



Facts & Figures Q3 2008

Three month period ending September 30, 2008

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(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
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
QoQ Change			0.2%	2.2%	1.1%		-0.9%	-1.2%	2.8%	-0.6%		-0.6%	-0.5%	2.4%
YoY Change						2.6%	2.6%	1.1%	1.8%	0.1%	1.4%	0.4%	1.1%	0.6%
Operating Profit	1,527	516	516	560	-27	1,565	657	571	596	512	2,336	664	800	822
QoQ Change			0.0%	8.5%	N/M		N/M	-13.1%	4.4%	-14.1%		29.7%	20.5%	2.8%
YoY Change						2.5%	27.3%	10.7%	6.4%	N/M	49.3%	1.1%	40.1%	37.9%
Net profit attributed to Bezeq shareholders	666	314	289	313	-107	809	399	361	255	315	1,330	411	456	462
QoQ Change			-8.0%	8.3%	N/M		N/M	-9.5%	-29.4%	23.5%		30.5%	10.9%	1.3%
YoY Change						21.5%	27.1%	24.9%	-18.5%	N/M	64.4%	3.0%	26.3%	81.2%
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
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
Depreciation & amortization	1,934	460	472	469	463	1,864	441	436	445	447	1,769	429	422	423
QoQ Change			2.6%	-0.6%	-1.3%		-4.8%	-1.1%	2.1%	0.4%		-4.0%	-1.6%	0.2%
YoY Change						-3.6%	-4.3%	-7.6%	-5.1%	-3.5%	-5.1%	-4.7%	-3.2%	-4.9%
EBITDA	3,461	976	988	1,029	436	3,429	1,098	1,007	1,041	959	4,105	1,093	1,222	1,245
QoQ Change			1.2%	4.1%	-57.6%		151.8%	-8.3%	3.4%	-7.9%		14.0%	11.8%	1.9%
YoY Change						-0.9%	12.5%	1.9%	1.2%	120.0%	19.7%	-0.5%	21.4%	19.6%
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
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
Key Cash Flow Metrics														
Operating cash flow	3,192	856	868	964	1,097	3,785	865	697	814	690	3,066	637	776	1,234
QoQ Change			1.4%	11.1%	13.8%		-21.1%	-19.4%	16.8%	-15.2%		-7.7%	21.8%	59.0%
YoY Change			6.0%			18.6%	1.1%	-19.7%	-15.6%	-37.1%	-19.0%	-26.4%	11.3%	51.6%
Capital expenditures, gross	1,701	331	0	236	328	1,163	240	278	332	396	1,246	366	386	595
QoQ Change			-19.0%	-11.9%	39.0%		-26.8%	15.8%	19.4%	19.3%		-7.6%	5.5%	54.1%
YoY Change						-31.6%	-27.5%	N/M	40.7%	20.7%	7.1%	52.5%	38.8%	79.2%
Capital expenditures, net	1,680	318	263	226	308	1,115	217	181	315	356	1,069	305	360	581
QoQ Change			-17.3%	-14.1%	36.3%		-29.5%	-16.6%	74.0%	13.0%		-14.3%	18.0%	61.4%
YoY Change						-33.6%	-31.8%	-31.2%	39.4%	15.6%	-4.1%	40.6%	98.9%	84.4%
Free cash flow	1,512	538	605	738	789	2,670	648	516	499	334	1,997	332	416	653
QoQ Change			12.5%	22.0%	6.9%		-17.9%	-20.4%	-3.3%	-33.1%		-0.6%	25.3%	57.0%
YoY Change						76.6%	20.4%	-14.7%	-32.4%	-57.7%	-25.2%	-48.8%	-19.4%	30.9%
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
Cash, short-term & long-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
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
Ratios														
Operating margin	12.8%	17.1%	17.1%	18.2%	-0.9%	12.8%	21.3%	18.7%	19.0%	16.4%	18.8%	21.4%	25.9%	26.0%
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%
EBITDA margin	29.0%	32.4%	32.7%	33.4%	14.0%	28.0%	35.5%	33.0%	33.2%	30.7%	33.1%	35.3%	39.6%	39.4%
Capex/Sales	14.3%	11.0%	0.0%	7.7%	10.5%	9.5%	7.8%	9.1%	10.6%	12.7%	10.0%	11.8%	12.5%	18.8%
Total debt / EBITDA (ttm)	2.57				2.17	2.17	2.04	2.26	1.92	1.65	1.65	1.59	1.46	1.38
Net debt / EBITDA (ttm)	1.26				1.13	1.13	1.51	1.40	1.34	1.26	1.26	1.20	1.27	1.10



