



**STATE OF ISRAEL
MINISTRY OF COMMUNICATIONS**

TRANSLATION

OF

THE GENERAL LICENSE

OF

**“BEZEQ” – THE ISRAEL
TELECOMMUNICATION CORPORATION LTD.
FOR THE PROVISION OF DOMESTIC FIXED-
LINE TELECOMMUNICATION SERVICES**

THIS TRANSLATION, ISSUED ON AUGUST 26, 2004, IS A TRANSLATION OF THE CONSOLIDATED VERSION OF THE ORIGINAL LICENSE DATED MARCH 1, 1994, AND INCLUDES ALL AMENDMENTS UP TO AND INCLUDING AMMENDMENT NO. 30 ISSUED ON MARCH 31, 2004.

THIS TRANSLATION IS UNOFFICIAL AND IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES; IT MAY NOT BE RELIED UPON FOR ANY OFFICIAL PURPOSE AND THE MINISTRY OF COMMUNICATIONS CANNOT BE RESPONSIBLE FOR ANY INACCURACIES IN THE TEXT. THE SOLE AUTHORITATIVE AND OFFICIAL VERSION OF THIS LICENSE IS THE HEBREW VERSION AS ISSUED AND AMMENDED FROM TIME TO TIME BY THE MINISTER OF COMMUNICATIONS.

Notes to the Translation

1. For the sake of clarity, Hebrew dates have been omitted from this translation; only Latin dates have been included.
2. The page numbers appearing in the Table of Contents key the pages of the translation and not the pages of the original Hebrew text.
3. Square brackets are used in the text to elucidate meaning by: adding words necessary to make the translated text intelligible or showing words which are important in Hebrew but which are extraneous in the English text, explaining unfamiliar initials, including the original Hebrew term or include a literal translation of a phrase for which a different English expression may exist.
4. The Hebrew text makes extended use of the passive voice and subordinate clauses. For the sake of clarity, there are a number of places in the text, which have been converted to the active voice or where the order of the Hebrew text has been rearranged; this has only been done in cases where the meaning would not be materially effected
5. The words "instruct", "direct" and "order" are all translations of the same Hebrew word ("l'horot"). The different words have been used more for reasons of style than anything else and no normative difference should be inferred.
6. The same is true for the terms "set", "determined" and "mandated" (Hebrew: "likbo'ah").
7. The same is true for the terms "deliver", "present" and "submit" (Hebrew: "lim'sohr").
8. For the phrase "Mafil Mahuti", meaning literally "a substantive" or "material" operator we have used the EU term "dominant operator".
9. For simplicity's sake, and unlike the original Hebrew version, the page numbering as well as the numbering of footnotes is continuous throughout the document. However, footnotes, which have been added to elucidate the text, (ie. not a translation of a footnote appearing in the original Hebrew version) are marked by an asterisk instead of a number.



**STATE OF ISRAEL
MINISTRY OF COMMUNICATIONS**

THE GENERAL LICENSE

OF

**"BEZEQ" – THE ISRAEL
TELECOMMUNICATION CORPORATION LTD.**

**FOR THE PROVISION OF DOMESTIC FIXED-
LINE TELECOMMUNICATION SERVICES**

Amendment No. 30

This version is a consolidated version of the original License dated March 1, 1994, and contains all the amendments made to it until Amendment No. 30 (including the renumbering of the clauses of the License)

Jerusalem

March 31, 2004

III

THIS TRANSLATION, ISSUED ON AUGUST 26, 2004, IS A TRANSLATION OF THE CONSOLIDATED VERSION OF THE ORIGINAL LICENSE DATED MARCH 1, 1994, AND INCLUDES ALL AMENDMENTS UP TO AND INCLUDING AMMENDMENT NO. 30 ISSUED ON MARCH 31, 2004. THIS TRANSLATION IS UNOFFICIAL AND IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES; IT MAY NOT BE RELIED UPON FOR ANY OFFICIAL PURPOSE AND THE MINISTRY OF COMMUNICATIONS CANNOT BE RESPONSIBLE FOR ANY INACCURACIES IN THE TEXT. THE SOLE AUTHORITATIVE AND OFFICIAL VERSION OF THIS LICENSE IS THE HEBREW VERSION AS ISSUED AND AMMENDED FROM TIME TO TIME BY THE MINISTER OF COMMUNICATIONS.

Table of Contents	Page
Grant of License	
Chapter A: Definitions and Interpretation	2
1. Definitions	2
2. Section Titles	12
3. Discrepancy Between Different Provisions of the License	12
Chapter B: The Scope and Term of the License	13
4. The Scope of the License	13
5. The Term of the License	13
6. Alteration of the Terms of the License	14
7. Revocation, Limitation or Suspension of the License	14
Chapter C: Structural Separation	15
8. Definitions	15
9. Mandatory Structural Separation	16
Chapter D: Numbering	18
10. Definitions	18
11. Operation in Accordance with the Numbering Plan	
12. Prohibition on the Transfer of Telephone Numbers and Ranges of Numbers	19
13. Preparation of a Telephone Numbers Plan	19
14. Number Portability	19
15. Telephone Numbers Plan and Interconnection	20

Chapter E: Execution of the License	21
16. Operation of the Company's Networks	21
17. Engineering Plan	21
18. Safety Precautions and Hazard Prevention	22
19. The Standard of the Company's Services	22
20. Provision of the Company's Services	23
21. Service File	23
22. Erotic Service	25
Chapter F: Interconnection and Use	26
23. Infrastructure Services for Another Licensee	26
24. Mandatory Interconnection	27
25. Rules with Respect to Carrying Out Interconnection	28
26. Payment for Interconnection	30
27. Prohibition on Delaying Interconnection	30
28. Allowing Use	31
Chapter G: Inspections and Maintenance	32
29. Definitions	32
30. Performance of Inspections	32
31. Inspections, Malfunctions and Maintenance Log	33
32. The Repair of Defects and Flaws	33
Chapter H: Security Arrangements	34
33. Operation of the Company's Network During a State of Emergency	34
34. Services to the Security Forces	35
35. Security Provisions	36
36. Operations and Services in Judea, Samaria and the Gaza Strip	37
Chapter I: Payments for the Company's Services	38
37. Definitions	38
38. Payments on the Basis of a Regulated Tariff	38
39. Payments Independent of a Regulated Tariff	39
40. Charges for a Call from an M.R.T. Network to a 1-800 Number	43
41. Means of Payment	44

42.	General Provisions Concerning Payments	44
43.	Publication of Tariffs	45
44.	Provisions in a Contractual Agreement	45
45.	Inapplicability to the Security Forces	45
Chapter J: Security for the Fulfillment of the Provisions of the License		47
46.	The Guarantee and its Purpose	47
47.	Forfeiture of the Guarantee	47
48.	The Manner of Forfeiting the Guarantee	48
49.	The Validity of the Guarantee	48
50.	Preservation of Remedies	49
Chapter K: Royalties		50
51.	Payment of Royalties	50
52.	Arrears in the Payment of Royalties	51
53.	The Manner of Paying Royalties	51
54.	Other Obligatory Payments	51
55.	Definitions	51
Chapter L: Provision of the Company's Services		52
56.	The Contractual Agreement	52
57.	Amendment of the Contractual Agreement	52
58.	Ombudsman	53
59.	Dispute Resolution	53
60.	Access to Public Emergency Services	54
61.	Protection of the Subscriber's Privacy	54
Chapter M: Oversight and Accountability		56
62.	Power to Oversee	56
63.	Entry into Premises and the Examination of Documents	56
64.	Confidentiality	56
65.	Cooperation	57
66.	Classified Service to the Security Forces	57
67.	Filing of Reports	57
68.	Types of Reports and Due-Dates for Filing	58
69.	Notification Regarding Defects	59

Chapter N: Subordination to Law	60
70. Subordination to Law and Treaties	60
71. The Requirement for a Permit Pursuant to Another Law	60
72. Discrepancy Between Provisions of Law and the Provisions of the License	60
73. Non-Fulfillment of the Provisions of the Telecommunication Order	61
Chapter O: Miscellaneous Restrictions	62
74. Prohibition on the Transfer of the License	62
75. Ownership of the Company's Network	62
76. Third Party Rights in the Company's Assets	62
77. Provision of Service by Proxy	62
78. Agreements with Another Licensee	63
79. Non-Infringement of Competition	63
80. Investments in Other Areas	64
Chapter P: Holdings in the Company	65
81. Definitions	65
82. Substantive Holding	67
83. Transfer and Acquisition of Means of Control	67
84. The Status of Excess Holdings	68
85. Limitations on Cross-Ownership in the Company	68
Chapter Q: Liability and Insurance	70
86. Definitions	70
87. The Company's Liability	70
88. Execution of an Insurance Contract	70
89. Conditions with Respect to Insurance	71
Chapter R: Miscellaneous	73
90. Appointments to the Company's Management and Other Positions	73
91. The License as an Exhaustive Document	73
92. The Revocation of a Provision of the License	74
93. The Manner of Delivering Notices	74

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

94.	Postponements for Carrying Out the Provisions of the License	74
95.	The Company's Liability	75
96.	Authorized Representatives of the Company	75
97.	Preservation of Powers and Provisions Pursuant to the Law	75
	<i>Appendix A: The List of the Company's Services</i>	76
	<i>Appendix B: Erotic Service</i>	102
	<i>Appendix C: The Standard of Subscriber Service</i>	109
	<i>Appendix D: Accessibility to International Telecommunication Services</i>	112
	<i>Appendix E: Security Provisions</i>	125
	<i>Appendix F: Security Appendix (Top Secret)</i>	132
	<i>Appendix G: Bank Guarantee</i>	133

VIII

THIS TRANSLATION, ISSUED ON AUGUST 26, 2004, IS A TRANSLATION OF THE CONSOLIDATED VERSION OF THE ORIGINAL LICENSE DATED MARCH 1, 1994, AND INCLUDES ALL AMENDMENTS UP TO AND INCLUDING AMMENDMENT NO. 30 ISSUED ON MARCH 31, 2004. THIS TRANSLATION IS UNOFFICIAL AND IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES; IT MAY NOT BE RELIED UPON FOR ANY OFFICIAL PURPOSE AND THE MINISTRY OF COMMUNICATIONS CANNOT BE RESPONSIBLE FOR ANY INACCURACIES IN THE TEXT. THE SOLE AUTHORITATIVE AND OFFICIAL VERSION OF THIS LICENSE IS THE HEBREW VERSION AS ISSUED AND AMMENDED FROM TIME TO TIME BY THE MINISTER OF COMMUNICATIONS.



**STATE OF ISRAEL
MINISTRY OF COMMUNICATIONS**

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL
TELECOMMUNICATION CORPORATION LTD.**

**FOR THE PROVISION OF DOMESTIC FIXED-
LINE TELECOMMUNICATION SERVICES**

GRANT OF LICENSE

By virtue of my authority under the Communication Law (Telecommunications and Broadcasting), 1982, and the Wireless Telegraph Ordinance [New Version], 1972, I hereby grant a General License to "Bezeq," The Israel Telecommunication Corp. Ltd., for the conduct of Telecommunication Activities and for the provision of Telecommunication Services as set forth in this License.

Chapter A: Definitions and Interpretation

1. Definitions

1.1. In this License the following words and phrases shall have the meaning given, unless the language or context indicates a different meaning:

"Service Area" A geographical area in which a General License Holder is obligated, by the terms of his License, to establish, maintain, or operate a Public Telecommunication Network, and to provide Telecommunication Services to the general public by means thereof.

"Type Approval" Approval which is given in accordance with the Law to a model of Terminal Equipment for the purpose of connecting it to the Company's Network.

"Telecommunication(s)" The broadcasting, transfer or reception of signs, signals, writing, visual forms, sounds or information by means of wire, wireless, optical system or other electromagnetic systems.

"Licensee" An entity who has received a General License, an Exclusive General License or a Special License for the conduct of Telecommunications Activities and for the provision of Telecommunication Services, other than the Company.

"Technical and Service Quality Requirements" Standards of availability and service quality as specified in Appendix C, standards for Telecommunications Facilities and instructions for installation, operation and maintenance, [all] in accordance with this License, and in accordance with the instructions issued by the Director from time to time with respect to the Company's Services.

"Contractual Agreement"	A standard contract used for contracting between the Company and a Subscriber for the provision of the Company's Services, in whole or in part.
"Significant Influence"	<p>The capability to significantly influence the activity of a corporation, whether alone or together with or through others, whether in a direct or indirect manner, arising from holding Means of Control in that corporation or in another corporation, including capability that derives from the corporation's articles of association, from a written, oral or other kind of agreement, or capability deriving from any other source, excluding capability that derives solely from the performance of an office holder's duties in the corporation.</p> <p>Without derogating from the generality of the foregoing, a person shall be deemed to hold Significant Influence over a corporation if he holds twenty-five per cent (25%) or more of any means of control in that corporation.</p>
"The Company"	"Bezeq" The Israel Telecommunication Corp. Ltd.
"Parent Company"	A company with Significant Influence over another company.
"Sister Companies"	Companies where the entity holding Significant Influence over one company also has Significant Influence over the other company.
"Linked Company"	A Parent Company, a Subsidiary Company, a Sister Company and a Connected Company.

"Subsidiary Company"	A company over which another company exerts Significant Influence.
"Connected Company"	A company whose investments in another company amount to 25% or more of its equity, whether in shares or in some other manner, other than a loan extended in the ordinary course of business.
"The Law"	The Communications Law (Telecommunications and Broadcasting) – 1982.
"Security Forces"	The I.D.F. [Israel Defense Force], the Israel Police Force, the General Security Service and the Institute for Intelligence and Special Tasks ["Mossad"].
"I.O." (International Operator)	The recipient of a General License for the provision of International Telecommunication Services.
"Sector of Activity"	An area of services provided throughout Israel or in any part thereof, including Telephony Service, Transmission Service, Data Communication Service, M.R.T. Service, International Telecommunication Services, and multi-channel subscriber broadcasting services, including a distinct part of an area of services.
"Interface"	A connection device, which facilitates physical contact between Telecommunications Facilities with different functionality.
"Telecommunications Facility"	A facility or apparatus, which is primarily intended for Telecommunication purposes, including Terminal Equipment.

- "Director"** The Director-General of the Ministry of Communications, or any person whom the Minister has empowered with respect to licenses in general or with respect to this License, whether generally or with respect to a particular matter.
- "Subscriber"** Any person who has entered into a Contractual Agreement with the Company for the purpose of receiving its services as an end-user.
- "International Telecommunication System"** A system of Telecommunications Facilities installed in Israel, other than Terminal Equipment, including an international exchange, international N.T.P. and Interface with international transmission infrastructure, which serves or which is meant to serve for the transfer of Telecommunication Messages originating in Israel but whose destination is in another country or vice-versa, or for the transfer of Telecommunication Messages between destinations located in different countries..
- "M.R.T. System" (Mobile Radio-Telephone System)** A system of wireless, cellular Facilities and other Facilities, through which Mobile Radio-Telephone Services are provided to the public, including Mobile Radio-Telephone exchanges, cellular radio base stations, and wireless or cable transmission channels, which connect cellular radio base stations, a single cellular base station to a Mobile Radio-Telephone Switch, or a Mobile Radio-Telephone Switch to another Public Telecommunication Network.
- "D.O." (Domestic Operator)** The recipient of a General License, or an Exclusive General License, for the provision of Domestic Fixed-Line Telecommunication Services.

"M.R.T. Operator"	The recipient of a General License for the provision of M.R.T. Services.
"Service Recipient"	A customer of the Company, including a Subscriber, an occasional customer or a Licensee.
"Switch" [or "Exchange"]	A Telecommunications Facility in which switching, routing and transmission facilities are contained and operated, which facilitate communication between different pieces of Terminal Equipment attached or connected to it and the transfer of Telecommunication Messages between them, including control and monitoring Facilities, as well as other Facilities which enable the provision of different Telecommunication Services to the Licensee's Subscribers or to the Subscribers of another Licensee.
"The Ministry"	The Ministry of Communications.
"N.T.P." (Network Termination Point)	An Interface to which a Public Telecommunication Network is connected on one side, and Terminal Equipment, a Private Network or a different Public Telecommunication Network on the other side, as the case may be.
"International N.T.P."	An N.T.P., which serves or is meant to serve as the connection between an International Telecommunication System and another Public Telecommunication Network.
"Telecommunication(s) Activity"	The operation, installation, construction or maintenance of a Telecommunications Facility, all for the purpose of Telecommunication.

- “Ordinance”** The Wireless Telegraph Ordinance [New Version], 1972.
- “Telecommunications Order”** The Telecommunications Order (Determination of Essential Service Provided by “Bezeq”, The Israel Telecommunication Corp. Limited), 1997, as amended from time to time, and including any Order which may take its place.
- “Terminal Equipment”** Telecommunication equipment for use by Subscribers, which connects or is meant to connect between the Subscriber’s premises or any other location and a Public Communication Network, by means of the Interface designated for this purpose.
- “P.T.P. Line”** (Point to Point) A line used for the transfer of Telecommunication Messages, which provides a permanent physical or logical connection between two points, including by means of a switched or routed network.
- “Interconnection”** A connection between a Public Telecommunication Network of one Licensee and a Public Telecommunication Network of another Licensee, in either a physical or logical manner, which enables the transfer of Telecommunication Messages between the Licensees’ Subscribers or the provision of services by one Licensee to the Subscribers of the other Licensee.
- “The License”** This License, including all the Appendices thereto, as well as any other document or provision, which the License incorporates by reference as an integral part thereof. [“...which the License determines will constitute an integral part of the License or of the provisions thereof.”]

"Public Telecommunication Network"

A system of Telecommunications Facilities which serve or are meant to serve for the provision of Telecommunication Services to the general public, nationwide or at the very least in a Service Area, and which includes switching and routing equipment, transmission equipment and an Access Network, including an M.R.T. System and an International Telecommunication System, but excluding Terminal Equipment.

"Fixed-Line Public Telecommunication Network"

A Domestic Public Telecommunication Network, with the exception of an M.R.T. System and an International Telecommunication System.

"Access Network"

Components of a Public Telecommunication Network used for connecting [the "last mile"] between a Switch (PSTN) and a N.T.P. using terrestrial infrastructure, wireless infrastructure or a combination of the two.

"The Company's Network"

The Public Telecommunication Network which the Company uses for the provision of the Company's Services in accordance with this License as well as for other Telecommunication Services provided according to the Law, whether by the Company or by a third party.

"Private Network"

A Telecommunication Network which serves or is meant to serve a particular person or a particular group of people with a common interest, which connects or is meant to connect to a Public Telecommunication Network by means of a N.T.P., including switching equipment, connection devices, cables, Transmission equipment and any other Telecommunications Facility, provided that the

common interest is not merely the very existence of the Network.

- "Use"** Access to a Telecommunication Facility of the Company, including the Company's Network, its Access Network or any part of the above, and the possibility of using them for the purpose of conducting Telecommunication Activities and providing Telecommunication Services via same, as well as allowing the installation of another Licensee's Telecommunication Facility in a Telecommunication Facility of the Company or on its premises.
- "Telecommunication Service"** Conducting Telecommunication Activities on behalf of a third party.
- "Other Service"** Any service which is not a Basic Service or Ancillary Service, as detailed in section 4 of Appendix A to the License.
- "Telephone Service"** Switched or full duplex routed transfer, including via modem, of speech or speech-like Telecommunication Messages, such as facsimile signals.
- "Telephony Service"** Telephone Service and Ancillary Services to such Service.
- "Value Added Service"** A service provided on the basis of a Basic Service, and which by its nature can also be provided by another, including another Licensee, who is not the provider of the Basic Service.
- "M.R.T. (Mobile Radio-Telephone) Service"** Telecommunication Service provided to the public by means of a M.R.T. System of a M.R.T. Operator.

"Infrastructure Service"	Allowing another Licensee or a Broadcasting Licensee to use the Company's Network, including by providing Transmission Service for the purpose of conducting Telecommunication Activities or in order for them to provide Telecommunication Services.
"International Telecommunication Services"	International Telephone Service, International Data Communication Service and International Transmission Service.
"Domestic Fixed-Line Telecommunication Services"	Infrastructure, Transmission, Data Communication and Telephony Services provided by means of a Fixed-Line Public Telecommunication Network.
"The Company's Services"	Those services the Company is entitled to provide to Service Recipients in accordance with the License.
"Basic Services"	Domestic Fixed-Line Telecommunication Services as specified in section 2 of Appendix A to the License.
"Ancillary Services"	Those services, which are ancillary to Basic Service, as specified in section 3 of Appendix A to the License.
"The Minister"	The Minister of Communications, including any person to whom the Minister has delegated his powers with respect to this License, in whole or in part.
"Transmission Service"	Carrying out transmission on behalf of a third party.
"Data Communication Service"	Carrying out Data Communications on behalf of a third party.

- “Transmission”** The transfer of electromagnetic signals or a sequence of bits between Telecommunications Facilities of a Licensee, excluding Terminal Equipment.
- “Supervisory Regulations”** The Telecommunication Regulations (Supervision Over Activities of a Licensee), 1986¹.
- “Data Communication”** The transfer of Information and Software, excluding speech, between pieces of Terminal Equipment, including Computers; for the purpose of this definition:
- “Information”** - data, signals, concepts or instructions, excluding software, which are expressed in a computer-readable format and stored on Computer or on another storage medium;
- “Computer”** - a device that operates by means of Software in order to perform arithmetic or logical processing of data, and its peripheral equipment, including a system of computers;
- “Software”** - a set of instructions expressed in a computer readable format, which is capable of causing a computer to function or to perform an action.
- “International Infrastructure”** A system of Telecommunication Facilities, which includes wireless Transmission channels or submarine or terrestrial cable Transmission channels, or via satellite, which serve or are meant to serve for carrying out international Transmission.

