



February 2014





Disclaimer

IMPORTANT NOTICE:

The information contained in this presentation is subject to, and must be read in conjunction with, all other publically available information, including our Annual Report on Form 20-F for the year ended December 31, 2012 and the quarterly Report as at September 30, 2013, and other filings that we make from time to time with the SEC and the TASE/ISA.

Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only based on such information as is contained in such public filings, after having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in the presentation. In making this presentation available, we give no advice and make no recommendation to buy, sell or otherwise deal in our shares or in any other securities or investments whatsoever.

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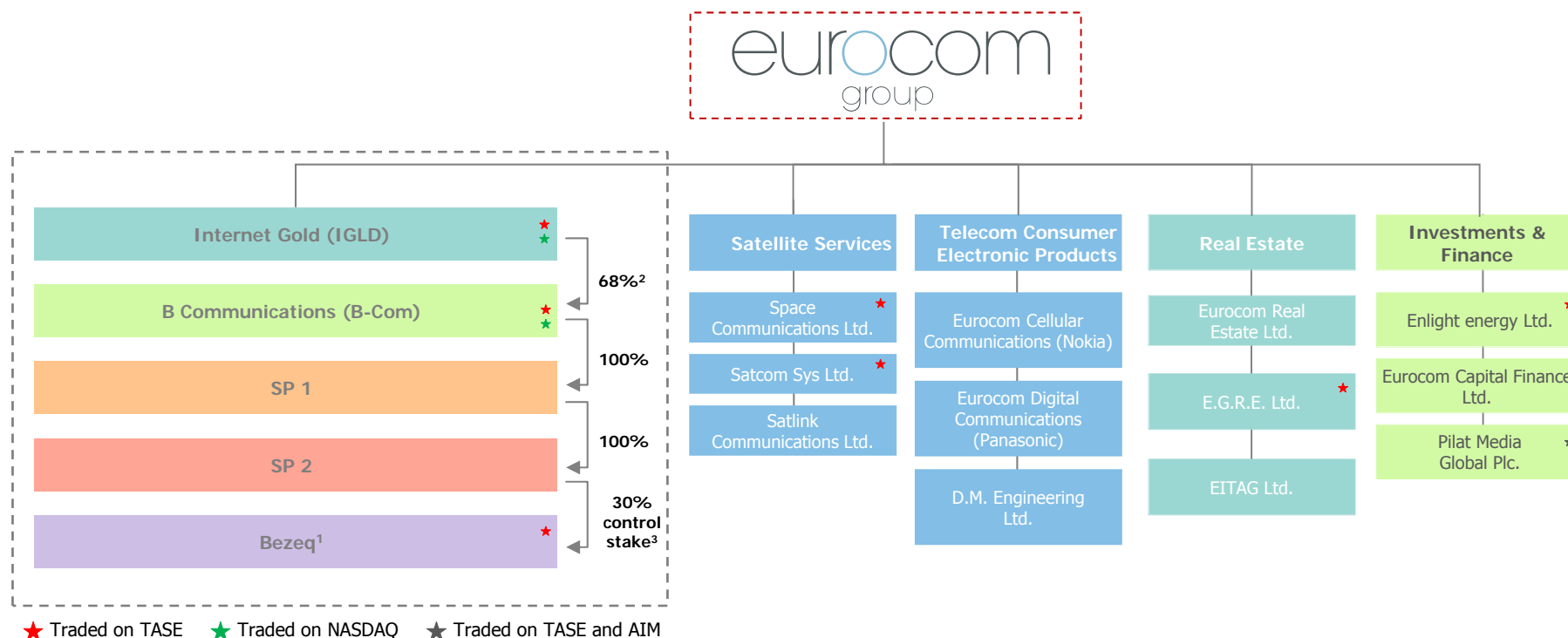
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Those factors include the factors indicated in our filings with the Securities and Exchange Commission (SEC). For more details, refer to our SEC filings and the amendments thereto, including our Annual Report on Form 20-F and Current Reports on Form 6-K. We undertake no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in our expectations, except as may be required by law.

