related to an interested party in the Corporation: No.

13. (1) Name: **Amnon Neubach** ID No.: 343243-2
 (2) Date of birth: 14.4.44
 (3) Address: 12 Ha'maagal Street, Kiryat Ono
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Issue/Privatization, Marketing and Investments, Multi-year Planning and Strategy, Appointments in Subsidiaries.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: Yes
 (8) Year of appointment as a director: 2000.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 M.A. – Economics
 B.A. – Economics and Business Administration
 Chairman of the Board of Pelephone Communications Ltd.
 Economics consultant.
 Director at: Arad Towels, Zika, Maritime Bank, Direct Insurance, Yarden Investments, Electrochemical Industries, Aralnet, Mind.
 (10) Related to an interested party in the Corporation: No.
14. (1) Name: **Rami Nomkin** ID No.: 042642306
 (2) Date of birth: 14.1.49
 (3) Address: 126 Mohliver Street, Yehud
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Billing/Computerization, Issue/Privatization, Property, Marketing and Investments.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: Yes – Employee Director.
 (8) Year of appointment as a director: 1998.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 1998-2000 – Deputy Manager of Lev Tel Aviv District and Systems Manager
 2000 – Acting Manager of Lev Tel Aviv District
 Since 2001 – Manager of Business Support and Service Department.
 (10) Related to an interested party in the Corporation: No.

15. (1) Name: **Michael Perry** ID No.: 006195432
 (2) Date of birth: 23.11.38
 (3) Address: 39 Merkaz Baalei Melacha Street, Tel Aviv
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: Multi-year Planning and Strategy – Chairman, Audit, Finance, Issue/Privatization.
 (6) Outside Director: Yes
 (7) Employee of the Corporation, subsidiary, related company or interested party: No.
 (8) Year of appointment as a director: 2000
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 Ph.D. – Business Administration, Columbia University, New York.
 LL.M. - Law
 M.B.A.- Hebrew University in Jerusalem.
 CEO – Mitzuv
 Haifa University.
 Sarel – Member of the board of directors.
 (10) Related to an interested party in the Corporation: No.
16. (1) Name: **Hava Shechter** ID No.: 051907178
 (2) Date of birth: 23.4.54
 (3) Address: 11 Ahimeir Street, Tel Aviv
 (4) Citizenship: Israeli
 (5) Membership of Board of Directors Committees: , Issue/Privatization – Chairperson, Audit, Finance, Multi-year Planning and Strategy, Appointments, Market Risks Management.
 (6) Outside Director: No
 (7) Employee of the Corporation, subsidiary, related company or interested party: No.
 (8) Year of appointment as a director: 1999.
 (9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
 M.B.A.- Tel Aviv University
 B.A. – Economics, Tel Aviv University

 1999 – H. Schechter & Co. Investment House Ltd.
 1996–1999 – Ramot Shechter & Co. Investment House Ltd.
 1987-1995 – Zmicha Investment House Ltd.
 (10) Related to an interested party in the Corporation: No.

17. (1) Name: **Aliza Shloss** ID No.: 051848513
(2) Date of birth: 10.8.53
(3) Address: 43 Shoeva Street, Shoeva
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Audit – Chairperson, Issue/Privatization, Finance, Property, By-laws, Market Risks Management.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 2000
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
Ph.D. – Political science and public administration
M.A. - Public administration, M.A. – Political science
B.Sc. – Biology
2000 – Current - Director at: PB Lemelacha Ltd.
Israel Electric Corporation
Lahak –Mutual Fund Management
Hiram- Gat – Engineering & Construction
1997–1999 – CEO – General Cooperative Workers Company in Israel Ltd.
CEO – Histadrut Property (Real Estate) Ltd.
CEO – Histadrut Welfare Fund Ltd.
Chairperson of the board of directors of Hevrat Ovdim Investment Fund Ltd. and subsidiaries
(10) Related to an interested party in the Corporation: No.
18. (1) Name: **Shoshana Weinschel** ID No.: 004194734
(2) Date of birth: 7.10.35
(3) Address: 12A Kissufim Street, Tel Aviv
(4) Citizenship: Israeli
(5) Membership of Board of Directors Committees: Audit, Issue/Privatization, Finance, Marketing and Investments, Market Risk Management.
(6) Outside Director: No
(7) Employee of the Corporation, subsidiary, related company or interested party: No.
(8) Year of appointment as a director: 2002
(9) Education and employment during the past five years and details of the corporations in which served (or serves) as director:
LL.B. – Tel Aviv University. Law degree and license.
Mercantile Discount Bank Ltd., Rafael Ltd., Keshet Rent-a-Car Ltd., member of the management of Yad Vashem, member of Ravivi Commission.
(10) Related to an interested party in the Corporation: No.