¹ Subsidiary Legislation 1986, p. 362; 1994, p. 778.

1.2 Other words and phrases in the License, insofar as not defined in section 1.1 above, shall have the meaning set forth in the Law, in the Regulations enacted pursuant thereto, in the Telecommunications Order, in the Interpretation Law - 1981², or as specified in the appropriate places in the License, unless the language or context indicate a different meaning.

2. **Section Titles**

The titles of the sections in the License have been provided solely for reading convenience, and are not to be used for purposes of construction or elucidation of the content of any of the terms of the License.

3. **Discrepancy Between Provisions of the License**

In the event of a prima facie contradiction between provisions of the License, the Minister will determine the meaning of the provisions or the manner in which the contradiction between them shall be resolved.

² Principal Legislation 1981, p. 302; 1994, p. 358.

Chapter B: The Scope and Term of the License

4. The Scope of the License

4.1 The Company, in accordance with the License, and subject to all its provisions and terms, shall do the following:

- (a) Construct, install, sustain, maintain, operate and utilize a Fixed Public Telecommunication Network, insofar as necessary for the provision of the Company's Services.
- (b) Provide the following services:
 - (1) Basic Services.
 - (2) Ancillary Services.
 - (3) Other Services.

The services, which the Company shall provide according to the License, are specified in Appendix A to the License.

- (c) May permit a third party to carry out Telecommunication Activities by means of the Company's Network, including Telecommunication Activities between different people via a P.T.P. Line.
- (d) May act to establish, operate and maintain a Public Telecommunication Network on behalf of another.

4.2 The Company shall not conduct Telecommunication Activities nor will it provide Telecommunication Services unless permitted to do so by this License or pursuant thereto, or by another license granted to the Company by the Minister, except as set forth in section 3 of the Law.

5. The Term of the License

The License shall remain in force indefinitely.

6. Alteration of the Terms of the License

The Minister may alter the terms of the License, including with respect to the scope of the License as set forth in section 4, add or detract there from, after taking into account the considerations specified in section 4(e) of the Law, and after affording the Company a reasonable opportunity to plead its case.

7. Revocation, Limitation or Suspension of the License

The Minister may revoke the License, limit it or suspend it, as the case may be, in each of the instances specified in section 6 of the Law, provided the Company has been given a reasonable opportunity for a hearing.

Chapter C: Structural Separation

8. Definitions

In this chapter -

“Linked Company”	As defined in the Communication Regulations (Telecommunication and Broadcasting)(Procedures and Conditions for Obtaining a General License for the Provision of Domestic Fixed-Line Telecommunication Services), 2000.
“Subsidiary Company”	Telephone Communications Ltd., Bezeq International Ltd., BezeqCall Communications Ltd., D.B.S. Satellite Services (1998) Ltd., Bezeq On-Line Ltd., and Goldnet Communication Services (Registered Partnership).
“Commercial Information”	Data concerning the Company or a Competitor, which are not common knowledge, and which concerns one of the following: <ol style="list-style-type: none">1. The quantity, the type and the destination of Telecommunication Messages transiting the Company’s Network.2. Customers.3. The structure of the Telecommunications Facilities system, its deployment and the technology by which it operates.4. Plans for the expansion of the Telecommunications Facilities system, for alterations thereto and for the operation of new services by means thereof.5. Marketing or other technological plans or activities, information in respect of which has been given to the

Company by a Competitor, or another business activity, information in respect of which has been classified by a Competitor as confidential information.

"Competitor" A Licensee, which competes with a Subsidiary Company.

9. Mandatory Structural Separation

9.1 The Company shall maintain structural separation between itself and a Subsidiary Company, as detailed hereinafter:

- (a) Full separation between the management of the Company and the management of the Subsidiary Company, including in all matters relating to the business, financial and marketing systems.
- (b) Full separation between the assets of the Company and those of the Subsidiary Company.
- (c) The Company shall not retain employees of the Subsidiary Company, and the Subsidiary Company shall not retain employees of the Company.
- (d) The Company shall not transfer any Commercial Information to a Subsidiary Company.

9.2 In all matters concerning the confidentiality of Commercial Information, the Company shall observe the following:

- (a) The Company shall prevent the transfer of Commercial Information to a Subsidiary Company.
- (b) The Company shall establish procedures and rules to protect the confidentiality of Commercial Information, as well as to prevent its transfer to a Subsidiary Company. Such procedures will include, *inter alia*, restrictions with respect to the distribution of the Information within the Company and access to the information by those employees who are not supposed to deal with the Commercial Information in the course of their job.
- (c) Without derogating from the Company's obligation under sub-section (b) above, and the obligation of an employee of the Company to maintain the confidentiality of Commercial Information, in accordance

with the rules and procedures established as aforesaid, no employee of the Company shall be appointed as a director in a Subsidiary Company if he has access to Commercial Information concerning a Competitor by virtue of the position that the employee holds in the Company, and the use of such Commercial Information by the Subsidiary Company is liable to prejudice competition between the Subsidiary Company and a Competitor. For the purposes of this section, the term "**employee**" does not include the Chairperson of the Company's Board of Directors.

- 9.3 Should the Minister recognize that there is a well founded concern that competition in the field of communications or the public welfare may be prejudiced, the Minister may order that any or all of the provisions of this chapter shall apply to a Linked Company.
- 9.4 Should the Minister recognize that mitigating circumstances exist in a particular case, and once convinced that no harm will ensue to competition in the field of Telecommunications or broadcasting, or to the public welfare, he may, after receiving a written request by the Company, issue a written certificate qualifying the requirement for structural separation as set forth in this chapter or pursuant thereto, and he may set conditions in respect thereof.
- 9.5 The Company shall not favor a Linked Company at the expense of another Licensee, and will refrain from preferring such a company in the provision of services. Without derogating from the generality of the foregoing, any agreement or arrangement between the Company and a Linked Company for the provision of service to a Linked Company will contain terms which are equal and non-discriminatory in relation to another Licensee, including with respect to payment for the service, the terms of the service, the availability of the service, the provision of information concerning the service, and in all other respects.

Chapter D: Numbering

10. Definitions

“The Numbering Plan” A plan, formulated by the Director, for the allocation and assignment of telephone numbers, for mandating dialing rules and Number Portability, or any part of the foregoing,³ as amended from time to time.

“Telephone Numbers Plan” A plan prepared by the Company in accordance with the Numbering Plan and the instructions of the Director for the assignment of telephone numbers to Subscribers and service providers, which includes Access Codes to the its Services and the services of other Licensees.

11. Operation in Accordance with the Numbering Plan

11.1 The Company shall operate in accordance with the Numbering Plan, and in accordance with the Director’s instructions concerning the operation and application of the Numbering Plan. The Director’s orders will be issued after the Company has been afforded an opportunity for a hearing.

11.2 Should the Numbering Plan make no provision for a certain matter, and if no directive has been issued by the Director in the said matter, the Company shall act in that matter in accordance with accepted standards and recommendations, which are relevant to the Numbering Plan, as set by standards organizations around the world or other international organizations.

11.3 The Director may restrict the Company in respect of using specific groups of numbers, by Number Range, Dialing Prefixes, Access Codes or Telephone Numbers, so as to ensure, *inter alia*, the efficient utilization of the ranges of

³ The plan, which has been formulated, is contained in the document entitled “Numbering Plan for Telephony Services and Value Added Services in Israel,” which can be found on the Ministry of Communications Internet site at <http://www.moc.gov.il> and in administrative directives issued by the Director from time to time.

numbers and Dialing Prefixes, or in order ensure that numbers are used in a manner compatible with the needs of Service Recipients or global standards.

12. Prohibition on the Transfer of Telephone Numbers and Ranges of Numbers

- 12.1 The Company may assign Telephone Numbers for the use of its Service Recipients out of the range of numbers assigned for its own use, in accordance with the Numbering Plan and the provisions of the License.
- 12.2 The Company may not transfer numbers or groups of numbers, which are included in the range of numbers assigned for its use, to any other Licensee, except at such time as Number Portability implemented or in accordance with the instructions of the Director.
- 12.3 The Company may not assign a telephone number to a Service Recipient, which has been assigned to another Service Recipient, with the exception of a number which was allocated to a Service Recipient who no longer receives the Company's Services, and after a reasonable period of time has passed, [all] in accordance with the rules set by the Director.

13. Preparation of a Telephone Numbers Plan

- 13.1 The Company shall prepare a Telephone Numbers Plan in accordance with the Numbering Plan and the instructions of the Director, and will update it from time to time as needed.
- 13.2 The Company shall provide the Director, upon demand, with the Telephone Numbers Plan in the format and at such time as the Director orders.
- 13.3 The Director may order the Company to amend the Telephone Numbers Plan, in whole or in part, or to make changes to it; The Company shall amend the Telephone Numbers Plan in accordance with the Director's instructions.
- 13.4 The Company shall act in accordance with the Telephone Numbers Plan and the instructions of the Director.

14. Number Portability

In the event that a directive is issued concerning the initiation of Number Portability, so that any Subscriber of another D.O. may transfer and become a

Subscriber of the Company or receive services from the Company, without changing his Telephone Number, and vice versa, the Company shall act at such time and according to the method set out in the directive in order to integrate mechanisms in the Company's Network that will enable the implementation of this characteristic.

15. Telephone Numbers Plan and Interconnection

- 15.1 The Company shall apprise every other Licensee in respect of changes to the Telephone Numbers Plan, which may affect the Interconnection with the Public Telecommunication Network of the other Licensee or the provision of services to the other Licensee.
- 15.2 The Company shall not discriminate in any manner between other Licensees in all matters concerning the implementation of the Telephone Numbers Plan and in carrying out the foregoing duty of notification, including with respect to the scope of the information, its contents, the manner of its provision and the time of notification, and will provide the foregoing information in a manner which will enable other Licensees to prepare themselves in a reasonable manner for the implementation of the foregoing changes.
- 15.3 The Company shall publish the dialing rules relevant to Subscribers' Telephone Numbers as well as the Access Codes to all the services provided to Subscribers by means of an Access Code in the telephone directory.

Chapter E: Implementation of the License

16. Operation of the Company's Networks

- 16.1 The Company shall establish, sustain, maintain and operate a Public Telecommunications Network, all year round, 24 hours a day, during both times of calm and emergency, in accordance with the Technical and Service Quality Requirements and in a manner which enables the proper and regular provision of the Company's Services to its Service Recipients and to the Security Forces, anywhere in Israel, in accordance with this License.
- 16.2 The Company shall strive continuously to technologically update the Company's Network and for its expansion and improved performance, in order to meet the ongoing needs of the population, the economy and security in Israel for Telecommunication Services in a proper and regular manner.
- 16.3 The Director may from time to time set Technical and Service Quality Requirements for establishing, sustaining, maintaining, operating, activating and updating the Company's Network, including for the incorporation of modern technological means for the provision of its services.
- 16.4 The Company shall follow the rules, standards and technical specifications set by the Ministry, and will act, wherever possible, according to accepted standards and recommendations set by standards institutes in Israel and abroad (such as the Israeli Standards Institute, ITU and ETSI), or by *de facto* industry standards forums (such as WI-FI, ATM, D.S.L.) in the area of Telecommunications and wireless, insofar as these relate to the establishment of the Company's Network, its operation, its maintenance and its development, and to the services provided or meant to be provided thereby.

17. Engineering Plan

- 17.1 The Director may require the Company to file an engineering plan, at such time as he shall determine, , which describes the structure of the Company's Network or any part thereof, as well as plans for establishing, maintaining, developing and updating the Company's Network, including its technical quality and its various components (hereinafter – "**Engineering Plan**").
- 17.2 In the event that the Company has filed an Engineering Plan in the manner set forth in section 17.1, and it becomes clear to it that it is necessary to deviate or

diverge from the Plan in a substantive manner, it shall notify the Director of the foregoing in writing, specifying the substance and nature of the change to the Engineering Plan, and shall attach the updated Engineering

- 17.3 The Director may instruct the Company to make changes to the Engineering Plan that it submitted as aforesaid, which are required for the provision of the Company's Services, after affording the Company the opportunity for a hearing.

18. Precautions, Safety and Hazard Prevention

The Company shall deploy and develop its Network while taking suitable safety precautions at the work site for the prevention of injury and damage to person and property, and for the prevention of nuisances and hazards to the public; in the event that the Company is required to perform any excavations it will take all necessary measures to prevent damage to underground systems, including Telecommunication Networks, and will thus make sure to obtain any permit required according to any law.

19. The Standard of the Company's Services

- 19.1 The Company shall maintain the Company's Services all year round, 24 hours a day, during both times of calm and emergency, in a proper and regular manner, in accordance with the Technical and Service Quality Requirements and at a standard no lower than that set therein, and pursuant to the Telecommunication Regulations (Installation, Operation and Maintenance), 1985, and any other law which may establish Technical and Service Quality Requirements.
- 19.2 Without derogating from the foregoing section 19.1, the Company shall strive to improve the Company's Services, *inter alia*, in a manner consistent with technological developments, in order to respond in a proper and regular manner to the ongoing needs of the population and the economy.
- 19.3 The Director may instruct the Company to update Appendix C to the License (the Standard of Subscriber Service) and to submit the updated version for his approval, at such time as he shall determine.

20. Provision of the Company's Services

- 20.1 With the exception of the services provided in accordance with section 34, or any other service designated by the Minister in writing and in advance, the Company shall provide its services to any person upon demand, and will do so in accordance with the provisions of the Technical and Service Quality Requirements, and pursuant to the provisions of the law and of the License, including those provisions that relate to the order of priority and availability of the Company's Services.
- 20.2 The Company shall provide its services as aforesaid on equal and non-discriminatory terms according to the category of service, independent of the location of the person requesting the service or the specific cost for the provision of the services to each Service Recipient.
- 20.3 Subject to the foregoing section 20.1, once the Company has begun providing a Telecommunication Service for consideration, the Company shall provide such service to any person upon demand no later than twelve (12) months from the date on which it commenced provision of that Service for consideration. Notwithstanding the foregoing, the Director may mandate a longer period of time if he deems such to be justified.
- 20.4 Without derogating from the generality of the provisions of section 20.2, the Company shall not set unreasonable, discriminatory or unfair terms for the connection of a Subscriber, including the following:
- (a) The Company shall not obligate a Subscriber to purchase Terminal Equipment or any other equipment either from itself or from anyone acting on its behalf.
 - (b) The Company shall not obligate a Subscriber to accept its maintenance services or insurance for any Terminal Equipment in his possession.
 - (c) The Company shall not limit the supply of replacement parts for Terminal Equipment purchased from it or from anyone acting on its behalf to a Subscriber or to any other person who is providing maintenance service for such Equipment.

21. Service File

- 21.1 In the event that the Company requests to inaugurate a service included in the list of services in Appendix A, provision of which has not yet commenced, it

shall notify the Director in writing of same no later than thirty (30) days before the date on which it intends to start providing the service.

- 21.2 In the event that the Company requests to inaugurate a new service, which is not included in the list of services in Appendix A, which it intends to provide to some of its Service Recipients (for the purpose of this section – "**the New Service**"), it shall notify the Director in writing of same no later than sixty (60) days prior to the date which is designated for commencing provision of the New Service.
- 21.3 The Director will inform the Company within thirty (30) days from the date of receipt of the Company's notice as set forth in section 21.1, or within sixty (60) days from the date of receipt of the Company's notice as set forth in section 21.2, whether it may begin providing the service or whether it must submit a service file for the approval of the Director as a condition for commencing the said service.
- 21.4 The Company shall submit a service file for the Director's approval, upon demand. In the event that the Company fails to submit a service file in accordance with the Director's order, or in the event that that Director does not approve the service file, the Company shall not inaugurate the service.
- 21.5 The Director's decision with respect to the service file submitted to him shall be made within sixty (60) days of the date on which the Company provides the Director with all the documents and information he has requested in order to approve the service file for the New Service. In special cases, the Director may extend the terms mandated in this section, by written and reasoned notice to be delivered to the Company.
- 21.6 The Director may require the Company to submit a service file for his approval in respect of an existing service, for which a service file was not required, and he may also require the Company to submit a new service file for his approval in respect of a service for which a service file has been approved.
- 21.7 The service file will be submitted to the Director in the format and at the time ordered by the Director and shall include, *inter alia*, documents which explain the service and the manner in which it is provided, the way it is operated by the Service Recipient, its price and the germane Technical and Service Quality Requirements.
- 21.8 Once a service file has been approved, the Company shall provide the service in accordance with terms of the approved file.

- 21.9 The Company shall notify the public of any service file which has been approved, in such detail and in the manner ordered by the Director; and the Director may publicize it himself, provided he does not do so until the Company has begun providing the service. The notice to the public shall not include trade secrets, which the Company has asked not to reveal and the Ministry has approved.
- 21.10 Any New Service, which the Company inaugurates in accordance with this section, shall be regarded as part of Appendix A. The Director shall update Appendix A from time to time.
- 21.11 The provisions of this section shall apply, *mutatis mutandis*, in respect of an experiment on the network.

22. Erotic Service

Erotic Services provided by means of the Company's Network shall be provided according to the provisions of Appendix B.

Chapter F: Interconnection and Use

- 23. Infrastructure Services for Another Licensee**
- 23.1 The Company shall provide Infrastructure Services for another Licensee in a manner, which will enable the other Licensee to provide its services to its customers, in accordance with the provisions of the License, the provisions of the other Licensee's license or according to the Minister's directives, as the case may be.
- 23.2 The Company shall provide another Licensee with every type of Infrastructure Services according to this License or according to a directive issued by the Minister pursuant to section 5 of the Law, on reasonable terms equally to all the other Licensees, excluding special cases determined in advance and in writing by the Minister. The Company shall provide the Infrastructure Services as aforesaid to any other Licensee in a proper, regular and equal manner, which does not infringe the possibility of fair competition amongst them.
- 23.3 The Company shall refrain from preferring a Licensee, which is a Linked Company, over another Licensee in the provision of Infrastructure Services, whether in respect of payment for the service, the terms of the service, the availability of the service or in any other manner.
- 23.4 The Company shall make available to another Licensee essential information, which the other Licensee needs in order to receive the Infrastructure Service from the Company.
- 23.5 In the event that the Minister directs the Company to provide Infrastructure Service to a Licensee, the Company shall act in good faith and in accordance with the directives for the purpose of providing the Infrastructure Service in a proper manner and at the time set out in the directive. Without derogating from the generality of the foregoing, the Company shall allow the Use of its Telecommunications Facilities by a Licensee and will take all necessary steps, including carrying out connection and adjustment work, in order to enable proper Use, [all] in accordance with the Minister's directives.
- 23.6 In the event that the Company has objections to any directive in the foregoing section 23.5, including with respect to the Minister's authority to grant a license to a third party who requires the said service, or with respect to the Minister's decision regarding the terms of the service or its price, the

Company shall not refrain from fulfilling its duties as set out in the directive and will not delay, in any manner, the provision of the Infrastructure Service which it has been obligated to provide, and will execute same in good faith, in a proper manner, at the time set by the Minister, and with full cooperation.

- 23.7 The Company shall provide an Infrastructure Service to another Licensee in a manner, which will enable it to uphold the required standard of service to which it is obligated towards its customers pursuant to its License, and in a manner, which will not discriminate between the Service Recipients of the Company and the customers of the other Licensee.
- 23.8 For the purpose of this chapter, the phrase "Licensee" shall include a Broadcasting Licensee.

24. Mandatory Interconnection

- 24.1 The Company shall act to carry out Interconnection between the Company's Network and every other Public Telecommunication Network.
- 24.2 The Interconnection will be carried out in a manner which enables a proper and regular transfer of Telecommunication Messages between the Company's Subscribers and the Subscribers of another Licensee, as well as in a manner which enables the proper and regular provision of services by the Company to Subscribers of another Licensee, and the provision of services by another Licensee to the Company's Subscribers.
- 24.3 Interconnection may be carried out in a direct manner, or in an indirect manner by means of a Public Telecommunication Network of another General Licensee, provided that the terms of section 24.2 are met.
- 24.4 In interconnecting between the Company's Network and another Public Telecommunication Network, the Company shall act to establish points of Interconnection between the two Networks for the purpose of providing Telephony Services at two main transit switches at least. The establishment of the foregoing Interconnection points will be carried out according to an agreement between the Company and the other Licensee which will include, inter alia, the technical, operational and business details of the connection, the number of connections and their location.

24.5 The Company shall act in accordance with the provisions set forth in Appendix D to the License in respect of Interconnection between the Company's Network and an International Telecommunication System..