IGLD's Profile

- Internet Gold (TASE and Nasdaq: IGLD) is a telecommunications-oriented holding company. Internet Gold's primary holding is its 68% interest in B Communications Ltd. ("BCOM") (TASE and Nasdaq: BCOM), which in turn holds the controlling interest (approximately 30.91%) in Bezeq – The Israel Telecommunication Corp., Israel's largest telecommunications provider (TASE: BZEQ).
- Internet Gold is a subsidiary of Eurocom Communications Ltd.
- Since the acquisition of its controlling interest in Bezeq in April 2010, BCOM has decreased its debt from more than NIS 5 billion to just NIS 2.7 billion as of the end of the third quarter of 2013.
- On February 19, 2014, BCOM announced the completion of a private offering of US\$ 800 million senior secured notes to fully refinance its bank and institutional debt that was incurred to acquire its controlling interest in Bezeq.

Eurocom Group Overview

- Eurocom was founded in 1979
- One of Israel's largest holding companies with a strong presence in Israel and a growing international presence
- Owned by Shaul Elovitch, Chairman of the Board of Directors (80% ownership) and Yossef Elovitch, Director (20% ownership)
- Solid financial base and strategic partnerships support growth
- Investments in telecommunications, satellite services, media, consumer electronics, real estate and additional fields



¹ YES is 49.8% owned by Bezeq and 50.2% is owned by Eurocom

² Call option for the purchase of up to 3% of the shares held by IGLD is outstanding

³ Additional 1% stake in Bezeq is held by B-Com and is not part of the control stake

IGLD - Experienced, Disciplined Leadership



Shaul Elovitch

Founder & Chairman⁽¹⁾

*Over 30 years experience
building leading communications
businesses and other major
investments businesses*

Proven capabilities in:

- Strategy creation & strategic planning
- Marketing & brand development
- Operational & financial management
- Management of mergers & acquisitions
- Creation of partnerships
- Capital raising: 13 major transactions
 - 2 IPOs – **IGLD** and **BCOM**
 - 10 bond issues
 - \$800 million Rule 144A offering



Doron Turgeman

CEO since 2011 & CFO from 2001 till 2011

*19 years experience in management
17 years in communications*

⁽¹⁾ Chairman of the board of directors of Bezeq and its subsidiaries

Key Milestones for IGLD

From small entrepreneurial business
to large holding company

1992
to
1995

- Israeli telecom market commences privatization process
- Eurocom participates in the privatization process and forms a corporate vehicle for that purpose
- Goal: to become one of Israel's leading telecom service providers

1995
To
2000

- Internet emerges as a major commercial service
- IGLD decides to focus on ISP activities
- Expansion into content and value-added services
- Successful listing on NASDAQ (IGLD) (TASE dual listing 2005)

2000
to
2007

- Continuous organic growth
- Restructure of IGLD into a holding company owning Smile Communications and Smile Media
- Acquisition and merger with 012 Golden Lines to form 012 Smile Communications
- Successful IPO and listing of 012 Smile Communications on NASDAQ and TASE (SMLC)

