PARTNER COMMUNICATIONS ANNOUNCES THIRD QUARTER 2001 RESULTS

Rosh Ha'ayin, Israel November 1st, 2001 - Partner Communications Company Ltd. (NASDAQ: PTNR, LSE: PCCD, TASE: PTNR), the Global System for Mobile Communications, or GSM, mobile telephone network operator in Israel, today announced its results for the third quarter ended September 30, 2001.

Highlights

- Revenues for the quarter reached NIS 867.3 million (US$ 199.2 million), up 49% from the third quarter of 2000.
- EBITDA for the quarter reached NIS 191 million (US$ 43.9 million).
- Operating profit of NIS 48.2 million (US$ 11.1 million) for the quarter.
- Subscriber base of 1,300,000, compared to 633,000 at the end of the third quarter of 2000.
- Market share increased to an estimated 24%, up from 17% in the third quarter of 2000.
- Average monthly minutes of use per subscriber and ARPU continued to be among the highest in the industry with 316 minutes of use and ARPU of NIS 213 (US$ 49)
- Average cost of acquiring a new subscriber continued to decline to NIS 395 (US$ 91).

Revenues for the third quarter of 2001, driven by subscriber growth, increased to NIS 867.3 million (US$ 199.2 million), or 49% from NIS 583.1 million (US$ 133.9 million) in the third quarter of 2000. Operating profit for the third quarter of 2001 increased to NIS 48.2 million (US$ 11.1 million), from an operating loss of NIS 113.3 million (US$ 26.0 million) in the third quarter of 2000.

EBITDA for the third quarter was NIS 191 million (US$ 43.9 million), an improvement of NIS 187.5 million (US$ 43.1 million) over EBITDA of NIS 3.5 million (US$ 0.8 million) posted for the third quarter of 2000.

Net loss for the third quarter was NIS 88.2 million (US$ 20.3 million) or NIS 0.49 (US$ 0.11) per ADS or per share traded on the Tel Aviv Stock Exchange, compared to NIS 170.0 million (US$ 39.0 million), or NIS 0.95 (US$ 0.2**2**) per ADS for the same period a year ago.

Partner's Chief Financial Officer, Alan Gelman,: "We are very pleased with our quarterly results. Partner continued to achieve strong levels of subscriber and revenue growth, increasing profitability, and maintaining high ARPU and average minutes of use per subscriber, as well as low average subscriber acquisition costs."

Mr Gelman indicated that the Company expects to meet the market's expectations for profitability in 2001. He added that the jump in financial expenses in Q3, from Q2, was due to the devaluation of the NIS, primarily in reaction to the events of September 11th. "We hedge most of the currency risk that effects our current cash flows. The increase in net financial expenses, related to foreign exchange in Q3, is predominately related to the principal of our senior subordinated notes, denominated in US dollars, in the amount of $175 million, which is payable in 2010. Since all the principal is payable 9 years from now, and the currency devaluations do not effect current cash flows, we do not believe it is cost effective to hedge this risk against periodic fluctuations in the US dollar".

The Company's subscriber base reached 1,300,000 subscribers, compared to 633,000 at the end of the third quarter of 2000. During the quarter Partner added 153,000 new subscribers, of which 63,000 were prepaid customers. Prepaid customers now account for 25% of the Company's subscriber base. The quarterly churn rate was 1.7%.

The Company's market share continued to grow, reaching approximately 24% of the number of subscribers of all cellular operators in Israel, up from 17% at the end of the third quarter of 2000.

Average monthly usage per subscriber for the quarter was 316 minutes, versus 399 minutes per month for the comparable quarter last year, and 321 minutes per month for the second quarter of 2001. Average monthly revenue per user (ARPU), including in-roaming revenues, was NIS 213 (US$ 49), versus NIS 217 (US$ 50) for the second quarter of 2001, and NIS 318 (US$ 73) per month for the third quarter of 2000. The usage and ARPU levels for the third quarter of 2001 continued to be above the market and the industry averages.

Mr. Gelman said, "The quarterly dilutions in the usage and ARPU levels, due primarily to the growing percentage of prepaid customers in the Company's subscriber base, which were evident over the past year, are diminishing, and the Company expects its ARPU to stabilize in the coming quarters."

The average cost of acquiring new subscribers declined again. The average subscriber acquisition cost (SAC) this quarter was NIS 395 (US$ 91), a significant decrease from NIS 698 (US$ 160) in the third quarter of 2000 and 17 percent lower than in the second quarter of 2001. The Company increased its Selling and Marketing expenses in Q3 from Q2 by approximately NIS 10 million in anticipation of increased competition from an incumbent operator, which is expected to launch a GSM network towards the beginning of 2002.