25. Rules with Respect to Carrying Out Interconnection

Without derogating from the generality of the foregoing sections 23 and 24 the Company shall act to carry out Interconnection, subject to the following:

- (a) The Company shall verify that the technical and operational standards of the Company's Network will enable connection of M.R.T. Operators, I.O. Operators and D.O. Operators (the aforementioned Operators will be referred to hereinafter as "**Other Operator**" or "**Another Operator**") to the Company's Network by reasonable and accepted means; that the operation of the Company's Network will integrate properly with the operation of the Public Telecommunication Network of the Other Operator; and that the Interconnection will not impair the proper functioning of those systems and the normal service to their Subscribers.
- (b) The Company shall interconnect with any Other Operator on equal terms, and will refrain from any discrimination in carrying out the Interconnection, including with respect to the following matters:
 - (i) The provision of infrastructure Facilities and connection services to the Company's Network;
 - (ii) The availability of the connection Facilities;
 - (iii) The method of the connection, and the quality and survivability of the connection;
 - (iv) Changes and adjustments to switching, Facilities, protocols and the points of Interconnection to the Company's Network;
 - (v) Payments for Interconnection;
 - (vi) Billing and collection arrangements and the transfer of information regarding Subscribers;
 - (vii) Commercial terms for carrying out Interconnection;
 - (viii) The provision of information with respect to the Company's Network and the changes thereto concerning Interconnection.

Notwithstanding the foregoing, the Minister may, upon the Company's written request, in special cases, and when convinced that it is justified to do so, permit the Company to deviate from the provisions of this sub-section.

- (c) The Company shall place at the disposal of the Other Operator any essential information required by the Other Operator in order to provide its services by means of the Company's Facilities. The foregoing information will be provided subject to the provisions of any law concerning the protection of privacy or commercial confidentiality. Where the parties are unable to reach an understanding with respect to the substance and scope of the essential information, the Minister will settle the matter.
- (d) The Company shall furnish the Other Operator with information concerning intended changes to the Company's Network, which may have an effect on Interconnection with the Public Telecommunication Network of the Other Operator, or on Interconnection between Public Telecommunication Networks of the Other Operators. The Company shall provide the aforesaid information in a manner, which will enable the Other Operator to prepare itself reasonably for the implementation of the aforementioned changes.
- (e) With respect to sub-sections (c) and (d), the Company may make the provision of the information to the Other Operator conditional upon the execution of a reasonable confidentiality agreement, which is meant to protect the Company's interests according to any law, including trade secrets, intellectual property rights etc., concerning the foregoing information.
- (f) The Company shall enable its Subscribers to receive all the services, which are offered to them by Another Operator, and it may also enable the Other Operator's Subscribers to receive services from itself, all of the above being subject to the proviso that the receipt of such services is technically or legally possible. The Director may instruct the Company to enable the Subscribers of Another Operator to receive services, which it provides, provided that the receipt of such services is technically or legally possible. Notwithstanding the foregoing the Director may, upon the Company's written request, exempt it from the obligation to enable reception of service, by its own Subscribers or by the Subscribers of Another Operator, including on technical or economical grounds.

- (g) The terms for Interconnection between the Company's Network and the network of Another Operator will be settled in an agreement between the Company and the Other Operator; where the parties are unable to reach such an agreement, the Minister will settle the matter.
- (h) The Company shall provide the Director a copy of every agreement between itself and Another Operator concerning Interconnection.
- (i) The Company shall provide the Director, upon demand, with any information which is provided to Another Operator according to sub-sections (c) and (d), as well as a signed copy of every confidentiality agreement according to sub-section (e).

26. Payment for Interconnection

In the event that no regulations have been enacted concerning payment for Interconnection or payments in respect of effecting Interconnection, the Company may demand payment of a reasonable and non-discriminatory charge for such services. In the event that there is no agreement between the Company and Another Operator with respect to this matter, the Minister will order payment as aforesaid, pursuant to his power according to section 5 of the Law. Any amount, which is not in dispute, will be paid in a timely manner even before the Minister's decision in the matter.

27. Prohibition on Delaying Interconnection

If, after affording the Company the opportunity for a hearing concerning [these matters], the Minister issue a directive to the Company with respect to the manner of carrying out Interconnection and the scope thereof, with respect to actions, services and arrangements which are incidental to effecting Interconnection, or with respect to the payments for Interconnection, the Company shall not delay Interconnection to the Company's Network, and will fulfill its obligations in accordance with the Minister's directives, in good faith and in a proper manner, within the set time and while cooperating fully.

28. Allowing Use

- 28.1 The Minister may issue instructions to the Company with respect to allowing Use by another Licensee, pursuant to his power according to section 5 of the Law.
- 28.2 With respect to allowing Use, the provisions of sections 25-27 will apply, *mutatis mutandis*. Without derogating from the foregoing, the Minister may set terms with respect to the manner of Use and arrangements, which are incidental to effecting Use.
- 28.3 In the event that the Minister orders the Company to grant another Licensee Use of one of its Telecommunications Facilities, the Company shall cooperate fully and act in accordance with the Minister's directives in order to effect Use; for this purpose, the Company shall allow the Use of its Telecommunications Facility, including the performance of those connection and adjustment operations which are required for proper and regular Use and in accordance with the Director's instructions.
- 28.4 At the Minister's direction, the Company shall enable another Licensee to provide Value Added Services by means of the Company's Network. The Company shall ensure reasonable and equal conditions to every other Licensee in all matters relating to the provision of Value Added Services by it to the Company's Subscribers, including with respect to the matters set forth in section 25, *mutatis mutandis*.
- 28.5 The Company shall make available to any other Licensee any essential information required by the other Licensee in order to Use the Company's Network.

Chapter G: Inspections and Maintenance

29. Definitions

In this part:

"Periodical Inspection" Inspection of the Company's Network or any part thereof, which is conducted in accordance with the provisions of the License, at fixed periods and at least once a year.

"Special Inspection" Inspection of the Company's Network or any part thereof, which is conducted due to a maintenance or repair operation following an electromagnetic disturbance, a malfunction, the investigation of a complaint, a technological change, or a change to an Engineering Plan etc., which is conducted on the Company's initiative or at the Director's demand.

"Regular Inspection" Inspection of the Company's Network or any part thereof, which is conducted in a regular ongoing manner.

30. Performance of Inspections

- 30.1 The Company shall conduct Periodical Inspections of the Company's Network, [all] in the format and at the inspection points detailed in the Engineering Plan, and will present the results of such Inspections upon the Director's demand, within 30 days from the date of such demand.
- 30.2 The Company shall establish and operate a control system for the constant monitoring of the performance of the Company's Network and for regular inspection of the normalcy of the Company's Network. The Company shall also conduct, in a regular ongoing manner, Regular Inspections of the Company's Network or any part thereof, as necessary, in accordance with the Inspections program as set out in the Engineering Plan.
- 30.3 The Director may instruct the Company to conduct a Special Inspection; the Company shall conduct such an Inspection in the format and at such time as the Director shall determine.

30.4 The Director, or any person authorized by him for this purpose, may conduct inspections himself, insofar as he deems that there is a need to do so; after prior coordination, the Company shall afford the Director, or any person authorized by him, access to the Facilities and to the equipment, and will place any inspection equipment which it uses at his disposal.

31. Inspections, Malfunctions and Maintenance Log

31.1 The Company shall keep an Inspections, malfunctions and maintenance log (hereinafter – "**Maintenance Log**"), in which particulars of the malfunctions in the Network and the Inspections thereto will be recorded.

31.2 The Company shall keep the Maintenance Log in its registered office, and will allow the Director, or an authorized representative on his behalf, to examine it at any time, inspect it or copy it in any manner, and will submit it for the Director's perusal upon demand.

32. The Repair of Defects and Flaws

32.1 After observing the Network's performance, complaints from Service Recipients, inspections which he has conducted or on the basis of inspection reports, documents and information which he has received from the Company, the Director may, after affording the Company a proper opportunity under the circumstances to present its case before him, give written notice to the Company of defects and flaws which he has discovered, and which impair the standard of service provided to its Service Recipients, impair the survivability and back-up level of the Network, are deleterious to safety standards, or cause disturbances to other systems which operate according to law.

32.2 The Director may issue directives to the Company with respect to the dates by which the Company must repair the said defects and flaws.

32.3 In the event that the Company receives such notice, it will inform the Director of the repair of the defects and flaws, by the date set out in the Director's notice and in the detail requested by the Director.

Chapter H: Security Arrangements

33. Operation of the Company's Network During a State of Emergency

- 33.1 During a State of Emergency, the Director, including in his capacity as Head of the Supreme National Authority for Communications in Time of Emergency, and any person so authorized pursuant to any law, may take measures required in the interest of national security or for the maintenance of essential public services, while giving notice [thereof] to the Company, including directives with respect to operation of the Company's Network and the provision of services or the limitation thereof. Without derogating from the generality of the foregoing, the Company shall act according to the directives and notices of those authorized for this purpose by any law, including the Government, the Minister and the Director.

For this purpose–

"State of Emergency"– including during any Activation Period of State of National Emergency Economic Measures, Communications Crisis, or Special Situation on Homeland Security.

"Communications Crisis" – shall mean the collapse of Telecommunication Systems, including because of a natural disaster, a mass casualty disaster or armed attack, or the well-founded apprehension of such a collapse.

"Activation Period of State of National Emergency Economic Measures" – the period during which the national emergency economy system is in force, pursuant to Government Decision No. 1716 dated July 6, 1986, and Government Decision No. 1080 dated February 13, 2000, and any other Government Decision.

"Special Situation on Homeland Security"- shall have the meaning set forth in section 9(c) of the Civil Defense Act, 1951.

- 33.2 The Company shall inform the Director of the name of its representative who is authorized to receive directives and notices at any time, 24 hours a day, with respect to any matter concerning a State of Emergency; the said representative will have a first deputy and a second deputy, who will act as alternates for the representative during his absence.

- 33.3 The Company shall establish the Company's Network and operate it in a manner which will prevent its collapse in a State of Emergency, and in a manner which will enable its activity to be restricted in the following ways:
- (a) By [part of a] frequency range;
 - (b) By [part of a] geographical area;
 - (c) By disconnecting some of its Service Recipients, according to pre-prepared lists or in accordance with the Director's instructions;
 - (d) By intersection of the criteria outlined in (a), (b) and (c) above.
- 33.4 The Company shall organize itself in a manner, which will enable it to impose the restrictions set forth in section 33.3 in a quick and efficient manner, by having a qualified operator on-site or by remote control of the on-site equipment from a manned control facility.
- 33.5 The Director may set up a detailed procedure to regulate the Network's operations during a State of Emergency, which he will provide to the Company, and the latter will strictly fulfill the provisions of said procedure.

34. Services to the Security Forces

- 34.1 The Company shall provide the Security Forces with Telecommunication Services, services for the construction and maintenance of infrastructure, and the supply and maintenance of Terminal Equipment for, both in Israel and abroad, [all] in accordance with the existing agreements as well as with agreements which will be entered into between the Company and the Defense Establishment or the Security Forces or any of them, including the agreement which was entered into between the Company and the Defense Ministry on July 21, 2002.
- 34.2 The Company shall provide special services to the Security Forces as specified in the top secret Security Appendix attached to the License as Appendix F.
- 34.3 The Company shall enable the Security Forces, in respect of which the Director has given notice in writing, to exercise their powers, subject to any law, with respect to any Telecommunications Activity under the License, and will be responsible for maintaining, the proper functioning and the technological compatibility of those Telecommunications Facilities required for the operation of the above, [all] in coordination with the Security Forces,

and as specified in Appendix F; the Security Forces will bear the cost, pursuant to the provisions of section 13 of the Law.

- 34.4 The Company shall ensure that Appendix F will be kept in accordance with the instructions of the General Security Service.
- 34.5 The Company shall act to ensure that any acquisition and/or installation of Hardware in the Company's Telecommunications Facilities, excluding Terminal Equipment, will be performed in complete conformity with the instructions that are given and/or shall be given to the Company from time to time, pursuant to section 13 of the Law and in the manner set forth therein.

In this section –

"Hardware" – shall mean any equipment, facility or instrument used for Telecommunication purposes as defined in the Law, including hardware or computer Software, by means of which the said equipment, facility or instrument operates.

"Software" – as defined in the Computers Law, 1995.

"Acquisition" – includes rental and/or a pilot Telecommunications Facility and/or the upgrade of a Telecommunications Facility, including the maintenance of Hardware and/or a Telecommunications Facility.

- 34.6 Failure to comply with the directives, which are issued to the Company pursuant to the provisions of section 13 of the Law, the provisions of the foregoing sub-section 34.4 or of Appendix F to the License will constitute cause for the revocation of the License by the Minister.

35. Security Provisions

- 35.1 The Company shall appoint a Security Officer pursuant to the provisions of the Public Bodies Security Arrangements Law, 1998, and will strictly fulfill the security provisions specified in Appendix E to the License.
- 35.2 The Company shall act to maintain the confidentiality of the operation of the Security Forces, and will act in accordance with the security guidelines of those Security Forces, including with regard to the of appropriate security classification for officers and functionaries in the Company, and the compartmentalization of information concerning activity involving the Security Forces.

- 35.3 The Company shall take the steps necessary for the protection of the system, the system components and the data base, which are used for the provision of services and the operation and the control of the system against the activity of non-authorized entities, pursuant to the provisions detailed in Appendix E to the License.
- 35.4 The Minister may revoke the License in consequence of non-fulfillment of any of the provisions of Appendix E to the License.

36. Operations and Services in Judea, Samaria and the Gaza Strip

- 36.1 The Company shall carry out Telecommunication activities and will provide Telecommunication Services in the areas of Judea, Samaria and Gaza Strip (hereinafter in this section – "**the Areas**") pursuant to the law and the security legislation, which apply to the Areas in accordance with the practices, understandings and agreements with the competent authorities in the Areas.
- 36.2 Without derogating from the generality of the foregoing in section 36.1, the Company shall provide those services, which are specified in section 4 of Appendix A, Item No. 20, in the Areas. In the event that a Subsidiary Company is established for the provision of the foregoing services, the Subsidiary Company will provide those services in the aforementioned Areas.
- 36.3 Notwithstanding the provisions of the foregoing section 36.1, any delay which occurs in carrying out Telecommunication Activities or in the provision of Telecommunication Services in the Areas as a result of constraints which derive from the state of security in the Areas, will not be regarded as a violation of the Company's obligations, provided that the Company acts in accordance with the security directives of the competent authorities in the Areas in regard to such a matter.

Chapter I: Payments for the Company's Services

37. Definitions

In this chapter:

"Service Package" A number of Telecommunication Services for which the payments are set pursuant to the provisions of section 17 of the Law, and which are marketed to the Subscriber as a package.

"Payments Regulations" The Communications Regulations (Telecommunications and Broadcasting)(Payments for Telecommunication Services Specified in the Supplement to the Law)(Amendment), 2003, and the Telecommunication Regulations (Telecommunications and Broadcasting)(Payment for Telecommunication Services Not Specified in the Supplement to the Law), 2003, in force at any given time, or any regulations, which replace them.

"Interconnection Regulations" The Communications Regulations (Telecommunications and Broadcasting)(Payment for Interconnection), 2000, in force at any given time, or any regulations, which replace them.

38. Payments on the Basis of a Regulated Tariff

38.1 In the event that the Company notifies the Director in writing concerning a new service it intends to provide, as specified in sections 21.1 and 21.2 (hereinafter – "**New Service**"), the Director may notify the Company that the Minister intends to set a tariff for the New Service pursuant to section 15 of the Law. Should the Director give such notice, the Company shall present the Director with a tariff proposal for the New Service.

38.2 The Company shall not begin providing a New Service, in respect of which the Director has given the Company notice pursuant to sub-section 38.1, before a tariff is set for that Service pursuant to section 15 of the Law.

Notwithstanding the above, the Minister may permit the Company, in writing and in advance, to provide a New Service at the tariff, which it has proposed, even before the tariff for such service has been set pursuant to sections 15 of the Law, for the period prescribed in the permit.

- 38.3 In the event that a tariff for any of the Company's Services is set pursuant to section 15 of the Law, or an alternative payment basket is approved pursuant to section 15A of the Law, the Company shall offer the service to anyone upon demand at the foregoing set tariff, and it may not charge a discriminatory price for such a service.
- 38.4 For the avoidance of doubt, it is noted that nothing in the aforementioned derogates from the Minister's authority to set tariffs for the Company pursuant to the Law, even if the Company has not filed a tariff proposal with the Minister in respect of one of its services.

39. Payments Independent of a Regulated Tariff

- 39.1 The Company shall set a tariff for every service it provides to its Service Recipients in respect of which a tariff has not been set pursuant to section 15 of the Law; the Company shall notify the Director of any such tariff that has been set, prior to the tariff entering into force.
- 39.2 The Company may set up Service Packages, according to the types of services, which are included in the Package, time periods, or any other method; the Company may set a separate tariff for each of the services which are included in the Service Package or set one all-inclusive tariff for the whole Service Package.
- 39.3 In the event that the Company is permitted to provide a service or Service Package, for which a tariff has not been set pursuant to section 15 or 15A of the Law, the Company shall charge a fair price for them, pursuant to section 17 of the Law, and will offer them to any person upon demand, without discrimination, on equal terms and at a uniform tariff, according to the type of services.
- 39.4 The Company shall enable any Subscriber, without discrimination, to transfer from one Service Package to another, which it is offering concurrently; the Company may stipulate conditions for carrying out the transfer, including with respect to payments.
- 39.5 In the event that the Company contracts with a Subscriber with respect to a particular Service Package for a defined contractual period (hereinafter –

- "**Period of the Commitment**"), the Service Package, its tariffs and its terms will be known and fixed in advance for the entire Period of the Commitment; the Company may set different tariffs, which will apply over the course of the Period of Commitment, with respect to a Service Package.
- 39.6 The Company shall not make the transfer of a Subscriber from one Service Package to another conditional upon the purchase of another service or Terminal Equipment from it or from anyone on its behalf.
- 39.7 A Service Package, in which Terminal Equipment or a service is being paid for in installments, will include a plan for making the balance of the payments, on the basis of the payments which have not yet been made or on the basis of the remainder of the Period of the Commitment, in the event that the Subscriber does not wish to avail himself any further of such a package or to transfer from the said Service Package to another..
- 39.8 In regard to tariffs determined by the volume of traffic, the charge will be determined according to the following criteria:
- (a) The tariffs will be stated in NIS per single unit of traffic volume;
 - (b) One unit of traffic volume will be measured in terms of the quantity of Bits, Bytes, words or frames;
 - (c) The charge to the Subscriber will be assessed according to the Subscriber's outgoing traffic, or according to the incoming traffic, or both of the above with each kind of traffic being priced separately.
- 39.9 In the event that the Company collects payment from the Subscriber for the services of another Licensee, it shall do so based on the tariffs according to which the other Licensee offers its services to the public, without any surcharge, and shall specify the charge in the bill which it issues to the Subscriber, except for those services for which the Subscriber is charged on the basis of an all-inclusive tariff. In the event that the Company charges the Subscriber for the transfer of Telecommunication Messages to the Subscriber of another Licensee, it shall do so at tariffs which do not exceed those set forth in the Interconnection Regulations.
- 39.10 The Company may set different tariffs pursuant to this section for different times of day.
- 39.11 The Company may not charge a Subscriber for a call for a call which the Subscriber does not initiate (hereinafter: "**an Uninitiated Call**");

notwithstanding the foregoing, the Company may charge a Subscriber for an Uninitiated Call in the following cases:

- (a) A collect call for which the Subscriber's consent was given;
- (b) A call, which was made by dialing a 1-800 number, which was allocated to the Subscriber according to an agreement with him;
- (c) The Subscriber's share in a call, which was made by dialing a 1-700 number (split charge) allocated to the Subscriber according to an agreement with him;
- (d) A call which was made from the Subscriber's line to another line, on the Company's Network or on another Public Telecommunication Network, as a result of the activation of a "Follow Me" call service (or a similar service) on the Subscriber's line.

39.12 The Company may not charge a Subscriber who initiates a call to any of the following services: Emergency Services, Collect Call Service, Toll Free Service for the caller or the Company's Repair Service.

39.13 Regarding tariffs set according to the length of the call, the charge will be determined as follows:

- (a) The tariffs will be stated in NIS per minute and will be measured in one (1) second time units. For this purpose, any part of a second will be regarded as a whole second.
- (b) For the purpose of payment, the duration of a call is from the time that the connection is effected between the Subscriber who initiated the connection (hereinafter – "**the Calling Subscriber**") and the Subscriber receiving the call and until the time that the said call is terminated, which is the time at which the instruction for terminating the connection is received by the Calling Subscriber; the time during which the connection is being effected until the moment the connection is actually made and the time during which the disconnection is being effected, from the moment the order for termination of the connection is received until it's actually realized, is not included in calculating the duration of the call; for the purpose of this sub-section, a voice mail box shall be included in the definition of a Subscriber who receives a call.
- (c) Notwithstanding the foregoing in sub-section (a), the Company may offer its Subscribers a service or a Service Package which will be based on a different time unit, provided that a Subscriber will be permitted at

any time to transfer to a service or a Service Package based on a charge according to one second time units; the Company may set a charge for making the transfer; the Company shall include a provision to this end in the Contractual Agreement, and will specify therein the charge involved in carrying out the aforementioned transfer.

39.14 In setting the Company's tariffs, the following rules will be observed:

- (a) Any payment which a Subscriber makes for a Domestic Fixed-Line call, whether to another Subscriber of the Company or to the Subscriber of any other D.O., will be according to a standard and all-inclusive tariff, with respect to all of the Company's Subscribers and the Subscribers of the other Domestic Operators.
- (b) Any payment, which a Subscriber makes for a call made to an M.R.T. Subscriber, will be according to a standard and all-inclusive tariff, with respect to the entirety of the M.R.T. Operators.
- (c) Any payment which a Subscriber makes for a call to a Special Telephone Service or for a call to a Country-Wide Special Telephone Service, excluding services according to section 39.12, will be according to a tariff identical to the one for a call as aforementioned in sub-section (a), unless the Director has given his approval to the Company to charge other tariffs with respect to a particular type of such services, which are provided through a special Dialing Prefix pursuant to the Numbering Plan.
- (d) The principles set forth in this section with respect to the determination of tariffs will apply whether the Company sets a tariff based on the length of the call or whether a tariff has been set in any other way (e.g. flat rate).
- (e) In this section:
"Numbering Plan" – shall have the meaning set forth in its definition in Chapter C* – Numbering;
"Special Telephone Service" and **"Country-Wide Special Telephone Service"** – shall have the meaning set forth in their definition in the Numbering Plan.