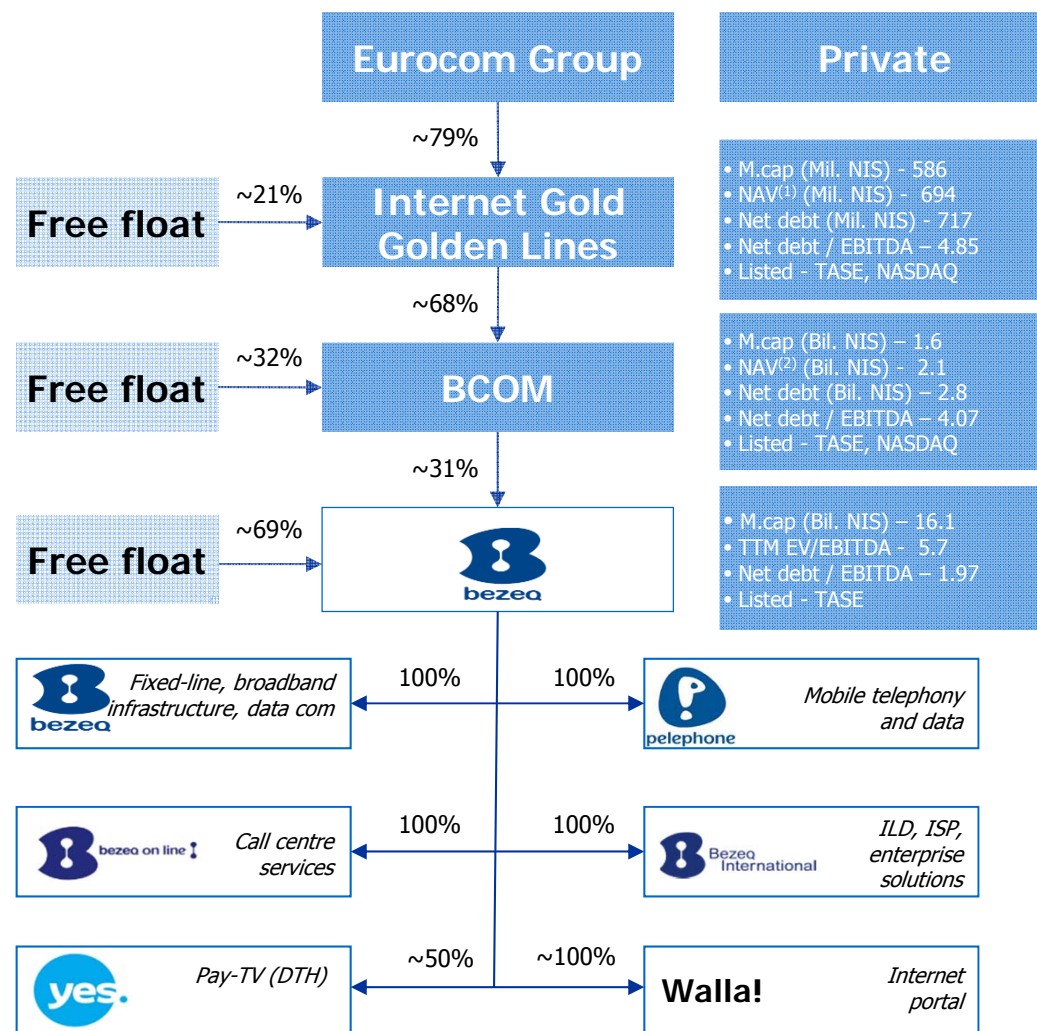
2007
to
2009

- Continuous organic growth
- Crystallization of the strategy to become a leader in the Israeli telecom market
- Preparation for the next major M&A transaction while examining several opportunities
- Sale of legacy 012 Smile.Communications assets
- Enters into agreement to acquire the controlling interest in Bezeq – Israel's telecom market leader

2010
to
2013

- Acquisition of the controlling interest in Bezeq – Israel's telecom market leader
- From April 2010 through September 2013, BCOM repaid ~ NIS 2.6 billion of the debt incurred to fund its April 2010 acquisition of the controlling interest in Bezeq.