Regulation 26A: Senior Officers of the Corporation

1. (1) Name: **Ilan Biran (Maj. Gen (Ret.))** ID No.: 006900997
(2) Date of birth: 3.10.46
(3) Position in the Corporation: CEO
(4) Position in a subsidiary of the Corporation or of an interested party therein: None
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
B.A. – Economics and Business Administration

Since 1.11.99 – CEO of Bezeq
1996-99 – Director General – Ministry of Defense
1996 – Chairman of the board of directors of Oil Refineries
1994-96 – Commander of Central Sector, IDF

(7) Date of appointment: November 1, 1999
2. (1) Name: **Paul Weissbach** ID No.: 14919013
(2) Date of birth: 15.12.45
(3) Position in the Corporation: Vice President for Engineering and Planning, Deputy CEO.
(4) Position in a subsidiary of the Corporation or of an interested party therein: Director at Adanet
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
Academic and engineering.
1994-1996 Vice president of Operations at Telephone Communications.
1991-1993 Deputy Vice President for Engineering for Integrated Planning at Bezeq

(7) Date of appointment: June 1, 1996
3. (1) Name: **Bosmat Chelouche** ID No.: 05259266
(2) Date of birth: 8.5.54
(3) Position in the Corporation: General Counsel
(4) Position in a subsidiary of the Corporation or of an interested party therein: None
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
Academic – Law degree
1994-1998 – General Counsel and Corporate Secretary at Tadiran Ltd.

(7) Date of appointment: September 1, 1998

4. (1) Name: **Michal Even-Chen** ID No.: 56595739
 (2) Date of birth: 31.8.60
 (3) Position in the Corporation: Vice President of Business Development
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 M.A. – International Relations
 B.A. – Economics and International Relations
 1996 - 2000 – Vice President of Marketing at Golden Lines.
 (7) Date of appointment: July 1, 2000
5. (1) Name: **Nati Bialostock Cohen** ID No.: 02283744/7
 (2) Date of birth: 5.2.67
 (3) Position in the Corporation: Internal Compliance Officer for the Anti-Trust Law, 5748 - 1988.
 (4) Position in a subsidiary of the Corporation or of an interested party therein: Director at Bezeq Call Communications Ltd.
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 Academic
 1993 - 1998 Privatization economist at the Government Companies Authority.
 Director in the Company for the Development of Tourism Enterprises.
 (7) Date of appointment: September 15, 1998
6. (1) Name: **Ron Eilon** ID No.: 059211772
 (2) Date of birth: 27.4.65
 (3) Position in the Corporation: Chief Financial Officer
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 M.B.A. - Finance
 B.A. – Economics
 1999-2003 – Chief Financial Officer at MIRS, Motorola
 1996-1999 – Deputy Commissioner of Budgets, Ministry of Finance
 (7) Date of appointment: March 1, 2003

7. (1) Name: **Avi Gabay** ID No.: 059777920
(2) Date of birth: 22.2.67
(3) Position in the Corporation: Vice President of Economics
(4) Position in a subsidiary of the Corporation or of an interested party therein: Member of the board at DBS, Goldnet Communications
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
M.B.A.
B.A. – Economics
1994-1998 – Coordinator of communications and computerization in the Budgets Division at the Ministry of Finance.
1998-1999 – Senior assistant to CEO of Bezeq
7/1999 – 1/2000 – Vice President of Human Resources at Bezeq.
(7) Date of appointment: January 13, 2000
8. (1) Name: **Raz Heiferman** ID No.: 67614339
(2) Date of birth: 25.1.49
(3) Position in the Corporation: Vice President of Information Technologies
(4) Position in a subsidiary of the Corporation or of an interested party therein: Chairman of Bezeq On Line Ltd., Director at Adanet
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
Academic - Business Administration, Economics and Statistics.
1992-1997 – Contahal Ltd. Last position – Head of the Technology and Software Engineering Division.
(7) Date of appointment: March 16, 1997
9. (1) Name: **Gidon Kadusi** ID No.: 057362548
(2) Date of birth: 14.1.62
(3) Position in the Corporation: Vice President of Human Resources Division
(4) Position in a subsidiary of the Corporation or of an interested party therein: Member of the board of Bezeq Call Communications Ltd.
(5) Related to an interested party in the Corporation: No.
(6) Education and business experience during the past five years:
M.B.A.
B.A. – Electronic engineering
Teaching certificate

April 1999 – January 2000 – Head of Central Operating Division
1996 - 1999 – Manager of the Shfela district
1993 - 1996 – Manager of Switching Department
(7) Date of appointment: January 13, 2000