* Should be "Chapter D" – the error is in the original text.

- 39.15 Any charge made pursuant to section 39.1 for Infrastructure Services shall be subject to the provisions of sections 23.2 and 23.3.
- 39.16 The Company may change a tariff, which it has set pursuant to this section, provided that it notifies the Director in writing and specifies the new tariff, prior to the date that the tariff enters into force; the provisions of this section will apply to such a change, *mutatis mutandis*. For the purpose of this section – "Change" shall mean any change to the tariff, which may cause an increase or decrease in the charge, which a Subscriber is obligated to pay in return for the Company's Services.
- 39.17 In the event that any tariff for the Company's Services is changed, as set forth in section 39.16, the Change will not apply to charges for services, which the Subscriber has received prior to the date on which the Change commences.

40. Charges for a Call from an M.R.T. Network to a 1-800 Number

- 40.1 In respect of a call which originates from the Network of an M.R.T. Licensee and whose destination is a 1-800 service subscriber, the Company shall pay the M.R.T. Licensee, the amount that has been set by agreement between the Company and the M.R.T. Licensee, and in the absence of such agreement, an amount determined by the Minister⁴.
- 40.2 For a call, which originates from the Network of an M.R.T. Licensee, the Company may charge a 1-800 service subscriber an amount not to exceed that stated in sub-section 40.1, with a surcharge for the transfer of such a call via the Company's Network.
- 40.3 The provisions of sub-sections 40.1 and 40.2 will not apply to calls, which are made to 1-800 numbers using the unique numbering format, which has been allocated for the use of the International Operators for the purpose of

⁴ On November 26, 2002, a directive was issued by the Minister which stated as follows: For a call which originates from an M.R.T. Licensee's Network and whose destination is a Subscriber of the "Bezeq" Corporation 1-800 service, "Bezeq" Corporation will pay the M.R.T. Licensee an amount of NIS 0.22 per minute (not including V.A.T.); "Bezeq" Corporation may charge the foregoing amount to the 1-800 subscriber; in addition, the M.R.T. Licensee will charge its subscriber, the initiator of the call, an amount which will not exceed NIS 0.22 per minute (not including V.A.T.).

providing International Telecommunication Message services, as defined in the International Operator License⁵.

41. Means of Payment

41.1 The Company may not demand that a Subscriber make payment for the Company's Services by means of an authorization to charge a bank account, by credit card, by advance payment or by placing a deposit.

41.2 Notwithstanding the foregoing, the Company may –

(a) Require a Subscriber, which is a corporation, to make payment for the Company's Services by means of an authorization to charge a bank account or by means of a credit card;

(b) Require a Subscriber, who has failed to pay his bill for the Company's Services within twenty-one (21) days from the last date on which payment was due, for the second time within a twelve (12) month period, to make payment by means of an authorization to charge a bank account or by means of a credit card;

(c) Require a new Subscriber, who does not have a bank account, to effect advance payment or to place a deposit, in an amount not to exceed NIS 200, as security for payment in return for the Company's Services;

(d) Require a Subscriber, whose business is the sale of calls [to] abroad to Occasional Customers of the Subscriber, to make payment for Telecommunication Service, which it received by the means specified in section 41.1.

41.3 The Company may require a Subscriber to place a deposit in an amount not to exceed two hundred (200) NIS for Terminal Equipment that was loaned or rented to the Subscriber.

42. General Provisions Concerning Payments

42.1 In the bill, which the Company issues to a Subscriber, it shall note the charge for every service, excluding those services for which the Subscriber is charged

⁵ A simultaneous two-way transfer of speech as well as a simultaneous transfer of facsimile messages via an International Telecommunication System.

an all-inclusive tariff for a Service Package. In every bill the Company shall note the basket of services or the Service Package according to which the Subscriber is charged, as the case may be.

- 42.2 For the avoidance of doubt, the provisions of this chapter do not derogate from the provisions of the Law or any provisions set forth in the License with respect to payments for Interconnection.

43. Publication of Tariffs

- 43.1 The Company shall make available to any person who so requests, both at its service centers and on the Internet, full and detailed information, for no charge, concerning the current tariffs for all its services, including the charge for completion of a call on another Public Telecommunication Network, pursuant to the Payments Regulations and the Interconnection Regulations; the Director may issue instruction to the Company with respect to the manner and format of the foregoing publication of tariffs.
- 43.2 The Director may, at any time, require the Company to present him with a breakdown of its current tariffs.

44. Provisions in a Contractual Agreement

- 44.1 In every Contractual Agreement the Company shall include a provision stating that in the event of any contradiction between the provisions specified in the Agreement concerning tariffs, and the provisions of the License regarding same, then the provisions of the License will prevail. The License will be made available for the perusal of any Subscriber at the service center and on the Company's Internet site.
- 44.2 The Contractual Agreement will include provisions as set forth in sections 39.5, 39.6, 39.7, 39.8 and 39.10, as well as a provision with respect to the manner of collecting payment.

45. Inapplicability to the Security Forces

The provisions set out in this chapter do not apply to the provision of services and the conduct of activities for the Security Forces as detailed in section 34 of the License, and the consideration for these will be determined in accordance with the agreements with the Security Forces. Nothing in this section

derogates from the power to determine payments pursuant to section 13 of the
Law.

Chapter J: Security for the Fulfillment of the Provisions of the License

46. The Guarantee and its Purpose

- 46.1 The Company shall present the Director, when he so demands, with an unconditional bank guarantee, in New Israeli Shekels, issued by a bank in Israel in favor of the State of Israel, as security for the fulfillment of the provisions of the License, according to the form attached to the License as Appendix G, as renewed from time to time (hereinafter: "the Guarantee"); the Guarantee will be an amount equivalent to ten (10) million U.S. dollars.
- 46.2 The Guarantee will be used to secure fulfillment of the provisions of the License by the Company, to ensure payment of pecuniary sanctions pursuant to the Law, as well as for the compensation and indemnification of the State in respect of any damage, payment, loss or expense incurred by it, directly or indirectly, due to the non-fulfillment of the provisions of the License, in whole or in part, at their relevant times and in full, or due to the revocation, limitation or suspension of the License.

47. Forfeiture of the Guarantee

Without derogating from the generality of the foregoing in section 46.2, the Director may order the forfeiture the Guarantee, including in any one of the occurrences hereinafter detailed:

- (a) The Company has not fulfilled its obligations with respect to the insurance contract, as specified in the provisions of the License.
- (b) A lawsuit or a demand, has been filed against the State, for the payment of compensation for damage which was caused pursuant to a breach of provisions of the License, pursuant to flawed performance of the License or pursuant to the revocation of the License, as well as where the State has incurred expenses as a result of such a lawsuit or demand. The forfeiture of the Guarantee to cover the sum of the said lawsuit will be carried out only after the judgment in the lawsuit has become final. Notice of such a lawsuit will be given to the Company immediately upon receiving it.

- (c) The State has incurred expenses or damages as a result of the revocation of the License.
- (d) The Company has failed to pay the entire amount of royalties pursuant to the provisions of the Royalty Regulations and the License.
- (e) The Company has breached a material condition of the License.
- (f) A monetary sanction has been leveled against the Company, which the Company failed to pay in a timely manner.
- (g) The Company has not complied with the provisions of the License with respect to the Guarantee.

For the purpose of this chapter, "forfeiture of the Guarantee" – in whole or in part.

48. The Manner of Forfeiting the Guarantee

- 48.1 The Director may order forfeiture of the Guarantee, after he has cautioned the Company that if within the period of time he sets the Company fails to amend the act or omission, which constitute the object of the warning, the Guarantee will be forfeited.
- 48.2 In the event that the Guarantee is forfeited, the Company shall present a new Guarantee, or bring its balance up to the amount of the original Guarantee, immediately on receiving the Director's demand.
- 48.3 The Company may appeal the Director's decision ordering forfeiture of the Guarantee, to the Minister, within fifteen (15) days from the date on which the Director's decision was brought to its attention. In the event that an appeal has been filed, the forfeiture of the Guarantee will be delayed until the Minister's decision on the matter.

49. The Validity of the Guarantee

- 49.1 The Guarantee will be renewed from time to time, and will remain in effect for as long as the License is in force, and, in the event that the License is revoked, for two years after the date on which the revocation of the License takes effect.
- 49.2 Should the Director be apprised that the Company has not discharged all debts pursuant to the License, within sixty (60) days before the termination of the validity of the License, the Director may require the Company to extend the

validity of the Guarantee or to issue a new guarantee, for a period stipulated by the Director, and the provisions of this part will also apply to the new guarantee.

50. Preservation of Remedies

- 50.1 The forfeiture of the Guarantee does not derogate from the power to revoke, limit or suspend the License.
- 50.2 The amount of the Guarantee does not limit the scope of the Company's liability towards the State for payment of all the damages incurred by it, where the liability for their payment devolves upon the Company pursuant to the License or to any law.
- 50.3 The forfeiture of the Guarantee does not derogate from the possibility of suing the Company for the payment of damages for which it is liable pursuant to the License, or to claim any other relief according to any law.

Chapter K: Royalties

51. Payment of Royalties

- 51.1 The Company shall pay royalties pursuant to the provisions set forth in the Telecommunication Regulations (Royalties) 2001 or any other regulations which may replace them (hereinafter "**the Royalties Regulations**").
- 51.2 The Company shall pay the royalties in respect of three (3) month periods, which shall commence on the first day of January, April, July and October, as the case may be (hereinafter "**Quarter**"); the payment will be made within forty-five (45) days of the end of each Quarter.
- 51.3 To each payment of royalties which is made pursuant to this section the Company shall attach two copies of a non-audited Quarterly earnings report, signed by the Company and certified by an accountant; this report will include itemization of the Company's income, itemization of the income exempt from the payment of royalties, calculation of the chargeable income pursuant to the Royalties Regulations, and anything else upon which the Company based the amount of the royalties.
- 51.4 Upon filing an audited annual earnings report, and signed by the Company's accountant (hereinafter "**the Audited Report**"), the Company shall submit a report, organized by Quarters, detailing the reconciliation between the income in respect of which it has paid royalties and the income appearing in the Audited Report (hereinafter "**the Reconciliation Report**").
- 51.5 In the event that the amount of royalties payable by the Company according to the Reconciliation Report or according to audits conducted by the Ministry is higher than the sum, which it has paid for a particular Quarter, the Company shall pay royalty differentials, with the addition of interest arrears.
- 51.6 If [it becomes clear that] the Company has paid a higher amount of royalties than it should have paid for a particular Quarter, the Company shall be credited for the amount of the surcharge; the surcharges to which the Company is entitled will be set off against the payment of royalties according to the Director's confirmation in writing, with the addition of the interest and linkage differentials, which will be calculated according to the last published index prior to the date of the said set off.

52. Arrears in the Payment of Royalties

The Company shall pay interest arrears and collection costs in respect of royalties, which were not paid on the date due according to section 51.2 above (hereinafter "**the Determining Date**").

53. The Manner of Paying Royalties

Royalties as well as interest arrears and collection costs with respect to same, will be paid to the Comptroller of the Ministry of Communications by means of bank transfer or deposit to the account of the Ministry of Communications, according to the instructions given to the Company by the Comptroller of the Ministry.

54. Other Obligatory Payments

The royalties in accordance with this part are in addition to any fee, tax or other obligatory payment, which the Company is liable to pay pursuant to the provisions of any law.

55. Definitions

For the purpose of this chapter, "**Index Differentials**," "**Interest**" and "**Interest Arrears**" – as defined in the Royalties Regulations.

Chapter L: Provision of the Company's Services

56. The Contractual Agreement

- 56.1 The Company shall prepare the text of the Contractual Agreement, which it intends to offer to a Subscriber, and will submit it for the Director's perusal upon demand.
- 56.2 The terms of the Contractual Agreement will not be in explicit or implicit contradiction to the provision of any law or to the provisions of the License; however, the foregoing shall not prevent the incorporation of [different] provisions in the Contractual Agreement, which favor the Subscriber in contrast to the provisions of the law or the License.
- 56.3 The Contractual Agreement will be prepared in a format which is easy and convenient to read and understand, and it will point out in a conspicuous manner any condition or restriction with respect to the Subscriber's right to revoke the Contractual Agreement or with respect to the Company's obligation towards the Subscriber; any conditional provision in the Contractual Agreement shall be made explicitly and not by way of reference; a copy of the Company's Tariff Table, correct as of the date of concluding the Agreement, shall be attached as an appendix to the Agreement.
- 56.4 In the Contractual Agreement the Company shall note in a clear manner the indicators for the quality of service, which will be provided to the Subscriber, and shall also stipulate the details set forth in sections 44, 58.4 and 61.
- 56.5 The Contractual Agreement will apprise the Subscriber of the Director's authority to issue instructions to the Company to amend the Contractual Agreement, and will include a clarification according to which the Subscriber's Contractual Agreement with the Company constitutes consent to said amendment.
- 56.6 The Company shall provide the Subscriber with a copy of the Contractual Agreement and its appendices.

57. Amendment of the Contractual Agreement

- 57.1 The Director may instruct the Company to amend the Contractual Agreement after affording the Company a proper opportunity for a hearing.

- 57.2 In the event that the Contractual Agreement is amended pursuant to the Director's order or pursuant to a decision of the Standard Contracts Tribunal, if submitted for its approval, the contract between the Company and a Subscriber shall be concluded based on the amended Contractual Agreement, commencing from the date of the amendment.
- 57.3 The provisions of section 56 shall apply, *mutatis mutandis*, to any amendment to the wording of the Contractual Agreement by the Company.

58. Ombudsman

- 58.1 The Company shall appoint an Ombudsman, whose functions will be as follows:
- (a) To investigate Subscribers' complaints concerning the Company's Services;
 - (b) To investigate Subscribers' complaints concerning bills which the Company has issued to a Subscriber and to resolve such complaints.
- 58.2 The Ombudsman shall act in accordance with the policy set by the Company's management.
- 58.3 The Company shall furnish the Ombudsman with all the assistance which he requires in order to perform his job.
- 58.4 The Company shall inform every Subscriber of the possibility of filing a complaint with the Ombudsman, of his powers and address. The content of this sub-section will be included in the Contractual Agreement.

59. Dispute Resolution

- 59.1 The Contractual Agreement will state that any difference of opinion, which may come to light between the Company and a Subscriber, in any matter concerning the construction or performance of the Contractual Agreement, will be referred to the Company's Ombudsman for investigation.
- 59.2 The Contractual Agreement will stipulate that having reference to the Ombudsman pursuant to section 59.1 will not –

- (a) Prevent the Subscriber from bringing his complaint before a competent court⁶ ab initio;
- (b) Derogate from the authority of the Company, according to section 6(a) of the Telecommunication Regulations (Termination, Delay or Restriction of Telecommunication Activities and Telecommunication Services), 1985⁷ and the provisions of rule 14(c) of the Telecommunication Rules (The Company's Services), 1986⁸.

60. Access to Public Emergency Services

- 60.1 The Company shall allow its Subscribers and Occasional Customers at any time and at no charge, free and quick access to public emergency services (including telephone distress centers) in accordance with the Director's order, such as the Red Star of David [Ambulance Service], the Israel Police, the Fire Department etc. by means of uniform Access Codes mandated by the Director, in accordance with the Numbering Plan.
- 60.2 The Company shall give adequate publicity to the Access Codes to the public emergency services, including in the Company's Telephone Directory, by Internet publicity and by signs in public phone booths.

61. Protection of the Subscriber's Privacy

- 61.1 Without derogating from the provisions of the Law, the Secret Monitoring [i.e. wire-tapping] Law, 1979⁹, the Protection of Privacy Law, 1981¹⁰, or the provisions of any other law, which concern the protection of a person's privacy, the Company may not tap Telecommunication Messages of a Service Recipient without his prior written consent, except as necessary to audit the nature and quality of the service or for the prevention of acts of fraud.
- 61.2 Subject to the foregoing section 34, the Company, its employees, its agents and any person acting on its behalf may not disclose information about a Service Recipient, including records or documents which contain mention of

⁶ Or before an appeal tribunal pursuant to part B1 of the Telecommunication Rules (The Company's Services), 1986, so long as the said tribunal exists.

⁷ Subsidiary Legislation 1985, p. 1022; 1995, p. 501.

⁸ Subsidiary Legislation 1987, p. 184; 1992, p. 774.

⁹ Principal Legislation 1979, p. 118; 1995, p. 180.

¹⁰ Principal Legislation 1981, p. 128; 2000, p. 304.

his name, address, details of his account, his Telecommunication Messages, the times they were made and their destinations or any other information relating to him (hereinafter "**the Service Recipient's Particulars**") except for information which is delivered to a person empowered for this purpose by the Service Recipient.

- 61.3 Notwithstanding the foregoing section 61.2, the Company may do the following:
- (a) Provide the Service Recipient's Details to a third party for the purpose of collecting monies owed by the Service Recipient in respect of services which were provided according to this License, provided that the information provided is necessary for the collection of the monies and the preparation of bills, and that the third party undertakes to preserve the confidentiality of the Service Recipient pursuant to any law and to use the information solely for the purpose for which it was provided;
 - (b) Provide the Service Recipient's Particular's to another entity, insofar as the data is in its possession, where authorized by law so to do.

Chapter M: Oversight and Accountability

62. Power to Oversee

- 62.1 For the purpose of this chapter, "the Director" shall have the meaning set out in the Supervisory Regulations.
- 62.2 Pursuant to the provisions of the Supervisory Regulations and the provisions of the License, the Director may inspect the Company's operations in all matters concerning the performance of the License and the fulfillment of the provisions of the Law, the Ordinance, or any Regulations, Orders or Directives enacted pursuant thereto.

63. Entry into Premises and the Examination of Documents

- 63.1 In order to carry out the aforesaid [in this part] inspection, the Director, or any person who is engaged on his behalf in overseeing the Company, may:
- (a) Enter any Facility or office used by the Company in the provision of its services according to this License at any reasonable time and in coordination with the Company,;
 - (b) Carry out measurements and inspections;
 - (c) Direct the Company to perform measurements and inspections for him and report their results to him;
 - (d) Examine any record, document, plan, accounting ledger, notebook, database or computer file of the Company or of anyone who engages on its behalf in matters which the Director has the authority to oversee; the Director may examine and copy these in any way he deems fit;
 - (e) Direct the Company to deliver to him, upon demand, reports for the purpose of setting policy, at such time, in the format and in the manner determined by him.

64. Confidentiality

- 64.1 The Director and anyone who is engaged on his behalf in overseeing the Company shall not reveal any information or document (for the purpose of this section – "Information") which came into their possession by virtue of their

position, to any person who has not been authorized to receive them, unless the Information has become public knowledge. The duty of confidentiality will apply to any person to whom Information has been provided pursuant to the provisions of this section.

- 64.2 The Director may provide Information to the Anti-Trust Commissioner, the Consumer Protection Commissioner, the Central Bureau of Statistics, and any other agency, which is authorized to receive the Information in order to carry out their duties and the exercise of their lawful authority.

65. Cooperation

The Company shall cooperate with the Director, or anyone who conducts inspections on his behalf in all matters which relate to carrying out inspections of the Company, and, *inter alia*, will provide them, upon demand, any information in its possession or control, which they require in order to carry out said oversight.

66. Classified Service to the Security Forces

Any report or publicity regarding the provision of classified services to the Security Forces shall be in accordance with special security arrangements, which shall be coordinated between the Minister and the Security Forces, and brought to the attention of the Company's General Manager by the Minister.

67. Filing of Reports

- 67.1 The Company shall file the reports, which are specified in section 68, with the Director, in the format and at the times set out hereinafter.
- 67.2 Each report will reflect the correct and relevant facts in regard to the subject of the report, updated with respect to the period to which the report relates.
- 67.3 Each report will be filed in three (3) copies, printed and arranged in a manner which is comfortable to read, will bear a date and will be signed by the Company or by a person specifically empowered by the Company for this purpose; the report will be filed in the format dictated by the Director, including with respect to the content of the report, its structure and the way it is to be filed.

67.4 The Director may require the Company to re-draft or to complete a report, which it has filed, within the time and in the manner which he determines, including in instances in which he finds that necessary details are missing, or the report is missing details which, in the opinion of the Director, the Company should have included.

68. Types of Reports and Due-Dates for Filing

68.1 Once a year, the Company shall present the Director with the Annual Reports, which describe the activity, which took place in the period from January through December of the preceding year; [the reports shall be filed] within the time limit specified for each report from the end of the [previous] calendar year:

- (a) A report on the development activities relating to the Company's Network, within ninety (90) days.
- (b) An audited financial statement, signed by an accountant, will be filed within one hundred and twenty (120) days.
- (c) An Applicants and Subscribers Report, within sixty (60) days – which will include the following data:
 - (i) The number of Subscribers for each service, divided according to the types of services and the types of Subscribers;
 - (ii) The income for each service, divided according to the types of services;
 - (iii) The number of applicants requesting to connect or disconnect as well as the number of those who are waiting to be connected to the Network;
 - (iv) The Pre-selection of Subscribers to an International Operator.