Group Structure

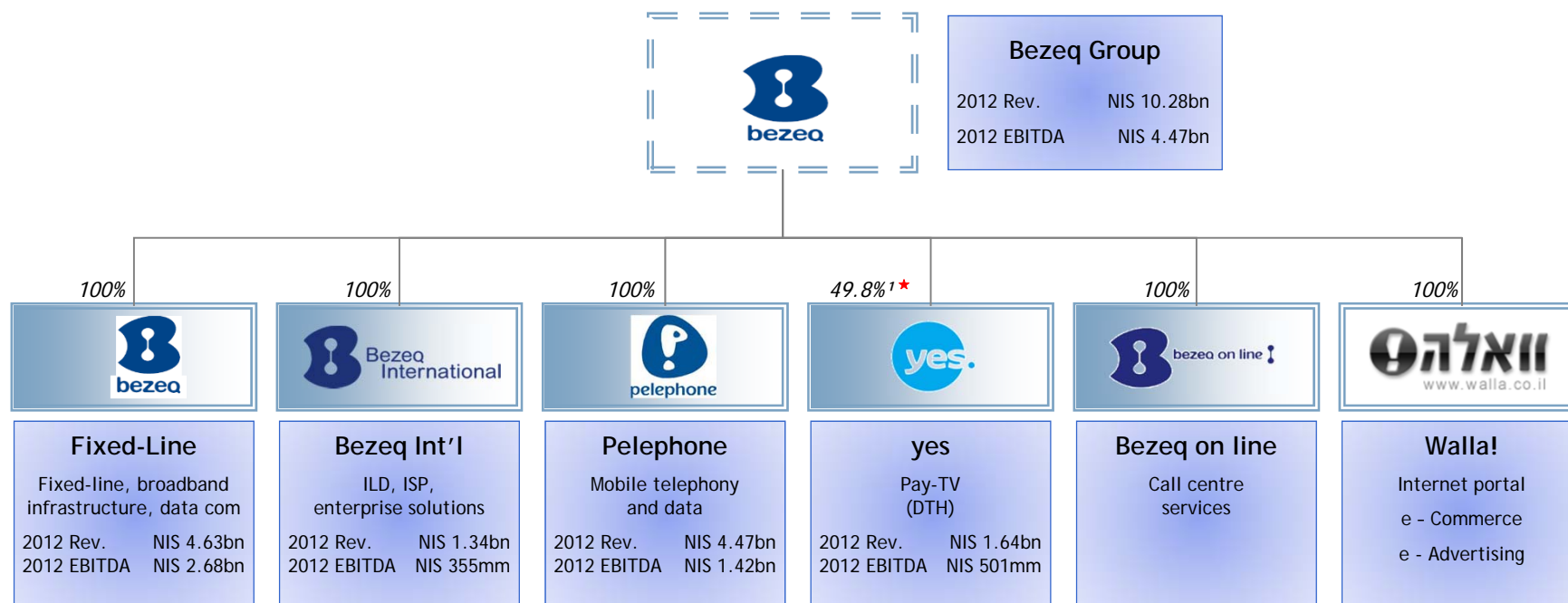


Source: Company's information, Bezeq's investors' presentation.

⁽¹⁾ IGLD's NAV is defined as value of IGLD's shares according to BCOM's NAV, based on Bezeq stock price as of February 13, 2014 less IGLD's net debt as of September 30, 2013 adjusted for the dividend received from BCOM in December 2013.

⁽²⁾ BCOM's NAV is defined as value of BCOM's shares according to Bezeq market cap, based on Bezeq stock price as of February 13, 2014 less BCOM's net debt as of September 30, 2013 adjusted for the dividend distributed by BCOM in December 2013.