(NIS millions, except for EPS)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	
	2005	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	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	
QoQ Change			-1.0%	1.7%	-1.8%		0.2%	-3.4%	2.3%	2.0%		-3.1%	-3.8%	2.5%	
YoY Change						-1.6%	-0.9%	-3.3%	-2.7%	1.0%	-1.5%	-2.4%	-2.8%	-2.6%	
Operating profit	919	308	280	363	-197	754	369	243	327	340	1,279	368	428	422	
QoQ Change			-9.1%	29.6%	N/M		N/M	-34.1%	34.6%	4.0%		8.2%	16.3%	-1.4%	
YoY Change						-18.0%	19.8%	-13.2%	-9.9%	N/M	69.6%	-0.3%	76.1%	29.1%	
Depreciation & amortization	1,109	258	258	259	251	1,026	237	236	236	232	941	218	211	214	
QoQ Change			0.0%	0.4%	-3.1%		-5.6%	-0.4%	0.0%	-1.7%		-6.0%	-3.2%	1.4%	
YoY Change						-7.5%	-8.1%	-8.5%	-8.9%	-7.6%	-8.3%	-8.0%	-10.6%	-9.3%	
EBITDA	2,028	566	538	622	54	1,780	606	479	563	572	2,220	586	639	636	
QoQ Change			-4.9%	15.6%	-91.3%		1022.2%	-21.0%	17.5%	1.6%		2.4%	9.0%	-0.5%	
YoY Change						-12.2%	7.1%	-11.0%	-9.5%	959.3%	24.7%	-3.3%	33.4%	13.0%	
Key Cash Flow Metrics															
Capital expenditures, gross	N/A (1)	578	113	101	149	141	504	158	132	156					
QoQ Change								-10.6%	47.5%	-5.4%		12.1%	-16.5%	18.2%	
YoY Change											-12.8%	39.8%	30.7%	4.7%	
Capital expenditures, net	N/A (1)	539	95	5	133	118	351	98	107	144					
QoQ Change								-94.7%	N/M	-11.3%		-16.9%	9.2%	34.6%	
YoY Change											-34.9%	3.2%	N/M	8.3%	
Key Balance Sheet Metrics															
Total debt	6,945	N/A (1)	N/A (1)	N/A (1)	N/A (1)	6,258	N/A (1)	N/A (1)	N/A (1)	N/A (1)	4,696	N/A (1)	N/A (1)	N/A (1)	
Cash, short-term & long-term investments	3,730	N/A (1)	N/A (1)	N/A (1)	N/A (1)	3,219	N/A (1)	N/A (1)	N/A (1)	N/A (1)	817	N/A (1)	N/A (1)	N/A (1)	
Net debt	3,215	N/A (1)	N/A (1)	N/A (1)	N/A (1)	3,039	N/A (1)	N/A (1)	N/A (1)	N/A (1)	3,879	N/A (1)	N/A (1)	N/A (1)	
Ratios															
Operating margin	15.6%	21.2%	19.4%	24.8%	-13.7%	13.0%	25.6%	17.4%	22.9%	23.4%	22.4%	26.1%	31.6%	30.4%	
EBITDA margin	34.4%	38.9%	37.4%	42.5%	3.8%	30.7%	42.0%	34.4%	39.5%	39.4%	38.9%	41.6%	47.2%	45.8%	
Capex/Sales						10.0%	7.8%	7.3%	10.5%	9.7%	8.8%	11.2%	9.7%	11.2%	
Total debt / EBITDA (ttm)	3.42					3.52					2.12				
Net debt / EBITDA (ttm)	1.59					1.71					1.75				