10. (1) Name: **Zalman Kodan** ID No.: 30544381
 (2) Date of birth: 5.1.50
 (3) Position in the Corporation: Adviser to the CEO for operational control
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 Industrial and management engineering
 B.A. – Business Management
 1992 - 1999 – Head of Jerusalem and the South Operating Division.
 (7) Date of appointment: January 1, 1999
11. (1) Name: **Shlomo Koppel** ID No.: 09073867
 (2) Date of birth: 1.2.47
 (3) Position in the Corporation: Corporate Secretary
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 B.A. – Political science – Hebrew University of Jerusalem
 CEO of Cost – Economic Consulting, Management and Promotion of International
 Projects.
 (7) Date of appointment: November 6, 2000
12. (1) Name: **Yossi Malka** ID No.: 005521190
 (2) Date of birth: 9.7.47
 (3) Position in the Corporation: Head of Northern Operating Division
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 B.A. – Political science and Sociology.

 Since 30.1.2000 - Head of Northern Operating Division
 January 1999 – January 2000 – Head of Galil District, Northern Operating Division
 April 1998 – December 1998 – Head of Infrastructures Dept, Northern Operating Div.
 1995-98 – Deputy Head of Northern Operating Division
 1992-95 - Manager of Human Resources in Northern Operating Division.
 (7) Date of appointment: January 30, 2000

13. (1) Name: **Avinoam Menahem** ID No.: 50004084
 (2) Date of birth: 27.4.50
 (3) Position in the Corporation: Head of Jerusalem and the South Operating Division
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 B.A. – Economics and Labor studies
 M.A. – Public Administration
 1998 - 2000 – Manager – Sharon district
 1997 - 1998 – Manager – Yarkon district
 1964 - 1996 – Manager of Kiron District
 (7) Date of appointment: August 29, 2000
14. (1) Name: **Rafi Rahat** ID No.: 006801237
 (2) Date of birth: 3.2.45
 (3) Position in the Corporation: Head of Central Operating Division
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 B.A. – Industrial Engineering and Management, The Technion.

 Since 13.1.2000 – Head of Central Operating Division
 From 1999 - 2000 – Manager – Shfela district
 From 1998 - 1999 – Manager – Petach Tikva district
 From 1991 - 1998 – Manager – Private customers sector in the Marketing Division.
 (7) Date of appointment: January 13, 2000
15. (1) Name: **Zvi Shapira** ID No.: 0101339
 (2) Date of birth: 8.7.45
 (3) Position in the Corporation: Internal Auditor
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 Academic
 Since 1984 – Internal auditor at Bezeq
 (7) Date of appointment: February 1, 1984

16. (1) Name: **Pnina Shenhav** ID No.: 535650230
 (2) Date of birth: 4.1.56
 (3) Position in the Corporation: Vice President of Sales and Marketing
 (4) Position in a subsidiary of the Corporation or of an interested party therein: Director at DBS
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 M.B.A.
 B.A. – Life sciences (biology)

 1995–2000 – Vice President Marketing at Tevel.
 1993–1995 – Manager of Marketing Department at Tevel.

 (7) Date of appointment: May 21, 2000
17. (1) Name: **Avraham Shlomowitz** ID No.: 017257411
 (2) Date of birth: 19.11.47
 (3) Position in the Corporation: Head of Operating Division for Tel Aviv and Sharon Area
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 M.A. - Electricity and Electronics
 March 1993-March 1998 – Manager of System Planning, Tel Aviv and Sharon
 Operating Division
 March 1998 – May 2000 - Deputy Head of Tel Aviv Operating Division

 (7) Date of appointment: May 1, 2000
18. (1) Name: **Yotam Yakir** ID No.: 058330911
 (2) Date of birth: 12.10.63
 (3) Position in the Corporation: Public Spokesperson
 (4) Position in a subsidiary of the Corporation or of an interested party therein: None
 (5) Related to an interested party in the Corporation: No.
 (6) Education and business experience during the past five years:
 Political Science
 Herzliya Interdisciplinary Center - Vice President – Development, Headquarters
 Director.
 Formerly Israel's representative to the Jewish Federation in Columbus, Ohio.
 (7) Date of appointment: January 30, 2002

Regulation 27: The Corporation's Auditors

Somekh Chaikin (a member of KPMG International) Certified Public Accountants (Isr.) 17 Ha'arba'a Street Millennium Tower Tel Aviv 64739 Tel: 03-684-8000

Regulation 29:

1. Pursuant to the resolution of the General Meeting and since up to February 28, 2003 no capital was raised for the Company, registered capital of 130,000,000 was effectively cancelled.
2. On January 27, 2003 the General Meeting approved the recommendation of the Board of Directors on January 2, 2003 for the distribution of a cash dividend of approximately NIS 190,000,000 to the shareholders, constituting 7.8784 agorot per share and 7.8784% of the issued and paid up capital of the Company. The dividend was paid to the shareholders on February 20, 2003.

Shlomo Koppel, Corporate Secretary