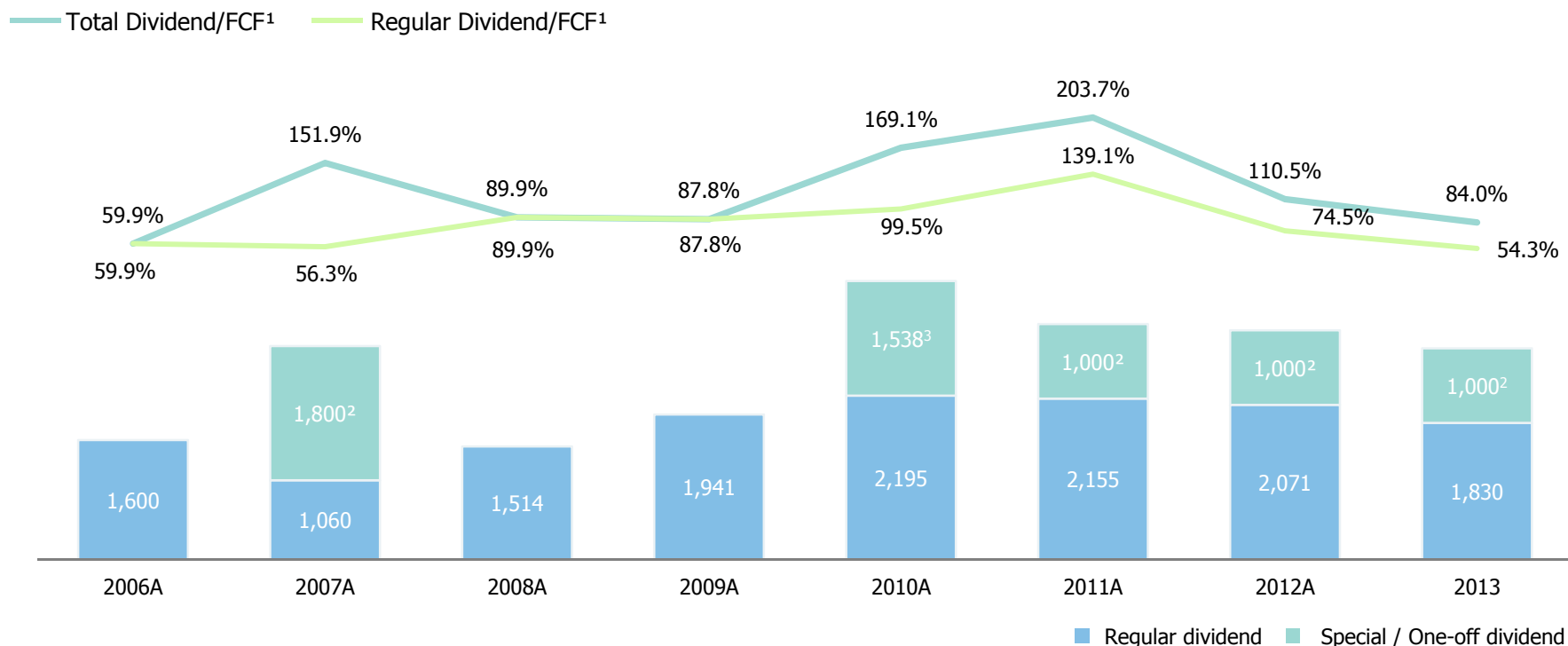
Bezeq: Israel's Most Comprehensive Communications Infrastructure and Service Provider



¹ 50.2% held by Eurocom. Following a Supreme Court decision which prevents Bezeq from acquiring control of yes, as of August 21, 2009, Bezeq ceased consolidating yes' s financial results and began accounting for its investment in yes according to the equity method

Bezeq's Dividend Policy

Bezeq Group - Dividends by Year (NIS mm)



- Bezeq has a board-approved dividend policy of distributing 100% of net profit attributable to shareholders on a semi-annual basis
 - 100% distribution has been effective since 2006 (following Bezeq's privatization) and was officially approved as a policy by the board in 2009
- Special Dividend of NIS 3.0bn from 2011 to 2013 via capital reduction
- Special dividend was distributed in 2007 by previous control shareholders

¹ Based on regular and special dividends paid during the fiscal year; FCF calculated as (Operating cash flow – net capex)

² Special dividend

³ One-off dividend paid after Bezeq ceased to consolidate YES financial results

⁴ Based on annualized FCF of NIS 3.4bn for nine months ended September 30, 2013

BCOM Overview

Overview

- Dual listed company (TASE and Nasdaq: BCOM) with a market cap of approx. NIS 1.5bn as of February 13, 2014.
 - Share price has increased over 200% LTM
 - Joined the Tel Aviv-100 index of TASE in December 2013
 - IFRS reporting standards; 20-F audited financials and quarterly PR with select financials
 - Opex of ~NIS 5mm per year (over 50% of expenses related to being a dual listed public company)
- Dividends from Bezeq flow to B-Com and its SP2 subsidiary
 - Dividend attributable to 30% control stake flows to SP2, a wholly-owned subsidiary of BCOM, and dividend attributable to ~1% stake flows directly to B-Com
- B-Com's unconsolidated P&L statement is impacted by four components
 - B-Com's share in Bezeq net income (proportionate to the stake held)
 - B-Com's net financing expenses (for SP-1, SP-2 and B-Com)
 - PPA (Purchase Price Allocation) amortization
 - B-Com standalone Opex