(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
Pelephone														
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
QoQ Change			0.7%	4.3%	0.3%		-0.1%	0.4%	4.4%	-1.7%		-0.8%	1.3%	2.2%
YoY Change						1.1%	5.3%	5.0%	5.2%	3.0%	4.6%	2.3%	3.1%	0.9%
Operating profit	591	175	198	171	157	701	213	240	219	133	805	215	266	293
QoQ Change			13.1%	-13.6%	-8.2%		35.7%	12.7%	-8.8%	-39.3%		61.7%	23.7%	10.2%
YoY Change						18.6%	21.7%	21.2%	28.1%	-15.3%	14.8%	0.9%	10.8%	33.8%
Net profit	287	126	124	111	125	486	154	173	154	104	585	163	180	211
QoQ Change			-1.6%	-10.5%	12.6%		23.2%	12.3%	-11.0%	-32.5%		56.7%	10.4%	17.2%
YoY Change						69.3%	22.2%	39.5%	38.7%	-16.8%	20.4%	5.8%	4.0%	37.0%
Depreciation & amortization	438	120	120	116	114	470	117	115	121	126	478	129	130	129
QoQ Change			0.0%	-3.3%	-1.7%		2.6%	-1.7%	5.2%	4.1%		2.4%	0.8%	-0.8%
YoY Change						7.3%	-2.5%	-4.2%	4.3%	10.5%	1.7%	10.3%	13.0%	6.6%
EBITDA	1,021	295	318	287	271	1,171	330	355	340	259	1,283	344	396	422
QoQ Change			7.8%	-9.7%	-5.6%		21.8%	7.6%	-4.2%	-23.8%		32.8%	15.1%	6.6%
YoY Change						14.7%	11.9%	11.6%	18.5%	-4.4%	9.6%	4.2%	11.5%	24.1%
Key Cash Flow Metrics														
Operating cash flow	974	285	408	337	294	1,324	359	246	392	252	1,249	264	351	386
QoQ Change			43.2%	-17.4%	-12.8%		22.1%	-31.5%	59.3%	-35.7%		4.8%	33.0%	10.0%
YoY Change						35.9%	26.0%	-39.7%	16.3%	-14.3%	-5.7%	-26.5%	42.7%	-1.5%
Capital expenditures, gross	556	99	84	65	106	354	63	117	81	120	381	103	182	350
QoQ Change			-15.2%	-22.6%	63.1%		-40.6%	85.7%	-30.8%	48.1%		-14.2%	76.7%	92.3%
YoY Change						-36.3%	-36.4%	39.3%	24.6%	13.2%	7.6%	63.5%	55.6%	332.1%
Capital expenditures, net	555	98	82	64	102	346	61	117	81	117	376	102	181	350
QoQ Change			-16.3%	-22.0%	59.4%		-40.2%	91.8%	-30.8%	44.4%		-12.8%	77.5%	93.4%
YoY Change						-37.7%	-37.8%	42.7%	26.6%	14.7%	8.7%	67.2%	54.7%	332.1%
Free cash flow	419	187	326	273	192	978	298	129	311	135	873	162	170	36
QoQ Change			74.3%	-16.3%	-29.7%		55.2%	-56.7%	141.1%	-56.6%		20.0%	4.9%	-78.8%
YoY Change						133.4%	59.4%	-60.4%	13.9%	-29.7%	-10.7%	-45.6%	31.8%	-88.4%
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%
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%
EBITDA margin	23.1%	27.1%	29.0%	25.1%	23.6%	26.2%	28.8%	30.8%	28.3%	21.9%	27.4%	29.3%	33.3%	34.8%
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%