68.2 The Company shall file the following reports with the Director upon demand:

- (a) A Malfunctions Report - which includes a summary and analysis of the malfunctions that have occurred in the Company's Network, according to the Inspections Log, and which details the number of malfunctions, the cumulative time duration for malfunctions of each type, an analysis of the malfunctions, and description of the steps to reduce their recurrence;

- (b) An Inspections Report - which includes details of the results of the inspections carried out on the Company's Network, and analysis of the information received from the control and monitoring system;
 - (c) A Quality of Service Report - an analysis of the Company's compliance with the requirements contained in Appendix C to the License, for the period of the Report;
 - (d) A Complaints Report - which itemizes the complaints filed by Subscribers with respect to service, including the subject of the complaints, the way these were handled, and details of the Ombudsman's activities;
 - (e) A Traffic Report – in a format to be dictated by the Director;
 - (f) A Special Incident Report – as specified in regulation 8 of the Supervisory Regulations;
 - (g) An updated Telephone Numbers Plan, pursuant to section 13.
- 68.3 The Company shall present the Director, quarterly and no later than a month after the quarter has ended, with the following reports:
- (a) A non-audited quarterly financial statement, signed by an accountant;
 - (b) A non-audited quarterly earnings report signed by an accountant, which details the income subject to the payment of royalties.
- 68.4 The Director may increase or reduce the number of periodic, annual or quarterly reports and may also require the Company to file special reports according to his directives.
- 68.5 The Company shall submit to the Director, upon demand, any additional data, which may be required for overseeing the Company's operations as well as any information, which is required by the Ministry in order to carry out telecommunications regulation and oversight.

69. Notification Regarding Defects

- 69.1 In the event that the Director finds defects or flaws in the Company's operations, it shall inform the Company of this fact in writing.
- 69.2 In the event that the Company receives such notice, it will present its written response to the Director, within thirty (30) days of the date of receipt, specifying the measures, which it has taken in order to remedy the flaws.

Chapter N: Subordination to Laws

70. Subordination to Law and Treaties

- 70.1 In all matters having regard to the establishment, the maintenance and the operation of the Company's Network, as well as the performance of Telecommunications Activities and the provision of Telecommunication Services, the Company shall act pursuant to the provisions of this License and pursuant to the following:
- (a) The provisions of the Law and the Ordinance and any subsidiary legislation enacted pursuant thereto;
 - (b) Administrative orders issued pursuant to the Law, the Ordinance or any subsidiary legislation enacted pursuant thereto;
 - (c) International Treaties in the field of telecommunications and radio, to which the State of Israel is a party.
- 70.2 The up-dated and valid versions of any law, administrative order or treaty, as aforementioned in section 70.1, will apply to the Company, including the remedies for breach thereof, and the foregoing provisions of the law will be deemed an inseparable part of the terms of the License.

71. The Requirement for a Permit Pursuant to another Law

For the avoidance of doubt, the grant of the License shall not exempt the Licensee from fulfilling any obligation pursuant to any other law, including the obligation to obtain any license, permit, approval or agreement, pursuant to any law.

72. Discrepancy Between Provisions of Law and the Provisions of the License

- 72.1 A provision, mandated by law or by regulations enacted pursuant thereto, will prevail over any contradictory provision in this License.
- 72.2 A provision mandated by the License will prevail over any contradictory provision in the Telecommunication Rules (The Company's Services) 1986¹¹.

¹¹ Subsidiary Legislation 1987, p. 184; 1992, p.774.

73. Non-Fulfillment of the Provisions of the Telecommunication Order

The Minister may revoke the License should he find that the Company has failed to comply with the provisions of the Telecommunication Order, in so far as these [provisions] concern the obligations, which are imposed on the Company by virtue of the Order.

Chapter O: Miscellaneous Restrictions

74. Prohibition on the Transfer of the License

This License may not be transferred, charged or attached, in whole or in part.

75. Ownership of the Company's Network

75.1 The Company shall retain ownership of the Company's Network, subject to the laws of property.

75.2 The Minister may determine that the Company shall also be allowed to use Telecommunications Facilities of a third party; thus, the Company may use the Telecommunications Facilities of the Security Forces subject to an agreement with the Security Forces or any one of them.

75.3 The Company shall not own the cable television cable network, even if such a network is installed in the Company's Facilities or its piping.

75.4 For the avoidance of doubt, nothing set forth in this section shall prejudice any third party rights or entitle the Company or a third party to rights of any kind.

76. Third Party Rights in the Company's Assets

In the event that rights in any of the assets that are utilized for the provision of the Company's Services are vested in any third party, the Company shall ensure that no situation will arise, in which the realization of the rights in the said asset may prejudice the performance of the Company's obligations pursuant to the License.

77. Provision of Service by Proxy

77.1 In the event that the Company wishes to provide any of its services, in whole or in part, by means of another Licensee acting on its behalf, it shall apply to the Director and request his approval for same; the Company shall attach the agreement between itself and the other Licensee to its request. Such approval is not required with respect to a contract between the Company and an entity that engages in the sale or installation of Terminal Equipment.

- 77.2 The Director may approve the request, reject it or make his approval subject to conditions, which must be fulfilled, including the amendment of the agreement. The Director will consider, *inter alia*, the extent to which the terms of the agreement with the other Licensee ensure the existence of fair competition, the standard of services to the public, the provisions of the License and the obligations of the Company pursuant to it; the Director will not approve an agreement with another Licensee which contradicts the Company's commitments under the License.
- 77.3 The Director may exempt the Company, at its request, from the need to receive approval pursuant to section 77.1, if he is convinced that the said contract has no substantial influence on the execution of the License.
- 77.4 The contract with another Licensee will in no way derogate from the Company's obligations and its liability to provide its services according to the provisions of the License, and nothing therein will derogate from the powers of the Minister, the Director or any person acting on their behalf.

78. Agreements with Another Licensee

- 78.1 The Company shall not enter into any agreements for the performance of Telecommunication Services or Telecommunication Activities jointly with another Licensee or with a Broadcasting Licensee, unless the Minister has given his approval for same and subject to any conditions which he has mandated.
- 78.2 The Company may enter into reciprocal back-up agreements with another Licensee in order to ensure service continuity, with respect to any activity or service, which are identical to an activity or service provided by the Company, and will notify the Director of same.

79. Non-Infringement of Competition

- 79.1 The Company shall carry out no activity, either by act or omission, and will be a party to no agreement, arrangement or understanding, which are meant or are liable to restrict or prejudice competition in the area of Telecommunications.
- 79.2 Should the Minister be apprised that the Company's actions may prejudice competition in the field of Telecommunications or in the field of broadcasting, he may issue orders to the Company, regarding the steps it is required to take

in order to prevent the said injury, after affording it a proper opportunity for a hearing.

80. Investments in Other Areas

In the course of a calendar year the Company may invest up to 25% of its annual revenue in activity, which is not intended for the provision of the Company's Services. The Minister may, on the Company's written request, and for special cause, allow the Company to deviate from the rate specified in this section, if he determines that a deviation of this kind will not detract from the Company's ability to fulfill the provisions of section 16 with respect to the Company's Network. For the avoidance of doubt, for the purpose of this provision the revenue of any Linked Companies will not be deemed to be income of the Company.

Chapter P: Holdings in the Company

81. Definitions

For the purpose of this chapter:

"Means of Control", "Control"	As defined by the Law.
"Holding", "Significant Influence"	As defined in section 4D of the Law.
"Substantive Holding"	The holding of Control, Significant Influence or Means of Control in the Company, which require approval pursuant to the Law or the Telecommunication Order.
"Excess Holdings"	The holding of Control, Significant Influence or Means of Control in the Company, without the approval required pursuant to the Law or the Telecommunication Order.
"Transfer"	With respect to Control, Significant Influence or Means of Control, whether directly or indirectly, whether for consideration or without consideration, whether in perpetuity or for a limited period, whether at once or in installments.
"Partner Companies"	Any one of the following: (a) Two companies, both of which exercise Significant Influence over a third company; (b) Two companies, both of which are both Connected Companies of a third company;

- (c) Two companies, one of which is a Connected Company to a third company, while the other exercises a Significant Influence over it.

"General Operator"

A General License Holder, an Exclusive General License Holder, a General License Holder for Cable Broadcasting or a License Holder for Satellite Broadcasting.

"Dominant Operator"

A General Operator who has genuine ability to influence the competition in a Sector of Activity. Without derogating from the generality of the foregoing, anyone who alone or together with a Parent Company, Subsidiary Company or Sister-Company has a Market Share of twenty five per cent (25%) or more will be deemed to be a Dominant Operator. A General Operator will be presumed to be a Dominant Operator if any of the following is true with respect to it:

- (a) It has the largest market share in a Sector of Activity;
- (b) An economical, technological, legal or other kind of bar to [the] switch [of subscribers] exists, which significantly limits the transfer of Subscribers from it to another General Operator in the same Sector of Activity;
- (c) It operates in a Sector of Activity in respect of which a bar to [the] entry [of new competitors] exists, which restricts, in a significant manner, the ability of another General Operator to provide services in that Sector of Activity, provided that its Market Share is not negligible.

"Market Share"

The relative portion of the entire amount of revenue, the number of Subscribers or the scope of traffic in a Sector of Activity, as the case may be.

82. Substantive Holding

- 82.1 No person shall have a Substantive Holding in the Company, without the required authorization pursuant to the Law or pursuant to the Telecommunication Order.
- 82.2 No person may transfer any Means of Control, Significant Influence or Means of Control in the Company, if as a result the transferee will have a Substantive Holding, without the authorization required pursuant to the Law or pursuant to the Telecommunication Order.

83. Transfer and Acquisition of Means of Control

- 83.1 In the event that Means of Control have been transferred in the Company in an amount which results in a Substantive Holding, without the Minister's authorization [having been granted] as required pursuant to the Law or the Telecommunication Order, the Company shall apprise the Minister thereof by means of a written notice, immediately after the Company becomes aware of the Transfer and no later than five (5) business days from the said time.
- 83.2 So long as the required authorization for a Substantive Holding has not been granted, as stipulated in section 82, the transferee's holdings in the Company shall constitute Excess Holdings, and the provisions of the Law or the Telecommunications Order, and the provisions of section 84, will apply in respect thereof.
- 83.3 The allocation of shares in the Company requires the approval of the Prime Minister and the Minister, subject to the Law and the provisions of the Telecommunication Order.
- 83.4 With respect to the issue or sale of the Company's securities to the public, the execution of an underwriting agreement, registration for trade on the stock exchange in Israel or abroad, or the deposit of securities or the registration thereof with a holding company, custodian or depository agent for the purpose of registering GDRs or ADRs or similar certificates, none of the foregoing will be regarded in and of themselves as a transfer of Means of Control in the Company; for the purpose of this section, only the person entitled to ownership of the security will be deemed the holder of the security.

84. The Status of Excess Holdings

- 84.1 Excess Holdings will be registered in the Company's ledger of Interested Parties, which shall note the fact that they are Excess Holdings, as soon as the Company becomes aware that they are Excess Holdings. Notification of such registration will be made by the Company to the holder of the Excess Holdings, and a copy of the notice will be delivered to the Minister no later than five business days from the date of registration.
- 84.2 The provisions of the Telecommunication Order will apply to Excess Holdings.
- 84.3 The provisions of sections 84.1 and 84.2 will be included in the Company's Articles of Association; the Company shall present the Director with an updated copy of the Articles of Association.

85. Limitations on Cross-Ownership in the Company

- 85.1 None of the following shall exist with respect to the Company:
- (a) An interested party in the Company is a Dominant D.O. or a Parent Company, Subsidiary Company or Sister-Company of a Dominant D.O.;
 - (b) An officer of the Company is an officer of a Dominant D.O., or an officer in a Parent Company, Subsidiary Company or Sister-Company of a Dominant D.O.
- 85.2 None of the following shall exist with respect to the Company unless the Minister has so permitted, on the basis of a written request, after he has been convinced that it will promote competition in the area of Telecommunications or that it is in the best interest of the public:
- (a) An interested party in the Company is a D.O. who is not a Dominant D.O.;
 - (b) A holder of Significant Influence in the Company is an interested party in a Dominant D.O., or an interested party in the owner of the Means of Control in a Dominant D.O., or a Partner Company or a Connected Company of a Dominant D.O.;
 - (c) Two or more holders of Significant Influence in the Company are General Operators in the same Sector of Activity or have Significant Influence in such Operators.

- 85.3 The Company may not be a Partner Company of another Dominant D.O. or of a Parent Company of another Dominant D.O., unless the Minister permits to do so.

Chapter Q: Liability and Insurance

86. Definitions

In this chapter:

"Use of the License" Development of the Company's Network, the installation, preservation, maintenance, updating or operation thereof, whether by the Company or by another entity acting on its behalf, including its employees, contractors, agents or representatives.

87. The Company's Liability

87.1 The Company shall bear the liability imposed upon it pursuant to any law in any case of death, damage or loss caused to person [i.e. bodily injury] or property, whether in a direct or indirect manner, as a result of the Use of the License or in consequence of the said Use.

87.2 Upon making Use of the License, the Company shall take all reasonable measures to prevent any damage or loss to person or property, and if such damage or loss are caused as a result of the Use of the License, the Company shall repair the damage at its own expense or compensate the injured party, [all] pursuant to any law, except for a case in respect of which the Minister has granted the Company the immunities set forth in Chapter I of the Law, in whole or in part.

87.3 For the avoidance of doubt, nothing in this section shall impose any liability on the Company above and beyond the tortious liability set forth in the law of torts or diminish it, or derogate from the immunity that is granted to the Company pursuant to Chapter I of the Law.

88. Execution of an Insurance Contract

88.1 At its own expense, the Company shall enter into an insurance contract with a licensed Israeli insurer pursuant to the terms set forth in section 89, and will present a copy of the said contract to the Director at such time as required.

- 88.2 The Company shall indemnify the State for any financial liability which is imposed on it by law with respect to any third party, as a result of the Use of the License or in consequence of the Use thereof; indemnification pursuant to this section will be insured by the Company by liability insurance as defined in the Insurance Contract Law, 1981¹².
- 88.3 The Company shall insure itself and its employees, as well as obligate any contractor who works for it or on its behalf to take out insurance coverage, against any financial liability, which is likely to be levied against the Company pursuant to any law, on account of damage caused to person or property as a result of the Use of the License or in consequence of the Use thereof.
- 88.4 The Company shall present the Director with an opinion from the insurer's attorney, which confirms that the insurance contract unconditionally covers all matters required according to sections 88 and 89. The Company shall attach a copy of the insurance contract and appendices to the foregoing opinion. The said documents shall be presented to the Director within seven (7) days from the date of signing the insurance contract.

89. Conditions with Respect to Insurance

- 89.1 The insurance contract will stipulate the term of the insurance and will be extendable, insofar as possible, and it shall stipulate that at the end of the term set therein it will be automatically extended, unless it has been revoked in accordance with the section 89.6.
- 89.2 The Company shall present the Director, upon demand, with confirmation from the insurer that the insurance contract is in effect, that no arrears exist with respect to the Company's payments of insurance premiums, and that no notices are pending concerning the revocation, suspension, limitation, amendment or termination of the validity of the insurance contract.
- 89.3 The insurance contract will contain a stipulation that in every instance that the insurer wishes to revoke the insurance contract due to non payment of the insurance premiums, it is obligated to notify the Director and the Company of same, in advance, no less than ninety (90) days prior to the date on which it actually intends to revoke the contract (hereinafter in this section – "**Notice of Revocation**").

¹² Principal Legislation 1981, p. 94; 1988, p. 216.

- 89.4 In the event that the Company receives a Notice of Revocation, it will act immediately to remedy the cause of revocation, or will act immediately to enter into an alternative insurance contract pursuant to section 89.6, and shall also notify the Director of the actions, which it has taken for that purpose. In the event that the cause of revocation is the non-payment of insurance premiums by the Company, the Director may pay the insurance premiums in lieu of the Company, and he may order forfeiture of the Bank Guarantee or any part thereof in order to cover the amounts which he has expended for this purpose, without derogating from his entitlement to collect these sums by any other means.
- 89.5 In the event that the Company wishes to revoke the insurance contract it will notify the Director of that fact at last forty-five (45) days prior to the date on which it actually intends to revoke the contract.
- 89.6 In the event that the Company consents to the revocation of the insurance contract by the insurer, or itself wishes to revoke the insurance contract, the Company shall execute an alternative insurance contract with a licensed Israeli insurer in such a manner that the entry into force of the alternative insurance contract will be simultaneous with the expiration of the previous contract; the new insurance contract will be presented to the Director, together with an opinion as set forth in section 88.4, a minimum of thirty (30) days prior to its coming into effect, and the provisions of this chapter will apply to it.

Chapter R: Miscellaneous

90. Appointments to the Company's Management and Other Positions

90.1 No person will be appointed to, or occupy, a position or office which is listed in Appendix E of the License, section 2.1, unless he meets the following conditions:

(a) He is a citizen and a resident of the State of Israel;

For the purpose of this section –

“Resident” – shall have the meaning set forth in the Population Registry Law, 1965¹³.

“Citizen of Israel” - shall have the meaning set forth in the Citizenship Law, 1952¹⁴.

(b) He has received security authorization from the General Security Service and from the Security Supervisor of the Security Establishment*, according to which there is no impediment to his holding such a position.

90.2 The Company shall incorporate provisions in its Articles of Association to ensure that no person will hold the positions detailed in section 2.1 of Appendix E to the License, unless he satisfies the conditions set forth in section 90.1.

91. The License as an Exhaustive Document

91.1 The Company's rights, obligations and powers with respect to the conduct of Telecommunication Activities and the provision of Telecommunication Services as specified in this License, and for the conduct of Telecommunication Activities which are required for the purpose of the provisions of the License, derive solely from the law and this License.

¹³ Principal Legislation 1965, p. 270; 1996, p.180.

¹⁴ Principal Legislation 1965, p. 270; 1996, p.180.

* Literally “Security System”; it is not clear in the Hebrew text which specific security agency is being referred to.

91.2 The Company shall be estopped from claiming the existence of any right, permission or power in regard to carrying out Telecommunication Activities or to the provision of Telecommunication Services based on any information, promise, commitment, representation, offer, understanding, publication, protocol, discussion or declaration, made outside the scope of the License, whether written or oral, whether prior to the grant of the License or subsequent thereto, unless explicitly contained in this License or pursuant thereto.

92. The Revocation of a Provision of the License

A revocation or finding that a provision of the License or part thereof is void, will apply only to that provision or part thereof, as the case may be, and nothing in them *per se* will affect the binding nature of the License or any other provision therein.

93. The Manner of Delivering Notices

93.1 Any notice with respect to this License or the performance thereof will be given in writing and will be sent by mail, by messenger or by facsimile; a notice sent by mail will be deemed to have reached its destination within 48 hours from the time it is delivered for dispatch. Where a notice is sent in any other manner, the sender will confirm its delivery to the addressee. .

93.2 Any notice from the Company to the Minister will be delivered via the Director.

93.3 The Company's address for the purpose of receiving notices pursuant to this section is: 15 Ha'Zvi Street, Jerusalem. The Company shall inform the Minister of any change to the foregoing address.

94. Postponements for Carrying Out the Provisions of the License

94.1 In the event that a deadline exists for the performance of a duty, which has been imposed on the Company under this License, the Company will fulfill such duty by the said date.

94.2 The Minister may, on his own initiative or at the Company's request, extend a deadline, which is set in the License, if he deems that the performance of the obligation at that time is impossible due to circumstances of *force majeure*, or

where he considers that reasons of public welfare or national security justify same.

95. The Company's Liability

95.1 Any approval, permit or license which is granted to the Company for the purpose of this License or within it's the framework, whether issued before the grant of the License or subsequent thereto, will not impose any liability on the State with respect to the Company.

95.2 The power of approval or superintendence granted to the Minister or the Director pursuant to this License, including the use of such a power, shall not impose on the State, the Minister, the Director, or any person acting on his behalf, any liability, which, pursuant to the law or this License devolves upon the Company, and will not prejudice, derogate, negative or mitigate the Company's liability.

96. Authorized Representatives of the Company

The Company's authorized representatives for the purpose of this License shall be the chairperson of the Company's Board of Directors and its General Manager; the Company's Board of Directors may appoint additional representatives of the Company for the purpose of this License.

97. Preservation of Powers and Provisions Pursuant to the Law

For the avoidance of doubt, it is hereby clarified that the License does not derogate or detract from any powers vested in the Minister by the Law, or regulations enacted pursuant to the Law, including the powers set forth in sections 4 and 6 of the Law, or any other provisions of the Law or pursuant thereto.

Appendix A: List of the Company's Services

1. General

- 1.1 This Appendix lists the Company's Services, followed by a concise description of each service.
- 1.2 The provision of the Services includes: installation, initial operation, maintenance, the location and repair of defects, the operation of a hotline for reporting malfunctions, relocating a line, transfer of a line to another person or change of name, temporary suspension of the service, and subsequent renewals or cancellation of the service, as the case may be.
- 1.3 The Company's Services will be provided according to the Technical and Service Quality Requirements determined by the Ministry from time to time. Indicators of availability and quality of service for the Company's Services will be specified in Appendix D of the License, in the following Tables of Services in this Appendix or in the service files authorized by the Director, as the case may be.
- 1.4 Nothing in this Appendix shall derogate from regulations enacted pursuant to the Law that relate to the different services.
- 1.5 An Access Code or Service Number that are used for receiving a service will be in accordance with the Numbering Program or with the instructions of the Director; the Access Codes and Service Numbers that are detailed in this Appendix appear solely for the convenience of the reader and are subject to change from time to time, according to the Numbering Plan or the instructions of the Director.
- 1.6 Some of the Ancillary Services that are provided by the Company, may also be provided by others as Value Added Services (for example: Talking Clock, Wake-Up service, and Directory Assistance).