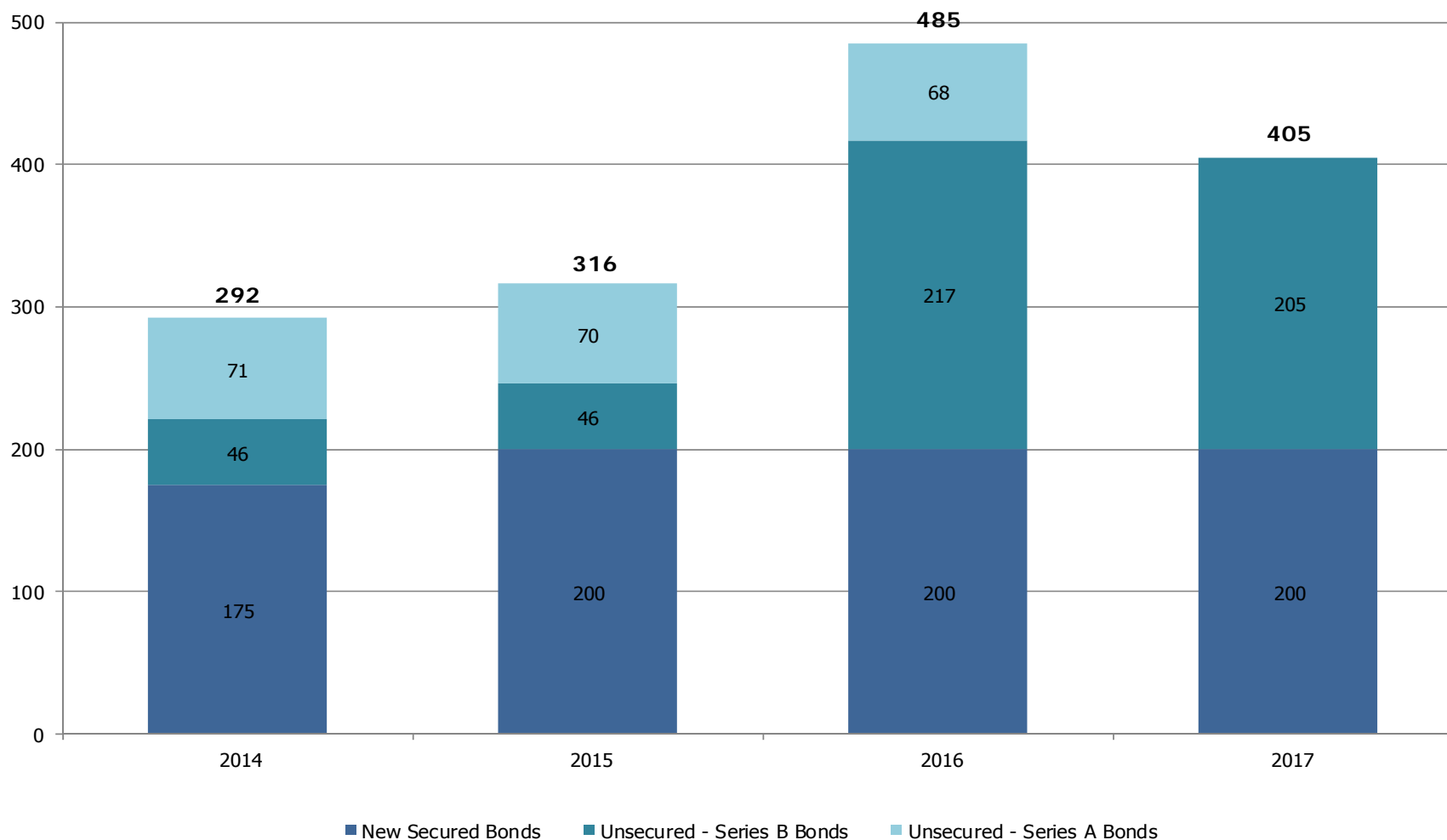
B-Com's unconsolidated financial results