(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
Bezeq International														
Key Income Statement Metrics														
Revenues	815	242	255	259	265	1,021	323	321	326	334	1,304	314	326	329
QoQ Change			5.4%	1.6%	2.3%		21.9%	-0.6%	1.6%	2.5%		-6.0%	3.8%	0.9%
YoY Change						25.3%	33.5%	25.9%	25.9%	26.0%	27.7%	-2.8%	1.6%	0.9%
Operating profit	93	33	38	36	25	132	51	53	54	46	204	54	63	59
QoQ Change			15.2%	-5.3%	-30.6%		104.0%	3.9%	1.9%	-14.8%		17.4%	16.7%	-6.3%
YoY Change						41.9%	54.5%	39.5%	50.0%	84.0%	54.5%	5.9%	18.9%	9.3%
Net profit	104	18	29	29	20	96	37	39	39	38	153	41	47	44
QoQ Change			61.1%	0.0%	-31.0%		85.0%	5.4%	0.0%	-2.6%		7.9%	14.6%	-6.4%
YoY Change						-7.7%	105.6%	34.5%	34.5%	90.0%	59.4%	10.8%	20.5%	12.8%
Depreciation & amortization	91	20	16	19	26	81	23	22	21	21	87	20	20	20
QoQ Change			-20.0%	18.8%	36.8%		-11.5%	-4.3%	-4.5%	-1.9%		-2.9%	0.0%	0.0%
YoY Change						-11.0%	15.0%	37.5%	10.5%	-20.8%	6.9%	-13.0%	-9.1%	-4.8%
EBITDA	184	53	54	55	51	213	74	75	75	67	291	74	83	79
QoQ Change			1.9%	1.9%	-7.3%		45.1%	1.4%	0.0%	-10.7%		10.4%	12.2%	-4.8%
YoY Change						15.8%	39.6%	38.9%	36.4%	31.4%	36.4%	0.0%	10.7%	5.3%
Key Cash Flow Metrics														
Operating cash flow	188	50	32	55	72	209	-1	32	34	30	95	8	51	42
QoQ Change			-36.0%	71.9%	31.0%		N/M	N/M	6.3%	-11.8%		-73.3%	537.5%	-17.6%
YoY Change						11.2%	N/M	0.0%	-38.2%	-58.4%	-54.6%	N/M	59.4%	23.5%
Capital expenditures, gross	63	13	14	14	14	55	8	18	29	36	91	28	31	33
QoQ Change			7.7%	0.0%	0.0%		-42.9%	125.0%	61.1%	24.1%		-22.2%	10.7%	6.5%
YoY Change						-12.7%	-38.5%	28.6%	107.1%	157.1%	65.5%	250.0%	72.2%	13.8%
Capital expenditures, net	61	13	14	14	14	55	8	18	27	34	87	28	31	33
QoQ Change			7.7%	0.0%	0.0%		-42.9%	125.0%	50.0%	25.9%		-17.6%	10.7%	6.5%
YoY Change						-9.8%	-38.5%	28.6%	92.9%	142.9%	58.2%	250.0%	72.2%	22.2%
Free cash flow	127	37	18	41	58	154	-9	14	7	-4	8	-20	20	9
QoQ Change			-51.4%	127.8%	41.6%		N/M	N/M	-50.0%	N/M		N/M	N/M	-55.0%
YoY Change						21.3%	N/M	-22.2%	-82.9%	N/M	-94.8%	N/M	42.9%	28.6%
Ratios														
Operating margin	11.4%	13.6%	14.9%	13.9%	9.4%	12.9%	15.8%	16.5%	16.6%	13.8%	15.6%	17.2%	19.3%	17.9%
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%
EBITDA margin	22.6%	21.9%	21.2%	21.2%	19.2%	20.9%	22.9%	23.4%	23.0%	20.1%	22.3%	23.6%	25.5%	24.0%
Capex/Sales	7.7%	5.4%	5.5%	5.4%	5.3%	5.4%	2.5%	5.6%	8.9%	10.8%	7.0%	8.9%	9.5%	10.0%



		(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
yes															
Key Income Statement Metrics															
Revenues		1,222	332	338	340	345	1,355	354	354	360	347	1,415	381	380	375
	QoQ Change			1.8%	0.6%	1.5%		2.6%	0.0%	1.7%	-3.6%		9.8%	-0.3%	-1.3%
	YoY Change						10.9%	6.6%	4.7%	5.9%	0.6%	4.6%	7.6%	7.3%	4.2%
Operating profit		-64	-5	7	-11	10	1	25	31	-4	4	56	26	43	52
	QoQ Change			N/M	N/M	N/M		150.0%	24.0%	N/M	N/M		550.0%	65.4%	20.9%
	YoY Change						N/M	N/M	342.9%	N/M	-60.0%	N/M	4.0%	38.7%	N/M
Net profit		-346	-84	-97	-97	-42	-320	-48	-65	70	-75	-118	-66	-99	-82
	QoQ Change			15.5%	0.0%	-56.7%		14.3%	35.4%	N/M	N/M		N/M	50.0%	-17.2%
	YoY Change						-7.5%	-42.9%	-33.0%	N/M	N/M	-63.8%	N/M	52.3%	N/M
Depreciation & amortization		285	73	74	74	72	293	68	69	66	70	273	65	60	59
	QoQ Change			1.4%	0.0%	-2.7%		-5.5%	1.5%	-4.3%	6.1%		-7.1%	-7.7%	-1.7%
	YoY Change						2.8%	-6.8%	-6.8%	-10.8%	-2.7%	-6.8%	-4.4%	-13.0%	-10.6%
EBITDA		218	68	81	63	82	294	93	100	62	74	329	91	103	111
	QoQ Change			19.1%	-22.2%	30.1%		13.5%	7.5%	-38.0%	19.4%		23.0%	13.2%	7.8%
	YoY Change						34.8%	36.8%	23.5%	-1.6%	-9.7%	11.9%	-2.2%	3.0%	79.0%
Key Cash Flow Metrics															
Operating cash flow		137	46	75	27	96	244	93	25	53	79	250	84	32	97
	QoQ Change			63.0%	-64.0%	255.6%		-3.1%	-73.1%	112.0%	49.1%		6.3%	-61.9%	203.1%
	YoY Change						78.1%	102.2%	-66.7%	96.3%	-17.7%	2.5%	-9.7%	28.0%	83.0%
Capital expenditures, gross		259	54	55	39	38	186	45	45	84	81	255	79	40	56
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%	40.0%
	YoY Change						-28.2%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%	-33.3%
Capital expenditures, net		258	54	55	39	38	186	45	45	84	81	255	79	40	56
	QoQ Change			1.9%	-29.1%	-2.6%		18.4%	0.0%	86.7%	-3.6%		-2.5%	-49.4%	40.0%
	YoY Change						-27.9%	-16.7%	-18.2%	115.4%	113.2%	37.1%	75.6%	-11.1%	-33.3%
Free cash flow		-121	-8	20	-12	58	58	48	-20	-31	-2	-5	5	-8	41
	QoQ Change			-350.0%	N/M	N/M		-17.2%	N/M	N/M	-93.5%		N/M	N/M	N/M
	YoY Change						-147.9%	N/M	N/M	N/M	-103.4%	-108.6%	N/M	-60.0%	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%
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%
EBITDA margin		17.8%	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%
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%