2. Basic Services

No.	Name of Service	Description of Service	Availability of Service	Comments
1.	Basic Telephone	Telephone conversations to and from Subscribers of the Company to any telephone or other suitable Terminal Equipment, such as voice mail, on the Company's Network, or another Public Telecommunication Network, in Israel or overseas (by means of an International Operator).	Existing	
2.	Access to Emergency Services	Free dialing to the Emergency Services – as determined by the Numbering Program, e.g. the Police, Red Star of David [Ambulance Service], and the Fire Brigade.	Existing	The caller will be transferred to the Emergency Call-Center as defined by the provider of the Emergency Service, and according to the public switch to which he is connected at the time of the call.
3.	Public Payphone	Telephone for public use, on public premises or private premises, for the use of an occasional customer.	Existing	The service includes: a card operated telephone and a coin operated telephone.
4.	Point-to-Point Analog Line	A dedicated P.T.P. analog line for the transfer of speech signals or similar signals.	Only maintenance service for current	Uses a two or four wire interface, a twisted metallic pair of wires or a channel

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

			existing lines	operated by carrier equipment.
5.	Point-to-Point Video Line	A P.T.P. line for digital video signals transmission.	Existing	According to service file Digital Video Channels in SDI Format.
6.	ISDN (BRI/PRI)	Digital communication infrastructure for the provision of telephone services and Data Communication via a normal telephone line (BRI) or data line (PRI).	Existing	In the case of PRI, an interface exists to the [PSTN] switch.
7.	'Sifranet'	Digital P.T.P. line for data transfer by TDM protocol.	Existing	P.T.P. Services and Virtual Private Network services at data rates from 19.2 Kbps to 2 Mbps.
8.	Frame Relay	Digital switched connection, based on statistical multiplexing, logical channels, and dynamic bandwidth allocation for the transfer of data via interfaces suitable for communication between computers.	Existing	P.T.P. Services and Virtual Private Network services at data rates from 64 Kbps to 2 Mbps, as well as back up service, automatic PLL [Permanent Logical Link] or manual, according to the service file.
9.	'Isranet' (Packet Switching)	Switched packet data transfer service using X.25 protocol.	Existing	Fixed connection using a dedicated communication line or a telephony dial-up; Switched connection service and Virtual Private Network service.
10.	High-Speed Switched	Broadband Data Communication Service	Existing	According to service file.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

	Service (ATM)	using ATM technology.		Includes PLL back up service, automatic or manual, according to service file.
11.	WOW Service	High-speed access to the Internet network via Internet provider, using ADSL technology.	Existing	According to service file.
12.	Business Access	Broadband access to the local data network of an organization, using ADSL technology.	Existing	According to service file.
13.	Wire-Tapping Detection	Examination for the detection of wiretaps.	Existing	According to service file.
14.	Basic IP-VPN Service	Provision of intra-organizational, virtual Data Communication on the basis of the IP-VPN infrastructure of the Company.	Existing	According to service file.
15.	Interactive Answering Service	Interactive access of a caller to a Subscriber of the service by means of a voice menu defined by the Subscriber of the service.	Existing	According to service file.
16.	Giga-Bit Ethernet	Transmission or Data Communication system for the transfer of data from point to point, which enables interconnection between sites of a customer at a fixed and pre-defined bandwidth, at high speeds.	Existing	According to service file.

3. Ancillary Services¹⁵

No.	Name of Service	Description of Service	Availability of Service	Comments
1.	Call Waiting	A signaling tone heard by a telephone Subscriber during an existing call, which indicates an incoming call, and the option of taking the incoming call without disconnecting the existing call.	Existing	
2.	Permanent Blocking of Call Waiting	Permanent blocking of Call Waiting service.	Existing	
3.	Temporary Blocking of Call Waiting	Blocking call waiting service for the call that is about to taken.	Existing	According to directions from Terminal Equipment.
4.	Blocking of Outgoing Calls	Blocking the telephone line of a Subscriber to different types of outgoing calls.	Existing	The service includes the following: Blocking outgoing calls; Permanent blocking of international dialing; Permanent blocking of voice information services - 1957; Permanent blocking of voice entertainment services - 1956 ¹⁶ ; Permanent blocking

¹⁵ All the services are ancillary to Telephone Service; services, which are also ancillary to another Basic Service have been expressly noted; some of the Ancillary Services provided by the Company may also be provided as Value Added Services by others.

¹⁶ The block on audio entertainment services exists as the default mode, and may be lifted at the request of a Subscriber.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

				of dial-up access to an Internet supplier (Bezeqnet and Bezeqnet for Suppliers).
5.	Blocking of Incoming Calls	Blocking incoming telephone calls at the Subscriber's request.	Existing	It is still possible to make outgoing calls.
6.	Blocking of Collect Calls	Blocking a Subscriber's telephone line to incoming collect calls from the Company's Network.	Existing	
7.	Follow Me	The transfer of incoming calls to another telephone number.	Existing	'Flexible' service - transfer of calls when a line is busy, when there is no answer or in all cases according to instructions from the Terminal Equipment.
8.	Transfer of Telephone Calls	Transfer of incoming telephone calls to a set telephone number, defined in advance (as programmed in the Switch).	Existing	Transfer of calls if the line is busy, if there is no answer or in all cases.
9.	Repeat Parking	Upon receiving a busy tone or Call Waiting, it is possible to dial the Access Code and disconnect; as soon as the called line becomes free, a special signaling tone will be heard, and on lifting the receiver a connection to the called Subscriber will be established.	Existing	

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

10.	Last Call	Dialing the Access Code will connect the Subscriber to the last telephone number from which the Subscriber received a call.	Existing	
11.	Caller ID	The telephone number of the call initiator will be displayed on the screen of the Subscriber who is receiving the call.	Existing	Requires an appropriate device on the Terminal Equipment of the call recipient. The service works provided the Subscriber initiating the call has not blocked the telephone number from which the call was made.
12.	Blocking Calling Subscriber ID	Blocks the possibility of identifying the telephone number of the Subscriber, who is the initiating the call, by the recipient of the call.	Existing	
13.	Temporary Suspension of Telephone Service	The temporary suspension of telephone service for a period not exceeding 24 months, and the renewal of the service at the end of the temporary period of the suspension or at an earlier date, [all] according to the request of the Subscriber.	Existing	According to the Telecommunication Regulations (Termination, Delay or Restriction of Telecommunication Activities and Telecommunication Services), 1985.
14.	Recorded Message	Recorded personal message, heard by a caller who dials the	Existing	In accordance with the request of the Subscriber.

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

		number of the Subscriber.		
15.	Conference Call	Telephonic conference call, for 3 participants.	Existing	A third Subscriber is joined to a call between two Subscribers by the calling Subscriber.
16.	Collect Call	Domestic collect call by means of an automatic voice response system.	Existing	The Subscriber who receives the call consents to being charged for the call.
17.	Voice Mail and Voice Mail Plus	Personal voice mail service for a Subscriber, to receive messages. The service includes the following; Regular Voice Mail – receives messages when the call is not answered; Regular Voice Mail Plus – receives messages when the call is not answered or when the line is busy; Family Voice Mail – each member of the family has his own Voice Mail box; Combined Voice Mail-Fax .	Existing	Service file exists. The service includes 'return to sender' functionality – the ability to return to the telephone number from which the message was left.
18.	Short Number Telephone Dialing	Short dialing to public institutions, municipalities and service providers in order to receive assistance in time of distress;	Existing	An Inter-Ministerial State Committee, headed by the Ministry of Communications, determines the entitlement of an

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

		According to the Numbering Plan or the instructions of the Director.		organization or service provider to a short number.
19.	Talking Clock	Hearing a recorded message of the exact time, 24 hours a day, and receiving the time at destinations around the world, the beginning and end times of [the Jewish] Sabbaths and Festivals, the dates of Jewish holidays, the time of dawn, and other services.	Existing	According to service file. 1 minute timing resolution. Precision in signal transfer between minutes is– plus or minus one second.
20.	Wake-up Call	Computerized telephone wake-up / reminder service.	Existing	Precision to within plus or minus one minute.
21.	Non-Dial	A switched P.T.P. telephone line. Enables the Subscriber to make a telephonic connection to another predefined telephone number, merely by lifting the receiver, with no need to dial.	Existing	
22.	Hot Line	Blocking of telephone line to outgoing calls, excluding certain numbers, which are defined in advance.	Existing	Other calls may still be made using a calling card.
23.	Virtual Line	Allocating a telephone number for incoming calls, without installing a line.	Existing	Incoming calls will be transferred to Voice Mail or to another defined telephone number, including on another

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

				Public Telecommunication Network.
24.	Abbreviated Dialing to Pre-Programmed Numbers	Abbreviated dialing to pre-programmed telephone numbers.	Existing	Short list (8 telephone numbers); Long list (30 telephone numbers).
25.	Hunting	An incoming telephone call is automatically transferred to another line in the search group when the telephone line which was dialed is busy.	Existing	Regular "serial" hunting (the call is transferred until the last line in the search group); "Circular" hunting (a call which jumps after the last line in the group, and returns to the first line in the group).
26.	(1-800) Toll-Free Service	The initiator of a call from a fixed telephone to a number with a 1-800 prefix is not liable for the cost of the call; the recipient of the call is debited for the cost of the call. The initiator of the call from a mobile telephone will be debited for reduced air-time in accordance with the provisions of M.R.T. Operators' the licenses.	Existing	The service is available to any Subscriber of a fixed telephone or M.R.T. Subscriber in Israel; the service includes the ability to block calls from certain areas of Israel.
27.	Split Charge Call Service (1-700)	The initiator of a call from a fixed telephone to a 1-700 number of a subscriber is debited for the cost mandated by the	Existing	The service is available to any Subscriber of a fixed telephone or M.R.T. Subscriber in Israel;

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

		regulations. The subscriber, who receives the call, is liable for the remainder of the cost of the call, if such exists.		the service includes the ability to block calls from certain areas and to receive reports about the calls; According to service file.
28.	Metering Pulse	Transmission of pulses at a frequency of 16 kHz on the telephone line, for the purpose of operating subscriber premises metering equipment.	Existing	The rate of the pulse is derived from the cost of the call, and expresses 'a billing unit,' as defined by the Telecommunication Regulations (Payments Specified in the Schedule Pursuant to Section 15A), 2000.
29.	Virtual PABX (Centrex)	Virtual PABX on the public network.	Existing	Alternative service to PABX services on adjacent customer premises; Internal and external communication services to a Subscriber with a number of extensions, through the Company's Network.
30.	Direct Dialing In (DDI) Numbers allotment	The allotment of telephone numbers on the PSTN to enable direct dialing to extensions on a PABX.	Existing	
31.	Virtual Private Network (VPN)	Virtual Private Network on the public network,	Future	

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

		which enables the operation of extensions at different geographic sites as if they are extensions of one PABX.		
32.	Tele-Voting	Mass routing of telephone calls to a defined call-center (mass call handling). Dialing of a 6 digit number after the Access Code; The service is intended to prevent the 'flooding' of the telephone system by a volume of traffic with which that the call-center cannot cope.	Existing	Intended for the use of entities who are conducting polls, public opinion surveys, promotions etc., or for uses such as radio and television games; after dialing the number, the caller will be requested to choose between a number of alternatives, by means of a voice system; according to service file.
33.	Public Polls	The routing of a large quantity of telephone calls to a defined call-center (mass call handling). Dialing a 6 digit number after the Access Code; The service is intended to prevent the 'flooding' of the telephone system by a volume of traffic with which that the call-center cannot cope.	Existing	Intended for the use of public agencies during mass events, or for uses such as radio and television games, or public polls. The dialing of the actual number results in the selection of the desired alternative by the caller.
34.	Emergency Centers	The routing of a large quantity of telephone calls to a defined call-	Existing	The service is Intended to prevent the 'flooding' of the

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

		center (mass call handling); the service is intended for the use of State and public bodies, during emergency situations or in time of a mass disaster. Dialing a number of 3 digits after the Access Code.		telephone system by a volume of traffic with which that the call-center cannot cope.
35.	Telephone Bills	The issuing of different types of telephone bills including the following: Regular bill; Detailed bill – contains details of calls, for full information of a call that was conducted on the line of the Subscriber; Business bill – consolidates all the accounts of a Subscriber for all the lines belonging to him, into one account.	Existing	
36.	Telephone Numbers Information Service [Directory Assistance]	Information center to ascertain telephone, fax, telex and M.R.T. numbers, and to verify Subscribers' addresses.	Existing	As contained in Appendix C.
37.	Telephone Directory	The management, updating of, advertisement, and distribution of telephone directories.	Existing	Updated at least once a year, in each of the Areas. Distributing printed copies of the directory.

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

38.	Change of Subscriber's Name	Changing the name of the Subscriber, including at the information center for ascertaining telephone numbers and in the Telephone Directory.	Existing	According to the request of the Subscriber.
39.	Voice Information for Changes of Telephone Numbers	When dialing the old number an announcement is heard concerning the new telephone number of the Subscriber on the Company's Network.	Existing	For six months after the change of number; no charge. There is a payment for any additional period.
40.	Change of Telephone Number	Change of the telephone number assigned to the Subscriber for another number.	Existing	According to the request of the Subscriber.
41.	Bezeqcard Calling Card	Carries out telephone calls in Israel, from Israel to overseas, and from overseas to Israel, while the charge is made to another pre-determined account, by identifying the card number and personal code.	Existing	The service is provided by two methods: Prepaid calling card; Post-paid calling card.
42.	Tele-Kwik Calling Card ("Bezeq-Kat")	Execution of telephone calls by abbreviated dialing from any telephone in Israel to 3 predefined telephone numbers.	Existing	
43.	Access Circuits for an Announcement System	Allows access of many callers via telephone to a call-center that disseminates recorded information.	Existing	

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

44.	Announcement Service	A service that disseminates recorded voice information via the telephone, to a defined group of Subscribers.	Existing	Dials to Subscribers and upon answering a recorded message is heard.
45.	Telecampus Service	A telephone line which can only be used by dialing a personal code; the charge is debited separately to each owner of a code.	Existing	Intended for the use of a number of student Subscribers in dormitories.
46.	Click Talk	Enables a conversation to be conducted or arranged between an surfer on the Internet and the owner of an Internet site.	Existing	According to service file
47.	Waitnet ("Mamtinet")	Provides a Subscriber who is surfing on the Internet with the possibility of receiving an indication of waiting calls, to answer or to hear them as a voice message, without any disturbance to surfing on the Internet.	Existing	According to service file.
48.	Abbreviated Business Dialing (*XXXX)	An abbreviated and easy-to-recall number including the * key and 4 digits instead of a regular telephone number.	Existing	Enables network dialing only; according to service file.
49.	One Mail	All-in-one service for voice messages, fax messages and E-Mail messages that are received by the service	Existing	According to service file.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

		customer in a single 'One Mail' box, with the possibility of retrieving such messages by means of a fixed telephone, cellular phone, fax or computer.		
50.	"Bezeqnet"	Occasional access to the Internet using an Internet supplier, by a computer and modem that are connected to a telephone line.	Existing	Choice of Internet supplier from a list via the service screens; debit is through the telephone bill.
51.	"Business Bezeqnet"	Direct access to an Internet supplier, by dialing an Access Code and the number of the supplier, to "Virtual Access Hubs" (Virtual POP).	Existing	
52.	Access to Paging Services	Direct access to a Special Licensee for the provision of paging services for the transfer of short messages to a paging device owner via a service center of the Licensee.	Existing	The service is available from [to] any Subscriber of a fixed phone or an M.R.T. Subscriber in Israel; The Subscriber is charged a special tariff on his telephone bill.
53.	Access to Provider of Voice Entertainment Services	Telephonic access to a Special Licensee for the provision of voice entertainment service.	Existing	The Subscriber is debited for the duration of the call, at a special tariff set by the Special Licensee. The special charge may be separated from the telephone

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

				bill, at the Subscriber's request. The service is initially blocked by default to all Subscribers, and the block is removed only at the written request of the Subscriber.
54.	Access to Provider of Voice Information Services	Telephonic access to a Special Licensee for the provision of voice information service.	Existing	The Subscriber is debited for the duration of the call, at a special tariff set by the Special Licensee. The special charge may be separated from the telephone bill, at the Subscriber's request. The service is initially open by default to all Subscribers. The service will be blocked at the request of a Subscriber.
55.	Song or Greeting	Enables a Subscriber to order songs and greetings to be sent to another person's telephone number.	Future	
56.	SMS Service	Sending and receiving of short text messages (Short Message Service).	Existing	According to service file.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

57.	Secure Line	Enables the execution of encrypted calls, from the telephone line on which the service operates to any other telephone number. The call is encrypted in the segment between the site of the Subscriber who initiates the call and the public switch to which he is connected.	Future	
58.	Premium Service	Service at a special tariff.	Future	Requires service file authorization.

4. Other Services

1.	Mobile Public Payphone Unit	Stationing mobile public payphones unit at special events.	Existing	
2.	Ship Telephone	Temporary installation of a telephone line on a ship that is docked in port.	Existing	
3.	Telecommunication Services to Ships at Sea	Through shore station facilities.	Existing	
4.	Dissemination of Broadcasts to the Public Via Terrestrial Transmitters	The establishment, maintenance and operation of terrestrial radio and television transmitters; Dissemination of radio and television broadcasts by means of terrestrial transmitters.	Existing	The service is provided to a lawful public broadcaster according to Israeli law.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

5.	Satellite Communications	The establishment, maintenance and operation of earth stations for satellite communications for the provision of international and domestic communication services (both speech and data) to a Licensee.	Existing	
6.	Satellite Telephone via the Inmarsat Network	Operation of a satellite telephone earth station as part of the Inmarsat Network, and Sim-Card allocation.	Existing	According to service file.
7.	International Transmission Via Submarine Cables	Establishing, maintaining and operating Emos and Cios submarine cables, and allowing their use by an International Operator and by a Special License Holder who is permitted to directly purchase overseas Transmission Services via submarine sea cable.	Existing	
8.	Video Transmission Via Satellite	The establishment, maintenance and operation of earth stations for satellite communications, purchase of space segments and provision of the following	Existing	The service will be provided to the following: (1) To an Israeli corporation which broadcasts radio or TV to the Israeli

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

		<p>services; Domestic Video Signals Transmission Service, from point to point, or from point to multi-point. International Video Signals Transmission Service, including reception, broadcasts or both (up-link/down link) and relay between different satellites.</p>		<p>public according to any law¹⁷, excluding a corporation which broadcasts cable transmissions as defined in section 6A of the Law, or a foreign broadcasting or distribution corporation, operating under a treaty to which Israel is a party;</p> <p>(2) To an entity which requests the long-term transfer of analog video to a class of recipients and to them only¹⁸, and the video that is transferred is not intended for or capable of reception in Israel in a reasonable manner, by means of an antenna that is 2.4 meters in diameter or less;</p>
--	--	--	--	---

¹⁷ The Broadcasting Authority Law, 1965, The Second Television and Radio Authority Law, 1990, or Chapter 2 of the Telecommunication Law, 1982.

¹⁸ "Class of recipients" – a group that includes a limited number of people who have a common interest in the video reception, and the group has material and reasonable characteristics that justify its differentiation from another group.

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

				<p>(3) To an entity that requests the long-term transfer of digital encoded video, to a class of recipients and to them only, and the video that is transferred is not intended for or capable of reception by an entity which does not have a suitable decoder;</p> <p>(4) To an entity which receives special permission from the Director from time to time, for occasional use, for the purpose of events that are defined and limited duration.</p>
9.	The Sale of Terminal Equipment and Accessories	The sale of telephones and accessories for telephone equipment.	Existing	
10.	Examination of Infrastructure	Examination of infrastructure and pipelines for the provision of Telecommunication services in new buildings.	Existing	According to Part 9 of the Planning and Building Regulations (Application for a Permit, Conditions and Fees), 1970 ¹⁹ .

¹⁹ Subsidiary Legislation, 1970, p. 1841; 1993, p. 336.

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

11.	Laboratory Services	Examination and measurement of Terminal Equipment and infrastructure of a customer.	Existing	
12.	Telex	Enables Subscribers of the service to transfer and to receive telex messages via compatible equipment.	Existing	
13.	Telex Directory	The management, updating and publishing of a telex directory and its distribution to Telex Subscribers	Existing	
14.	"Avnet" (Infranet)	Information transfer service or remote control, using unique Terminal Equipment that is installed in the infrastructure of the Telephony Network.	Existing	System such as: Alarm, control center, control of elevators, telemetry, electricity, traffic light control, etc.
15.	Telecommunication Services for International Military Forces	Provision of Telecommunication services to Taba, to the multinational military force in the Sinai, and to the UN forces in South Lebanon.	Existing	
16.	Conversion of Lines and Types of Services	The transition from one particular line or type of service to a different line or type of service.	Existing	For example: converting a telephone line to an ISDN line; converting digital lines from asynchronous to

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

				synchronous communication ²⁰ .
17	Billing and Collection Services	Provision of billing and collection services for services supplied by providers, including Special Licensees such as the Postal Authority Office, suppliers of paging services and suppliers of information services.	Existing	
18.	"Intelsat"	Services that the Company supplies by means of the satellite system or the equipment of the International Organization for Satellite Services (Intelsat).	Existing	The Company provides [service] as the State's authorized representative in the International Organization for Satellite Services, and as the representative of "Intelsat" in the State of Israel (hereinafter – the Representation Services). The Company may provide the Representation Services subject to the following terms: 1. It will enable every Licensee who is authorized for this purpose by the Minister,

²⁰ See Telecommunication Regulations (Payments for Telecommunication Services which are not Specified in the Schedule to the Law), 2001.