(NIS mm)	Year ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2012	Nine months period ended September 30, 2013
Revenues	0	0	0	0
General and operating	(38)	(7)	(7)	(5)
Operating income / (Loss)	(38)	(7)	(7)	(5)
Financing expenses, net	(266)	(367)	(239)	(172)
Net loss after financing expense	(304)	(374)	(246)	(177)
Income tax	(38)	0	(41)	0
PPA amortization, net	(303)	(493)	(234)	(147)
Interest in Bezeq's net income	505	648	566	437
Net Income / (Loss)	(140)	(219)	45	113

BCOM's Revised Debt Schedule

(NIS Millions)

Prior	547	541	706	2,043
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IGLD's Cash Position

As of September 30, 2013, IGLD's unconsolidated cash and cash equivalents totaled NIS 279 million, its unconsolidated total debt was NIS 1.065 billion, and its net debt totaled NIS 786 million.

IGLD's Unconsolidated Balance Sheet Data* **As of September 30, 2013**

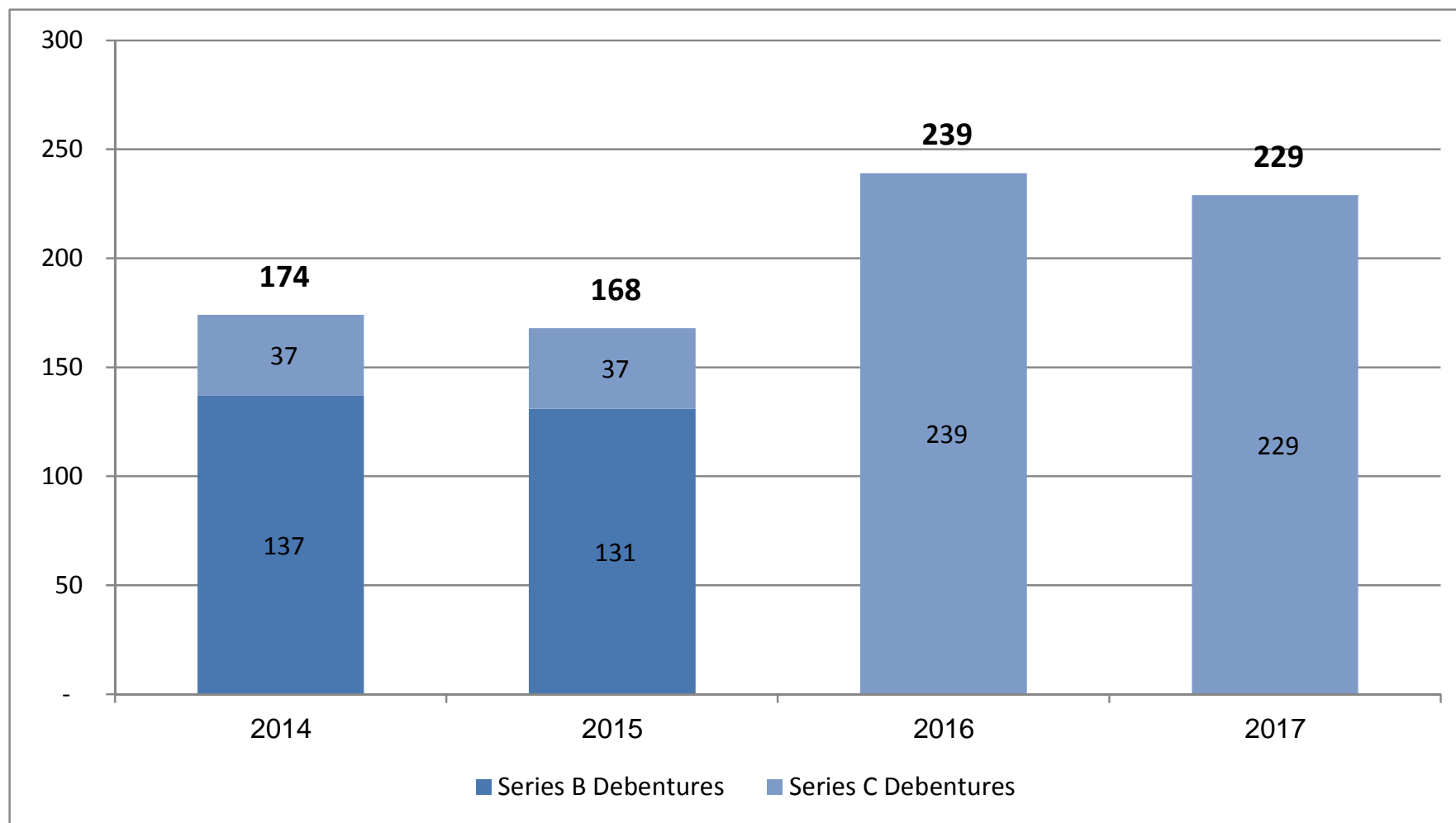
	<u>NIS millions</u>
Short term liabilities	144
Long term liabilities	921
Total liabilities	1,065
Cash and cash equivalents	279
Total net debt	786