	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
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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	3,425
<i>QoQ Change</i>			-2.4%	1.8%	-5.4%		-2.1%	-3.9%	2.9%	-2.8%		-3.9%	-4.7%	2.4%
<i>YoY Change</i>						-6.3%	-8.0%	-9.4%	-8.4%	-5.9%	-8.0%	-7.7%	-8.4%	-8.9%
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	1,655	1,708
<i>QoQ Change</i>			1.6%	5.5%	1.6%		3.5%	0.5%	6.3%	0.6%		0.7%	-1.1%	3.2%
<i>YoY Change</i>						15.5%	12.7%	11.5%	12.3%	11.3%	11.9%	8.3%	6.6%	3.5%
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	2,712	2,681	2,645
<i>QoQ Change</i>			-0.3%	-0.3%	-0.2%		-0.4%	-0.7%	-0.4%	-0.2%		-1.8%	-1.1%	-1.3%
<i>YoY Change</i>						-1.4%	-1.2%	-1.6%	-1.6%	-1.7%	-1.7%	-3.1%	-3.5%	-4.4%
Bezeq ARPL - Voice & fixed fees (in NIS) ³	92.2	90.2	89.2	90.4	88.0	89.3	88.5	85.4	85.9	86.1	86.4	83.9	81.8	84.3
<i>QoQ Change</i>			-1.1%	1.3%	-2.7%		0.6%	-3.5%	0.6%	0.2%		-2.6%	-2.5%	3.1%
<i>YoY Change</i>						-3.1%	-1.9%	-4.3%	-5.0%	-2.2%	-3.2%	-5.2%	-4.2%	-1.9%
ADSL lines (in 000's)	804	826	846	867	892	892	912	924	942	963	963	970	982	994
<i>QoQ Change</i>			2.4%	2.5%	2.9%		2.2%	1.3%	1.9%	2.2%		0.7%	1.2%	1.2%
<i>YoY Change</i>						10.9%	10.4%	9.2%	8.7%	8.0%	8.0%	6.4%	6.3%	5.5%
Bezeq ARPU - ADSL (in NIS) ²	62.9	60.7	59.5	59.1	60.2	59.8	61.4	62.1	63.5	68.6	63.9	68.3	66.5	67.3
<i>QoQ Change</i>			-2.0%	-0.7%	1.9%		2.0%	1.1%	2.3%	8.0%		-0.4%	-2.6%	1.2%
<i>YoY Change</i>						-4.9%	1.2%	4.4%	7.4%	14.0%	6.9%	11.2%	7.1%	6.0%
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
<i>QoQ Change</i>			0.5%	0.1%	-1.4%		-4.7%	-2.7%	2.3%	-0.6%		-2.0%	-0.4%	-0.1%
<i>YoY Change</i>						-0.4%		-8.4%	-6.5%	-5.7%	-5.7%	-3.1%	-0.9%	-3.1%



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

YES

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



GLOSSARY & FOOTNOTES

Glossary

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

General Financial Footnotes

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

2008 Financial Footnotes

Group net profit attributed to Bezeq shareholders was retroactively adjusted from 1.1.08 due to the adoption of IAS 27. Cash, ST & LT investments was retroactively adjusted to exclude LT non-liquid financial investments
Provision for early retirement in relation to labor agreement of NIS 16 million taken in Q1 2008.

2007 Financial Footnotes

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

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

2006 Financial Footnotes

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

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

KPIs Footnotes

- ² The 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.