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

				<p>within the framework of its License, to communicate, at its request, with "Intelset direct" subject to arranging payment to the Company pursuant to section 2 and subject to an undertaking by the Licensee requesting the service to indemnify the Company for any action by "Intelsat" against the Company due to actions of the entity requesting the service.</p> <p>2. The Company shall represent the Representation Services according to tariffs approved by the Minister.</p> <p>3. The Company shall not make the receipt of "Intelsat" service conditional upon any undertaking on the part of the entity, requesting</p>
--	--	--	--	---

**GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES**

				the service, to receive other services, which are supplied by the Company.
19.	N.T.P. to the Security Forces	The performance of installation, operation and maintenance work, of a Private Network, extensions on a Private Network, and other Telecommunications Facilities on the Subscriber's premises, including Multi-Line telephone systems and private switches [PABX] of all capacities, e.g. installing extension lines, connection of outlets.	Existing	In accordance with the provisions of paragraph 34 of the License.
20.	N.T.P. in Judea, Samaria and the Gaza Strip	The performance of installation, operation and maintenance work, of a Private Network, extensions of a Private Network, and other Telecommunications Facilities on the Subscriber's premises, including Multi-Line telephone systems and private switches [PABX] of all capacities, e.g. installation of extension lines, connection of outlets,	Existing	In accordance with the provisions of paragraph 36 of the License.

GENERAL LICENSE OF "BEZEQ" – THE ISRAEL TELECOMMUNICATION CORPORATION LTD. FOR THE
PROVISION OF DOMESTIC FIXED-LINE TELECOMMUNICATION SERVICES

		excluding household N.T.P.		
--	--	-------------------------------	--	--

Appendix B: Erotic Services

1. **Definitions**

1.1 In this Appendix:

"Licensee"	A holder of a General License granted by the Minister to provide Domestic Fixed-Line Telecommunication Services or to provide M.R.T. Services, including the Company.
"Telephone Bill"	A bill issued by the Company to a Subscriber for Services that it provided to him.
"Writing"	Including by means of facsimile or electronic mail.
"Service Number"	A number of digits, which are allocated to a Service Supplier by a Licensee, subject to the provisions of the Numbering Plan and administrative directives in respect thereof, and which, when dialed after the dialing code, enable a Subscriber to have access to an Erotic Service.
"Service Supplier"	Someone who supplies an Erotic Service by means of the Company's Network, the service being accessed by means of a Service Number, and payment for the service being made by means of the telephone bill.
"Dialing Prefix"	A nation-wide dialing prefix in the format mandated by the Ministry for an Erotic Service.
"The Network"	The Public Telecommunication Network of the Licensee.
"Erotic Service"	An audio service that is provided by the Service Supplier by means of a telephone line, where the service consists of playing a message containing sexual content, including the use of a recorded message, and including a service to meet others for the purpose of sex.

“Payment Regulations for Services Specified in the Supplement”	The Communications Regulations (Telecommunications and Broadcasting)(Payments for Telecommunication Services Specified in the Supplement to the Law), 2003.
“Payment Regulations for Services Not Specified in the Supplement”	Telecommunication Regulations (Telecommunications and Broadcasting)(Payments for Telecommunication Services Not Specified in the Supplement to the Law), 2003.
“Special Payment”	A price that is stipulated in paragraph 6, which the Subscriber is required to pay for an Erotic Service in addition to the regular payment.
“Duration Payment”	A Special Payment whose sum is fixed according to the amount of time in which the Subscriber utilized the Erotic Service.
“Normal Payment”	One of the following: (a) For a call from within the Company’s Network – payment that does not exceed NIS 0.45 a minute (not including VAT); (b) For a call from the Company’s Network to an M.R.T. Network – payment that does not exceed the tariff set out in letter “D” in Table A of the first Appendix of the Payments Regulations, in addition to NIS 0.45 a minute (not including VAT); (c) For a call from an M.R.T. Network to the Company’s Network – payment that does not exceed the tariff set on the basis of the tariff arrangement between a Subscriber and an M.R.T. Licensee for a call to another Subscriber’s number in the same Network, in addition to a payment

that that shall not exceed NIS 0.45 a minute (not including VAT).

2. Access to an Erotic Service

Subject to the provisions of section 4, the Subscriber will be afforded access to an Erotic Service through the Dialing Prefix and the Service Number.

3. Assignment of a Service Number

The Company may allocate a Service Number to a Service Provider; where the Company has allocated such a Service Number, it will enable the Service Provider to provide its services both to the Company's Subscribers and to the Subscribers of another Licensee.

4. Blocking Access to an Erotic Service

4.1 The Company shall block the access to an Erotic Service from all Terminal Equipment, which is connected to the Company's Network.

4.2 A Subscriber who is 18 years of age may request the Company to remove the block aforementioned in section 4.1 from the Terminal Equipment in his possession.

4.3 A Subscriber's request for the removal of the block will be made in writing, or orally, provided the Company has set up a procedure, which enables reliable identification of the requesting Subscriber.

4.4 In the event that the Subscriber requests the removal of a block in the aforesaid manner, the Company shall inform the Subscriber, even before carrying out the removal of the block, of the rate of the Normal Payment, as defined in section 1 of this Appendix, which is charged for an Erotic Service.

4.5 In the event that the Subscriber requests the removal of a block in the aforesaid manner, the Company shall, within a reasonable period of time, remove the block in a manner which will enable the Subscriber to have access to Erotic Services through the Terminal Equipment in his possession.

4.6 In the event that the block of the Erotic Services is removed in the aforesaid manner, and the Subscriber changes his mind and requests to the block his Terminal Equipment to the foregoing Services, the Company shall replace the

block as quickly as possible, and no later than 2 work days from the date of receiving the Subscriber's request.

- 4.7 The first removal of the block to an Erotic Service, which was performed at the request of the Subscriber as set forth in sections 4.2 and 4.3, will be performed free of charge. The Company may charge the Subscriber for any additional blocking of access to an Erotic Service, or for any additional removal of a block, which are performed at the request of the Subscriber, according to the tariff set out for this purpose in the Regulations Governing Payment for Services Not Specified in the Supplement.

5. Advance Registration

Notwithstanding the provisions of section 4, the Company may require pre-registration of the Subscriber in order to receive a password, which will serve the Subscriber as a prerequisite for receiving Erotic Service. Nothing in the provision of this section shall derogate from the provisions of sections 4.2-4.4.

6. Determination of a Special Payment

In the event that a Special Payment is set for an Erotic Service, the rate of such Payment will be set by the Company or in an agreement between the Company and the Service Supplier.

7. Charging the Subscriber for Erotic Service

- 7.1 In the event that a Normal Payment is set for an Erotic Service, the Company shall include the payment for the Service as part of the Telephone Bill, unless the Subscriber has asked that the charge for the Service be shown in the Telephone Bill separately from the charges for the other Services, which the Company provides.
- 7.2 In the event that a Special Payment is set for an Erotic Service, the Company shall present the charge for that Service in the Telephone Bill separately from the charges for the other Services, which the Company provides, unless otherwise requested by the Subscriber.

- 7.3 The Company shall provide the Subscriber, upon demand, within ten (10) work days and in return for the payment, which is set out for this purpose in the Payment Regulations for Services Not Specified in the Supplement, with particulars of the Special Payment according to the following:
- (a) The Service Number, which was assigned to the Service;
 - (b) The date and time of receiving the Service;
 - (c) The billable time units – charged according to the length of time – and the number of such units, which were metered or the total amount of the Special Payment;
 - (d) The amount of the charge for that Service.

8. Mandatory Announcement

- 8.1 In the event that a Special Payment is set for an Erotic Service, which is provided through the Company's Network, the Company shall play a recorded message, itself or via the Service Supplier, at the beginning of the call, which will include the following details:
- (a) The nature of the Service.
 - (b) The rate of the Special Payment for the Service, whether as a total sum or as a Duration Payment, as applicable;
 - (c) The option of disconnecting from the Service for no charge, before the tone is sounded, as set forth in section 8.4.
- 8.2 The recorded message will be made in the same language as the Erotic Service itself, in fluent and clear speech, at a reasonable pace and free of recording disruptions.
- 8.3 At the beginning of an Erotic Service which is provided in a language other than Hebrew, an announcement will be made specifying the language in which the Service is provided, followed by the recorded message, as set forth in sections 8.1 and 8.2, in the language in which the Service is provided.
- 8.4 On completion of the recorded message, as set forth in section 8.1, the caller will be given 5 seconds, at the end of which a tone will be sounded denoting the commencement of [receiving] the Erotic Service; should the caller disconnect prior to the sounding of the tone, he will not be charged a Special

Payment. Alternatively, the caller will be requested to press a certain key on the Terminal Equipment in his possession, in order to confirm that he wishes to receive the Service, and he will be charged a Special Payment only from such time.

9. The Company's Relations with a Service Supplier

- 9.1 The Company may allow a Service Supplier to conduct Telecommunications Activities for the provision of an Erotic Service by means of its Facilities; the Service Supplier will be exempt from the obligation to receive a license for the conduct of Telecommunications Activities pursuant to section 3(5) of the Law.
- 9.2 The Company shall include the provisions of this Appendix, *mutatis mutandis*, in the agreement between itself and the Service Supplier, in such a manner that the Service Supplier shall be obligated to comply with these provisions.
- 9.3 At the Director's request, the Company shall present him with any agreement between itself and the Service Supplier.
- 9.4 In the event that the Company wishes to disconnect a Service Supplier from the Network, it will so inform the Director a reasonable time in advance.

10. Interconnection between Networks

- 10.1 The terms of Interconnection between the Company's Network and between the Public Telecommunication Network of another Licensee, with respect to the provision of Billing and Collection Services by the one Licensee on behalf of another, for the purpose of providing an Erotic Service, which is supplied through the Company's Network to the Subscribers of another Licensee, will be settled by agreement between the Company and the other Licensee. In the event that the parties cannot reach agreement, the Minister shall determine the matter.
- 10.2 The Company shall present to the Director, upon demand, a signed copy of each agreement between itself and another Licensee with respect to the said Interconnection.

11. General

- 11.1 The Company shall be in charge of handling the complaints of Erotic Service customers, with respect to access problems of the Subscriber to the Service and problems of billing and collection with respect to the Service, and for that purpose will maintain an organization for handling customer complaints. The Service Supplier will be responsible for handling customer complaints where the complaints concern the content of the Service. In the event that the Company itself provides the Erotic Service, it will also be responsible for handling complaints of Erotic Service customers, which concern the content of the Service.
- 11.2 The Company may not disconnect, terminate or act to the detriment of the Basic Telephone Service of a Subscriber who has challenged a charge for Erotic Service and who refuses to pay it, but it may disconnect such a Subscriber from [continuing to receive] Erotic Service.
- 11.3 The Company shall not provide the Subscriber's details to a Service Supplier or to another entity, without the Subscriber's written approval, and after having verified the authenticity of the approval.
- 11.4 The Company shall deliver to any Subscriber who so requests, free of charge, within three (3) working days, the following details concerning a Service Supplier:
- (a) The name and address of the Supplier;
 - (b) A telephone number through which contact can be made with the Supplier.
- 11.5 The foregoing in this Appendix will also apply, *mutatis mutandis*, with respect to the provision of an Erotic Service, which is supplied solely to the Company's Subscribers by means of a Network Access Code.
- 11.6 The Company may itself provide an Erotic Service, and the provisions of this Appendix will apply to it, *mutatis mutandis*.
- 11.7 This Appendix shall enter into force on July 15, 2004.

Appendix C: The Standard of Subscriber Service

(This Appendix will be amended after the Company presents the Ministry with the data it has been requested to supply)

Part A: Repair of Malfunctions

1. (a) In this section, "Work Day" shall mean a period from midnight of one day until midnight the following day, excluding Sabbaths, both days of the Jewish New Year [Rosh Hashanah], The Day of Atonement [Yom Kippur], the first and eighth days of the Festival of Booths [Sukkot], the first and seventh days of Passover, Israel Independence Day and the Holiday of Pentecost [Shavuot].
 - (b) 80% of malfunctions in the receipt of Telecommunication Services, concerning which notices have been received by the Company, shall be repaired in no more than one Work Day, and the remainder – in no more than four Work Days, following the receipt of the relevant notice.
 - (c) Commencing January 1, 1995, malfunctions in the receipt of Telecommunication Services in respect of which notices have been received by the Company shall be repaired in the following manner: 80% on the same Work Day on which the relevant notice has been received, and the remainder no later than one Work Day following the day on which the notice has been received.
 - (d) The Managing Director of the Company or his engineering and planning deputy may, for special reasons, extend the term for the repair of a malfunction, provided that the said term is not extended by more than fourteen days from the day of receiving the notice.
2. (a) In the event of a malfunction, which is caused by a special occurrence, the Company shall notify the public as to the malfunction and the estimated date for its repair; for this purpose, "a special occurrence" shall mean an event which influences the provision of a Telecommunication Service to a group of Service Recipients in a material manner.

- (b) The provisions of section 1 will apply commencing on the date set by the Company in its notice as set forth in sub-section (a), as if it were the date on which the notice was received concerning the malfunction.

Part B: Installation and Relocation of Lines

1. The Company shall install or relocate lines of a Telephone Subscriber or Lines for Data Transfer for applicants requesting same as follows: With respect to 80% of requests – no later than 150 days from the date of receiving the request, and with respect to the remainder – no later than 300 such days, provided that when the performance is conditioned upon payment in advance, the applicant has paid his bill within the period set by the Company in the notice of payment which it has sent him.
2. Commencing January 1, 1995 the Company shall install or relocate lines of a Telephone Subscriber or Lines for Data Transfer with respect to which the Company has received requests, according to the following: 80% of them – no later than 14 days from the date of receiving the request, and the remainder – no later than 60 such days, provided that when the performance is conditioned upon payment in advance, the applicant has paid his bill within the period set by the Company in the notice of payment which it has sent him.

For the purpose of this section, "a Line for Data Transfer" shall mean a line whose transfer capability does not exceed 2,048 Kbps.

Part C: Service Exchanges

1. In this part, "Service Exchange" shall mean any of the Company's service exchanges, which are specified hereinafter:
 - (i) An information service exchange for querying Telephone Numbers of Subscribers, whose names have been published, or may be published, in the Telephone Directory published by the Company ("144 Service")[Directory Assistance];
 - (ii) A repair service exchange for giving notice of malfunctions in the receipt of Telecommunication Services ("166 Service").

2. The Company will handle calls to the Service Exchange in the following manner:
 - (a) The Service Exchange will answer a minimum of 80% of calls;
 - (b) The average waiting period of a calling party on the lines of the Service Exchange, after receiving a response, will not exceed 25 seconds;
 - (c) The maximum waiting period of a calling party on the lines of the Service Exchange, after receiving a response, will not exceed 50 seconds.

3. Commencing January 1, 1995, calls to the Company's Service Exchange will be handled as follows:
 - (a) The Service Exchange will answer a minimum of 90% of calls;
 - (b) The average waiting period of a calling party on the lines of the Service Exchange, after receiving a response, will not exceed 10 seconds;
 - (c) The maximum waiting period of a calling party on the lines of the Service Exchange, after receiving a response, will not exceed 30 seconds.

Appendix D:
Accessibility to International Telecommunication Services

(This Appendix will be amended separately)

1. Definitions

1.2. In this document the following words and phrases will have the meaning given, save where the language or context indicates a different meaning:

Bezeq International	Bezeq International Corp. Ltd..
Barak	Barak I.T.C. (1995) The International Telecommunication Services Company.
The Director	The Director-General of the Communications Ministry, or any person whom he has empowered with respect to this License, in whole or in part.
Occasional Caller	A Subscriber of the Licensee, who calls abroad by means of an International Operator, while using a three digit dialing code, as detailed in section 2.
Subscriber Number (or Telephone Number)	A group of numbers in a particular order, including a prefix which, when dialed, is intended to establish a Telecommunication connection between the Terminal Equipment of a calling Subscriber and the Terminal Equipment of a dialed Subscriber; the number of a dialed Subscriber may be a Subscriber's number, or the number of a Subscriber's answering service or the number of a Licensee's Telephone Service Exchange ²¹ .
International Operator	An entity, which provides International Telecommunication Services to the public in

²¹ The Licensee determines the Telephone Number according to rules and guidelines mandated by the Director.

Israel, pursuant to a General License from the Minister.

Selected Operator An International Operator selected by a Subscriber pursuant to the provisions of section 4²².

Access Code A group of numbers in a certain order, which, when dialed, enables access to a particular Telecommunication Service of a particular Operator; the dialing of additional Access Codes, as necessary, and a Subscriber Number, are intended to create a Telecommunication connection to the Terminal Equipment of a Subscriber²³. Where the Access Code belongs to a manned call-center, an operator provides the Service.

Abbreviated Dialing Code The "00" and "188" Access Codes, which are designated for the receipt of International Telecommunication Services, whether by direct dialing or by means of an operator as specified in section 2.

Golden Lines Golden Lines International Communication Services Ltd.

Subscriber Pre-selection A technical definition, which a Domestic Operator carries out at its switch, so that calls of its Subscriber, which were made by means of an Abbreviated Dialing Code, will be routed to the Selected Operator's switch.

Outgoing I.O. Call The transfer of a speech message or a facsimile message via an International Telecommunication Network, which is initiated by a Subscriber of the Licensee.

²² A Chosen Operator can be Bezeq International, Barak or Golden Lines.

²³ For example: Dialing an Access Code for International Services, followed by dialing of the country code, the area code in that country and the Telephone Number of the requested Subscriber abroad.

Incoming I.O. Call The transfer of a speech message or a facsimile message via an International Telecommunication Network, which is initiated by a caller abroad.

International Telecommunication Service A Telecommunications Service, which is provided to the public in Israel pursuant to a License from the Minister, by means of an International Telecommunication System of an International Operator.

I.O. Service International Telecommunication Message service, which is a simultaneous two-way transfer of speech as well as a simultaneous transfer of facsimile messages through an International Telecommunication System.

- 1.2 Words and phrases in this document, insofar as not defined above, shall have the meaning ascribed to them in the Law, the Regulations enacted pursuant thereto, the Interpretation Law, 1981²⁴, or as specified in the appropriate places in the General License of the Licensee and in the licenses of International Operators, save where the language or context indicate a different meaning.

2. Assignment of Access Code

- 2.1 For the purpose of access to International Telecommunication Services, the Licensee will route calls made by Subscribers using the following Access Codes to the switches of the International Operators:
- (a) **Two-digit Access Code** – the '00' Access Code, which will serve as an Abbreviated Dialing Code for International Telecommunication Services provided by a Selected Operator. [Any number] dialed by a Subscriber using the prefix '00' will be routed by the Licensee to the Selected Operator.

²⁴ Principal Legislation, 1981, p. 302; 1994, p. 358.

- (b) **Three-digit Access Code** – a '01X' type Access Code, which will serve as an Access Code for International Telecommunication Services provided to an Occasional Caller. Any number dialed by a Subscriber using the '01X' prefix will be routed by the Licensee to the International Operator with the digit 'X'; the digit X being the code for the following International Operators:
 - (i) '2' – Code for Golden Lines' Services;
 - (ii) '3' – Code for Barak's Services;
 - (iii) '4' – Code for Bezeq International's Services.
 - (c) **'188' Access Code** – which will serve as a number for Operator Services; any dialing of '188' by a Subscriber will be routed by the Licensee to the Operator Services of the Selected Operator.
 - (d) **Four-digit Access Codes** – a '18XY' type of number, which will serve as the Access Code for various International Telecommunication Services of each International Operator; each '18XY' [number] dialed by a Subscriber will be routed to an International Operator according to the X digit; the X digit being the International Operator's Code pursuant to section 2.1(b); the Y digit is any digit from 1-9 and the digit 0; the use of the digit Y will be determined by the Director, in consultation with the International Operators, in order to ensure uniformity and fair competition; each International Operator will be allocated ten (10) such four-digit telephone numbers; these numbers will be accessible both to Subscribers of a Selected Operator and to Occasional Callers.
- 2.2 If the Licensee enables its Subscribers to use another Abbreviated Dialing Code (e.g. +), instead of the "00" Dialing Code (hereinafter - **Special Code**), all the provisions and rules, which apply to the Abbreviated Dialing Code "00", will apply to the Special Code.
- 2.3 Dialing from a Licensee's card-activated public payphone for the receipt of International Telecommunication Services will only be possible by means of 01X type three-digit Access Codes and 18XY type four-digit Access Codes; it will not be possible to dial using '00' or '188' Access Codes from a public payphone.

2A. A Subscriber's Accessibility to Outgoing I.O. Calls:

- 2.1A The Licensee will enable a Subscriber to act in any of the following ways with respect to Outgoing I.O. Calls:
- (a) As a Pre-selected Subscriber;
 - (b) Blocked;
 - (c) As an Occasional Caller only.