* Does not include the balance sheet of BCOM

Subsequent to the balance sheet date, IGLD received a NIS 70 million dividend from BCOM, completed a private placement of NIS 125 million par value of its Series C debentures and repaid principal and paid interest on its Series B debentures in the amount of NIS 143 million.

Forecasted Future Debt Repayments

(NIS millions)



- All amounts include future estimated interest payments
- The amounts does not include interest payments on IGLD's new Series D debentures

IGLD's Series B & C Debentures

Overview of IGLD Series B debentures

- Outstanding principal: NIS 211mm (as of Feb '14)
- Issued Sep '07
- Coupon: 5%
- Linked to CPI
- 1 Annual interest payment (every Nov)
- 1 Annual principal repayment (every Nov since 2010)
 - Each payment ~NIS 120mm
- Maturity: Nov '15
- Local credit rating: Baa1 Stable o/l (Moody's/Midroog)

Overview of IGLD Series C debentures

- Outstanding principal: NIS 774mm (as of Feb '14)
- Issued Sep '10
- Coupon: 4.45%
- Linked to CPI
- Semi-annual interest payments (every Mar and Sep)
- 1 Annual principal repayment, beginning Mar 2016 (every Mar)
 - Each payment ~NIS 194mm
- Maturity: Mar '19
- Local credit rating: Baa1 Stable o/l (Moody's/Midroog)

Key terms of IGLD Series B & C debentures

- Non-convertible bonds
- The bonds are unsecured
- Listed on TASE

The following include some of the covenants for immediate repayment under the Deed of Trust (relevant only to Series C):

- In the event that Eurocom Communications Ltd. does not hold (direct or indirect) control of IGLD
- In the event that IGLD does not hold (directly or indirectly) control or a controlling block of Bezeq
- In the event that IGLD effects an expansion of the bond series (Series C) and as a result the rating for these bonds is downgraded

IGLD's Debentures Rating

- ON February 23, 2014 - Midroog Ltd., an Israeli rating company affiliated with Moody's ("Midroog") confirmed the Baa1 stable outlook rating for IGLD's debentures.
- Midroog confirmed the rating with respect to a total possible issuance of up to NIS 120 million of new Series D debentures. The Series D debentures will be repaid during 2018-2022 and will improve the Company's liquidity and debt service obligation.
- In its rating report, Midroog stated that BCOM's new Rule 144A notes in the amount of \$800 million that replaced the debt owed to banks and institutions improve the position of both BCOM and IGLD bond holders by lowering BCOM's debt service needs in the upcoming years.
- Midroog added that the stable rating is supported both by IGLD's improved independent ability to repay its debt and by the strong financial profile of Bezeq, which is expected to continue to produce steady cash flows for the short and medium terms.
- As negative factors, Midroog noted the Company's partial dependence upon receiving dividends from BCOM and possible deterioration in the Company's liquidity and LTV ratio.



The Bezeq Era

Thank you

