

Special General Meeting 28.9.08 –Resolutions

1. Extension of the management and consultation agreement with Ap.Sb.Ar.

To approve extension of the agreement for the provision of management and consultation services with Ap.Sb.Ar. Cayman L.P. ("the Management Company"), a related corporation of Ap.Sb.Ar. Holdings Ltd. ("Ap.Sb.Ar."), the controlling shareholder in the Company, for a term of three additional years from 1 January, 2009 to 31 December 2011, on the same terms as the original agreement, as described in the report in accordance with the Securities (Transaction between a company and its controlling shareholder) Regulations, 5761-2001, published by the Company on 13.8.08.

2. Amendment of the Articles of Association of the Company (Articles 95.3, 103.1 and 118)

To approve the following amendments to the Articles of Association of the Company:

- A. Article 95.3 will be amended so that the following sentence is added at the end: "Furthermore, the Chairman of the Board may call for an urgent discussion as aforesaid even without the consent of all the Directors up to 4 times per year, or, with the consent of 75% of the Directors – an unlimited number of times."
- B. Article 103.1 will be amended as follows: "The Board of Directors of the Company will appoint, from among its Classified Members, a Committee for Security Affairs. The members of the committee will be the Chairman of the Board, and three Classified Directors of whom one is an External Director. The Chairman of the Board will serve as chairman of the Committee for Security Affairs. Notwithstanding the provisions of Article 101, if the vote is deadlocked, the Chairman of the Board shall have an additional vote."
- C. Article 118 will be amended so that the following words are deleted from it: "or together with the CEO, as the case may be", and it is clarified that this refers to an Officer who is not a director. Its text will read as follows: "Subject to the provisions of the Companies Law, a transaction of the Company with an Officer who is not a director, including terms of employment/retirement, which is not an Extraordinary Transaction, will be approved by the Board of Directors or by a committee consisting of members of the Board of Directors only."

3. Amendment of the employment agreement of the Chairman of the Board – Company Car

The text of Section 9.4 of the personal employment agreement dated 29.4.2008 between Bezeq and Mr. Shlomo Rodav, will be amended to read as follows:

(a) No later than 10 days after obtaining the approval of the Company's authorized organs for this Agreement, in accordance with Section 22 below, Bezeq will pay the Chairman the full value of the associated terms as provided in Sections 9.1 and 9.3 above in respect of the period from 4 September, 2007

to the end of the calendar month preceding the month which is the date of making that payment;

(b) Bezeq will also return to the Chairman the expenses he incurred in respect of car maintenance according to the updated "Heshev" tariff, based on group price 7 gross B (multiplied in the numbers of km made). This, for the period from 4 September, 2007 until a car was made available to the Chairman by Bezeq as provided in Section 9.2 above. The reimbursement referred to in this sub-section will be paid no later than ten days after obtaining the approval of the competent Company organs for the amendment of this Section."

4. Reimbursement of the travel expenses of an external directors

After the approval of the Audit Committee dated 20.8.08 and the Board of Directors dated 20.8.08, to approve that in addition to compensation for the external directors in the maximum amount set in the Regulations (which was approved by the general meeting of the Company on 1.6.08), an external director will be entitled, for participation in meetings of the Board of Directors and its committees, to reimbursement of travel expenses if the meetings are held outside the area of the external director's domicile.

The reimbursement will be at the "Heshev" tariff for variable expenses only, according to the grade of car value used by the external director. This tariff lists travel expenses only, and does not include car maintenance expenses. These expenses will be fully embodied by the Company.

5. Distribution of a dividend

To approve the distribution of a cash dividend to the shareholders of the Company in the amount of NIS 835 million, which at the date of the distribution is NIS 0.3205318 per share and 32.05318% of the issued and paid up share capital of the Company. The rate of the dividend actually to be paid will be determined on the basis of the issued and paid up share capital at the close of business on 12 October, 2008 ("the Determining Date").

The dividend will be paid to the shareholders of the Company who are registered in the Register of Members of the Company at the end of the Determining Date. The X-date will be 13 October, 2008, and the date of payment will be 29 October, 2008. Tax will be withheld from the dividend in accordance with the provisions of the law.

6. Grant of an undertaking to indemnify the Deputy CEO and CFO

To approve grant of an undertaking to indemnify Alan Gelman, Deputy CEO and CFO, exactly as provided in the indemnity notes granted to the other officers in the Company, in the text attached to this resolution.