3. Block on Outgoing International Calls and Removal of Block

- 3.1 The Licensee will block Outgoing I.O. Calls, and it may also block Incoming Collect I.O. Calls for any Subscriber who requests to block access to International Services, or to a Subscriber whose International Service for Outgoing I.O. Calls has been terminated or disconnected, according to the rules which are set forth in the Regulations enacted pursuant to the Telecommunication Law and in the License; the Licensee may not block Incoming I.O. Calls, except for Collect Calls.
- 3.2 In the event that Outgoing I.O. Calls have been blocked at the Subscriber's request, the Licensee will remove the block in the following manner:
- (a) Where the Subscriber requests Pre-selection, he will note, by signing an appropriate form, the International Operator whom he chooses as his "Selected Operator"; a notice which has been filed by fax will be regarded for this purpose as written notice given by the Subscriber.
 - (b) In the event that the Subscriber asks to be an Occasional Caller, he will notify the Licensee of that fact; where the notification is made orally, the Licensee will verify the identity of the requesting Subscriber.
- 3.3 The Licensee will effect or remove a block on I.O. Calls, at the request of a Subscriber, according to the following:
- (a) 70% – within one Work Day of receiving the notice; requests received later than 15:00 hours, will be deemed as having been received on the following Work Day;

- (b) 20% – within two Work Days from the receipt of the notice;
 - (c) The remainder – within 5 Work Days.
- 3.4 The Licensee will ensure that a Subscriber whose Outgoing I.O. Calls have been blocked is unable to make Outgoing Calls using the "00," "01X," "188," and "18XY" Dialing Codes, or any other code which replace these.
- 3.5 The Licensee may charge a fee for blocking Outgoing I.O Calls or for removing the block, pursuant to the Telecommunication Regulations (Payments for Telecommunication Services Not Specified in the Supplement to the Law), 1999²⁵ (Hereinafter - the **Payments Regulations**).
- 3.6 The Licensee will ensure that a Subscriber, whose access to Outgoing I.O. Calls has been blocked, receives an appropriate tone when he dials Access Codes or Telephone Numbers to International Services.
- 3.7 In the event that a Subscriber who has chosen a Selected Operator requests to block Outgoing I.O. Calls, the Licensee will inform the Selected Operator of same, within seven (7) Working Days from the date the block has been effected.

4. Subscriber's Choice of a Selected Operator

- 4.1 A Subscriber of the Licensee may inform an International Operator in writing, by use of a signed form which has been approved by the Director, that he has chosen it as his Selected Operator, by means of which he wishes to receive International Telecommunication Services with the '00' and '188' Access Codes; the form will include the Subscriber's particulars – first name and surname or corporate name, identity card number or corporate I.D. number, address, and the Telephone Numbers for which the Subscriber wishes to appoint the International Operator as Selected Operator, and the date and time at which the Subscriber's instruction has been given; the form will clearly state that only one Selected Operator can be appointed in respect of each Telephone Number, and it will comply with the requirements set forth for this

²⁵ Subsidiary Legislation, 1999, p. 608.

purpose in the International Operator License²⁶ (hereinafter – **Selection Form**).

- 4.2 A Subscriber may change his Selected Operator at any time by giving written notice by means of a Selection Form; the Subscriber will not be required to pay any charge for the first Pre-selection, which was effected at his request, however, for any change of Pre-selection the Subscriber will pay the rate set out in the Payments Regulations.
- 4.3 The Selected Operator will notify the Licensee notice that he has been chosen by the Subscriber as his Selected Operator (hereinafter – **Selection Notice**); the Selection Notice will include the Subscriber's particular's – first name and surname, address and the Telephone Numbers for which the Subscriber wishes to appoint the International Operator as Selected Operator; the Selected Operator will deliver Selection Notices to the Licensee by means of the signed Selection Forms in his possession; the Selection Notices will be delivered on magnetic medium, or in another manner which will be agreed upon between the Licensee and the International Operators. In the event that two or more Selection Notices, which relate to the same Telephone Number, are transmitted to the Licensee, the Licensee will act in accordance with the Selection Notice, which bears the later date and time.
- 4.4 Should a person apply to become a new Subscriber of the Licensee, he will be required to state in his application the International Operator, with whom he wishes to contract as a Selected Operator; the Licensee will enable every new Subscriber to choose a Selected Operator for himself or to block his Outgoing I.O. Calls, or enable a Subscriber to receive I.O. Services as an Occasional Caller only; the Pre-selection Service for a Selected Operator or as an Occasional Caller will be provided to a new Subscriber free of charge at the time of his initial subscription, whereas for the blocking Outgoing I.O. Calls the Subscriber will be charged the rate set for this purpose in the Payments Regulations.
- 4.5 For the purpose of carrying out the procedure for appointing a Selected Operator, and without derogating from the foregoing, the Licensee will act in the following manner:

²⁶ Attention is directed to section 52.3 of the Bezeq International License, and section 56.4 of the Golden Lines and Barak Licenses.

- (a) The Licensee will enable each Subscriber, who owns a number of Subscriber lines, excluding lines in a PCM group, lines which relate to a hunting group, and ISDN lines with more than one number per line, to select one Selected Operator for several Subscriber lines and a different Selected Operator for the other Subscriber lines.
- (b) Revoked.
- (c) The Licensee will carry out the Subscriber's Pre-selection within one Work Day of receiving the Selection Notice from the Selected Operator.
- (d) The Licensee will inform an International Operator of the completion of Subscribers' Pre-selection, including any change of Pre-selection, at such time and in the format agreed upon between the Licensee and the International Operator; the report will include the Subscriber's particulars – first name and surname or corporate name, address and the Telephone Numbers which the International Operator has been pre-selected.
- (e) The Licensee will deliver to each International Operator, on a daily basis, a file of daily changes to Subscribers' Pre-selection (hereinafter "**Modifications File**"), containing the details of Subscribers who have subscribed to the International Operator or left it on that day. The Modifications File will be delivered at such time and in the format as will be decided upon between the Licensee and the International Operator. The File will include the Subscriber's particulars and at least the following: first name and surname or corporate name, identity card number or corporate I.D. number, address and the Telephone Number for which the International Operator has been Pre-selected.
- (f) The Licensee may apply to the Director to permit it, in certain cases, to set rules and limitations concerning a Subscriber's Pre-selection. The Licensee will specify the technical or operational reasons upon which its request is based; where the Director, on the basis of his professional discretion, approves the foregoing request of the Licensee, he will set the period during which the rule or limitation will be in effect.
- (g) The Licensee will file a written Quarterly report with the Director, by the 15th day of the month following the end of each Quarter; the

information in the report will be accurate to the last day of the calendar Quarter which preceded the date of the report and will include the following:

- (i) The number of Subscribers whose access to International Telecommunication Services is blocked;
 - (ii) The number of Subscribers who are connected to International Services by means of an Abbreviated Dialing Code or through a "Special Code" to each of the International Operators;
 - (iii) The number of Subscribers who are connected to International Services as Occasional Callers only.
- (h) In the event that differences of opinion arise between International Operators or between the Licensee and an International Operator with respect to the choice of a Selected Operator by a Subscriber, the matter will be referred for settlement to the Director or to an independent arbitrator, appointed by the Director at his sole discretion.

5. Revoked.

6. Blocking an Abbreviated Dialing Code

6.1 Subject to the provisions of this Appendix, the Licensee will block an Abbreviated Dialing Code for any Subscriber who so requests.

6.2 The Licensee will effect the block of an Abbreviated Dialing Code as follows: the Licensee will route the calls of the Subscriber using the '00' two-digit Access Code and the '188' Access Code to an announcer, who will provide the following recorded voice message, in the Hebrew, English, Arabic and Russian languages: "This Service is not available; for further details please dial the following number _____ (telephone number of an Announcer pursuant to the provisions of section 6.7)."

6.3 Revoked.

6.4 Revoked.

6.5 Revoked.

6.6 Revoked.

6.7 The Licensee will operate a recorded message 24 hours a day, including on [the Jewish] Sabbaths and holidays, in a manner and using language which will enable the Subscriber to receive an explanation about Pre-selection and dialing abroad in the Hebrew, English, Arabic and Russian languages; the explanation will cover the following topics:

- (a) Carrying out Pre-selection of a Selected Operator – an explanation of the process and the number to contact in order to request a Selection Form;
- (b) How to dial abroad when the Subscriber [access] is blocked to an Abbreviated Dialing Code;
- (c) The possibility of blocking dialing abroad and the possibility of removing such a block;
- (d) Whom to contact for further clarifications – the Telephone Numbers of the International Operator Call-Centers.

7. Interconnection

7.1 The Licensee will connect its system, whether in a direct or indirect manner, pursuant to its License, to the International Telecommunication Systems of all the International Operators, in a manner which will enable every Subscriber to obtain International Telecommunication Services, by means of the International Telecommunication System of each International Operator, including Outgoing and Incoming I.O. Calls, Direct Dialing, ISDN dialing, dialing via an Operator ('188' service as aforementioned in section 2.2(a)), "Israel Direct" service, collect services (from overseas to Israel, from Israel to overseas), International 1-800 services (incoming and outgoing calls), Calling Cards service, from and to any destination abroad.

- 7.2 The technical, operational and commercial arrangements between the Licensee and each International Operator will enable the provision of the following to each Subscriber:
- (a) Quality service, including quality control and means to check and handle complaints of Subscribers with respect to the quality of service;
 - (b) Reliable and accurate charging of the Subscriber, including auditing of the charge, and means to check and handle complaints of Subscribers with respect to wrongful charges and the ways and means for the identification and prevention of deceit and fraud;
 - (c) Consumer service for the Subscriber's requests and inquiries, including the ways and means to provide a detailed bill to the Subscriber, and to deal with Subscriber requests in respect of any issue concerning the receipt of International Services.
- 7.3 For the implementation of all the foregoing in this Appendix, the Licensee will act, *inter alia*, as follows:
- (a) The Licensee will, at any time, enable any Subscriber who has not blocked Outgoing I.O. Calls, to make calls abroad by means of his Selected International Operator or as an Occasional Caller, in the dialing format specified in section 2.
 - (b) The Licensee will enable every Subscriber to change his Selected Operator; this service will be provided for a fee at the rate set forth in the Payments Regulations.
 - (c) The Licensee will take reasonable measures to prevent the Subscriber's Pre-selection to a Selected Operator without his knowledge or against his will ("slamming"); these measures will include the identification of the Subscriber and the verification of the Subscriber's right to receive the service.
 - (d) The Licensee will provide each Subscriber, free of charge, with a service, which will enable him to identify the name of his Selected Operator.

- (e) The Licensee will offer non-discriminatory terms to each International Operator, including with respect to commercial terms, billing and collection arrangements, the availability of the connection facilities and the quality of service; without derogating from the generality of the foregoing, the Licensee will provide service to all the International Operators on non-discriminatory terms including with respect to Interconnection, the supply of infrastructure facilities and Network connection services, the execution of changes to switching, Facilities, protocols and Network Interfaces.
 - (f) The terms for Interconnection between the Licensee's system and an International Telecommunication System of an International Operator will be reasonable and non-discriminatory; In the event that the parties cannot reach agreement in this regard, the Minister will resolve these matters.
 - (g) The Licensee will present the Director with a copy of each agreement between the Licensee and an International Operator concerning Interconnection.
 - (h) The Licensee will provide any International Operator who so requests with the particulars of any Subscriber who refuses to make payment to the Licensee, which is intended for the International Operator in return for International Telecommunication Services, which the Subscriber has received through an International Telecommunication System of the International Operator, whether the Subscriber has Pre-selected the International Operator or is an Occasional Caller; these particulars will include first name and surname or corporate name, identity card number or corporate I.D. number, address and Telephone Number.
- 7.4 The International Operators will bear the costs for implementing the Interconnection, including the polling proceedings and the blocking of the Abbreviated Dialing Code, but excluding the initial Pre-selection of a Subscriber to a Selected Operator; the amount of the foregoing payments will be determined in negotiations between the Licensee and the International Operators; joint costs of the Licensee, which cannot be attributed to a specific International Operator, will be divided equally amongst all the International Operators. In the event that the parties are unable to reach an arrangement, the

Minister will issue directives regarding these matters, after affording the parties a reasonable opportunity for a hearing.

SUPPLEMENTS

1. First Supplement – Cancelled.
2. Second Supplement – Cancelled.

Appendix E: Security Provisions

1. Definitions

In this Appendix:

"Classified Information" or "Classified Subjects"	Information or subjects, whose security classification is "Restricted," "Classified," "Secret," or "Top Secret."
"Authorized Security Bodies"	Those bodies authorized in the area of security screening, security authorization, access to Classified Information, and information and system security – in the General Security Service, the I.D.F., the Institute for Intelligence and Special Tasks ["Mossad"], and the Israel Police.
"Classified Director"	A Director who has appropriate security classification, as determined by the General Security Service.
"Security Matters"	Any directive and any matter which concern Israel's national security, which are the subject of a directive of the Minister of Communications to the Company pursuant to section 13 of the Law, or Appendix F to the License, or which have been classified as such pursuant to the provisions of this Appendix.

2. Confidentiality

- 2.1 The provisions of section 90 of the License will apply to the officers and functionaries hereinafter specified, or those corresponding to them, should the job-title of the office or position change:
- (a) The Chairperson of the Board of Directors and the members of the Control Committee of the Board of Directors.
 - (b) 75% of the members of the Board of Directors (including the Chairperson and the members of the Control Committee).

- (c) The Director-General, his deputy and his alternate.
- (d) The deputies to the Director General in the following areas:
 - (i) Engineering.
 - (ii) Operations.
 - (iii) Information Systems.
 - (iv) Marketing.
 - (v) Finance.
 - (vi) Managerial Resources.
- (e) The Legal Advisor, his deputy and his alternate.
- (f) The Internal Auditor.
- (g) The Security Officer and his staff.
- (h) The Managers of the headquarter units and the operational units, and the senior employees of the headquarter units and the operational units, in the following areas:
 - (i) Engineering and system planning.
 - (ii) Switching.
 - (iii) Transmission.
 - (iv) Data Communication.
 - (v) Network Control and Services.
 - (vi) Sales.
 - (vii) Customer Service.
- (i) Exchange Managers, his deputy and alternate, or alternative functionaries.
- (j) The Computerized Systems Protection Officer and his staff.
- (k) Additional office holders or functionaries and service providers to the Company, as determined by the General Security Service, including accountants and other consultants of the Company, who, by virtue of their positions, are likely to receive Classified Information, or those who

engage in activities with the Security Forces, as determined in collaboration with the Security Officer and the General Manager of the Company.

2.2 Classified Information

- (a) It is the responsibility of the Authorized Security Bodies to determine the classification of the information, concerning the activity of the entities, which they represent.
- (b) The Company may not provide a Non-Classified Director with information on Security Matters, and a Non-Classified Director will not accept Classified Information and Information concerning Security Matters.
- (c) A Classified Director may not transfer or pass on any information and documents which concern Security Matters, excluding a transfer of information to the Control Committee, as set forth in sub-section 2.5 below.
- (d) The Company may not transfer Classified Information to a shareholder or permit the perusal of classified documents, which are in the possession of the Company, where such disclosure contravenes the Security Provisions detailed in this Appendix or in Appendix F or in section 13(d) of the Law.
- (e) All the documents, which concern Classified Information, will be safeguarded in accordance with the provisions of section 3 of this Appendix, and in accordance with the procedures of the General Security Service for securing records.

2.3 Deliberations of the Board of Directors Concerning Security Matters

- (a) Security Matters will be discussed by the Board of Directors, the Committee for Security Matters and the Control Committee, after coordination and with the approval of the Security Officer, and pursuant to the provisions of this Appendix.

- (b) Security Matters, which the Board of Directors is obligated to discuss pursuant to section 112 of the Companies Law, 1999, and may not delegate to others, will be discussed, to the extent they require discussion by the Board of Directors, with the participation of Classified Directors only. Non-Classified Directors will not be permitted to participate in such a meeting of the Board of Directors, and will not be entitled to receive information or to peruse documents, which relate to the issues discussed therein.
- (c) The Board of Directors will supervise operations and services which are performed and provided by the Company with respect to Classified Subjects only by means of Classified Directors or by means of an external entity (e.g. an accountant), who will receive proper security clearance from the General Security Service, and whose access to classified information will be approved by the Authorized Security Bodies, as needed.

2.4 Committee for Security Matters

- (a) The Company's Board of Directors will appoint a Committee for Security Matters, which will be comprised of Classified Directors. The committee will be comprised of the Chairperson of the Board of Directors and two Classified Directors, one of whom will be an external director. The Chairperson of the Board of Directors will chair the committee for Security Matters.
- (b) Issues, which concern Security Matters and need to be discussed in the forum of the Board of Directors, will be discussed, subject to the provisions of section 2.3(b), within the Committee for Security Matters only.
- (c) The provisions of section 29(c) of the Government Companies Law, 1975, will not apply to those subjects, which will be discussed by the Committee for Security Matters.
- (d) A decision which has been made or an action, which was taken by the Committee for Security Matters, will have the same status as a decision which was made or an action which was taken by the Board of Directors.

2.5 Control Committee

Discussions and decisions of the Control Committee which concern Security Matters, will be discussed, to the extent required, by the Control Committee, sitting as a panel of three Classified Directors from among the members of the Control Committee, one of whom is an external director. The foregoing directors will not be permitted to invite anyone to the meeting other than the members of the Committee for Security Matters, and the Internal Auditor.

2.6 Deliberations Concerning Security Matters in the General Meeting

The General Meeting may not assume, delegate, transfer or exercise any powers, which are entrusted to another organ of the Company, concerning Security Matters.

2.7 Signing of a Confidentiality Undertaking

All officers in the Company and all of the Company's employees, who engage in activity with the Security Bodies, shall sign a confidentiality undertaking.

2.8 Functionaries' Performance of Activities and Services Concerning Classified Subjects

Activities and services concerning Classified Subjects and Security Matters will be carried out only by those functionaries of the Company who have the appropriate Security Classification, security authorization and approved access to classified information from the General Security Service, as the case may be.

3. The Security Officer

3.1 The Licensee will appoint a Security Officer, who shall be responsible to coordinate the Company's Operations on behalf of and under the guidance of the Security Forces or any of them, and to manage the contacts between the Licensee and those bodies. Where necessary, deputies will be appointed for the Security Officer in the operational units, in order to fulfill the said objective.

- 3.2 The Security Officer will be responsible for safeguarding classified documents and Classified Information, and he may provide these for the perusal of those who have the appropriate security clearance, security authorization and approved access to classified information, as approved by the Authorized Security Bodies, as the case may be.

4. The Obligation to Disclose Information

- 4.1 In the event that the Licensee is required, pursuant to law, to disclose information, which relates to a Classified Subject, such information will not be revealed before it has been examined and approved by the Authorized Security Bodies, as the case may be.
- 4.2 Where in the opinion of any of the foregoing Bodies the disclosure of the said Information is liable to be injurious to the security of the State or its foreign relations, the Licensee will take action in order to obtain a legal exemption from the obligation of disclosure.

5. Protection of the System, the Components of the System and the Databases

- 5.1 The Licensee will take the measures necessary to protect the system, the system components, and the databases, which are used for the provision of services, [and] for operation and control of the system against activity of unauthorized entities.
- 5.2 For this purpose, the Licensee will operate means of controlling access and means for monitoring the access to the system, the different system components and the databases, with the aim of controlling and supervising all operation and maintenance activities, preventing unauthorized access to the system, and identifying attempts at such unauthorized access.
- 5.3 The various means and working procedures which the Licensee will institute for this purpose shall be in accordance with the guidelines of the Authorized Security Bodies; these Bodies will supervise and monitor the actions of the Licensee, who will strictly follow their instructions.

6. **Reporting and Publicity With Respect to a Classified Service for the Security Forces**

Any report or publicity, which relates to the provision of a Classified Service to the Security Forces, will be in accordance with special security arrangements, which will be mandated by the Authorized Security Bodies, as the case may be.

Appendix F: Security Appendix

(Top Secret)

The wording of this Appendix has not been changed from the existing wording employed in Appendix G of the original license.

Appendix G: Bank Guarantee

The State of Israel – The Ministry of Communications
23 Jaffa Street, Jerusalem

Re: Bank Guarantee No.....

1. At the request of "Bezeq," The Israel Telecommunication Corp. Ltd. (hereinafter – "**the Company**"), we hereby guarantee to pay you any sum, upon your demand, up to a total amount in New Israeli Shekels equivalent to 10,000,000 (ten million) U.S. dollars according to the representative rate of the dollar on the date of actual payment (hereinafter – the Amount of the Guarantee) in connection with the General License which was granted to the Company.
2. For the purpose of this Guarantee, "**the Representative Rate**" shall mean the U.S. dollar exchange rate published by the Bank of Israel, which is known on the date of actual payment.
3. We undertake to pay you, upon your first written demand, any amount stipulated in the demand up to the Amount of the Guarantee, within ten days from the date of receiving your demand.
4. Our undertaking pursuant to this Guarantee is unconditional, as such, you do not have to detail, establish and prove your demand, or first request the payment from the Company.
5. This Guarantee will remain in force until May 1, 2010 inclusive; it will be renewed automatically for additional 5 year periods, unless we receive a written instruction from you concerning the termination of the validity of the Guarantee on some other date.

6. This Guarantee is non-transferable and non-endorsable, save to another regulatory authority which will be established, if any, and which will replace the Ministry of Communications, provided you give us advance written notice of this fact.

Yours sincerely,

Bank _____