Commenting on the quarter's results, Partner's Chief Executive Officer, Mr. Amikam Cohen said: "Partner continued to take the lion's share of growth in the market. We believe that we captured approximately 40% of the market's net adds without sacrificing our profitability targets. We grew our subscriber base by over 55% in 2001. Simultaneously, we grew our top line revenues at a compound quarterly growth rate of 11%. "

Mr. Cohen added: “Partner has always been dedicated to offering its customers attractive rate plans, excellent network quality, a wide range of handsets, and an expanding variety of value added services. Going forward, we are excited about the many potential opportunities that await us in 2.5G and in 3G, which we believe will allow us to continue increasing our subscriber base as we establish new streams of revenue. This quarter, we submitted the tender documents for the 3G licensing process, which represents the next major step taken by this Company towards the future of telecommunications as well as its own future growth.”

Partner Communications will hold a conference call for investment professionals on November 1st, 2001, at 17:00 Israel local time. This conference call will be broadcasted live over the Internet and can be accessed by all interested parties through our investors' web site at http://investors.partner.co.il. To listen to the broadcast, please go to the web site at least 15 minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to listen to the live broadcast, an archive of the call will be available shortly after the call ends via the Internet (at the same location as the live broadcast) until midnight on November 8th, 2001

About Partner Communications

Partner Communications Company Ltd. is the Global System for Mobile Communications, or GSM, mobile telephone network operator in Israel. The Company commenced full commercial operations in January 1999 under the international Orange Brand name and, through its network, provides quality of service and a range of features to 1.3 million subscribers in Israel. Partner subscribers can use roaming services in 83 countries using 214 GSM networks. The Company shares are quoted on NASDAQ and on the Tel Aviv Stock Exchange (TASE) under the symbol PTNR and on the London Stock Exchange (LSE) under the symbol PCCD. (For further information: http://investors.partner.co.il)

Notes: *The statements contained in this release, which are not historical facts, are forward-looking statements with respect to plans, projections or future performance of the Company, the occurrence of which involves certain risks and uncertainties. For a discussion of important factors that could cause actual results to differ materially from such forward-looking statements, refer to Partner's Registration Statement and Partner Communications' latest filings with the U.S. Securities and Exchange Commission.*
The financial statements set forth below should be read in conjunction with the financial statements of Partner Communications for the quarter ended September 30th, 2001 and notes thereto that have been filed concurrently to the U.S. Securities and Exchange Commission on form 6-K.

These financial statements are prepared in accordance with U.S. GAAP.

The convenience translation of the Nominal New Israeli Shekel (NIS) figures into US Dollars was made at the rate of exchange prevailing at September 30th, 2001: US $1.00 equals 4.355. The translations were made purely for the convenience of the reader.
Earnings before interest, taxes, depreciation, amortization, exceptional items and capitalization of intangible assets ('EBITDA') is presented because it is a measure commonly used in the telecommunications industry and is presented solely in order to improve the understanding of the Company's operating results and to provide further

perspective on these results. EBITDA, however, should not be considered as an alternative to operating income or income for the year as an indicator of the operating performance of the Company. Similarly, EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity. EBITDA is not a measure of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. EBITDA may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results.

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PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

CONDENSED CONSOLIDATED BALANCE SHEETS

	New Israeli shekels		Convenience translation into U.S. dollars	
	September 30, 2001	December 31, 2000	September 30, 2001	December 31, 2000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	In thousands			
A s s e t s				
CURRENT ASSETS:				
Cash and cash equivalents	9,875	869	2,268	200
Accounts receivable:				
Trade	532,850	395,765	122,354	90,876
Other	31,690	28,695	7,276	6,589
Inventories	119,619	163,216	27,467	37,478
T o t a l current assets	694,034	588,545	159,365	135,143
INVESTMENTS AND LONG -TERM RECEIVABLES:				
Other investments	8,244		1,893	
Security deposit	99,459	94,279	22,838	21,648
Long-term receivables	5,320	10,421	1,222	2,393
Funds in respect of employee rights upon retirement	22,356	14,824	5,133	3,404
	135,379	119,524	31,086	27,445
FIXED ASSETS:				
Cost	2,358,589	1,917,398	541,582	440,275
L e s s - accumulated depreciation and amortization	669,412	410,353	153,711	94,226
	1,689,177	1,507,045	387,871	346,049
LICENSE AND DEFERRED CHARGES, net of amortization	1,157,709	1,289,933	265,834	296,196
	3,676,299	3,505,047	844,156	804,833

	New Israeli shekels		Convenience translation into U.S. dollars	
	September 30, 2001	December 31, 2000	September 30, 2001	December 31, 2000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	In thousands			
Liabilities and shareholders' equity (net of capital deficiency)				
CURRENT LIABILITIES:				
Current maturities of long-term loans	12,381		2,843	
Accounts payable and accruals:				
Trade	475,517	463,576	109,188	106,447
Other	168,132	119,667	38,607	27,478
T o t a l current liabilities	656,030	583,243	150,638	133,925
LONG-TERM LIABILITIES:				
Bank loans, net of current maturities	2,387,162	2,102,191	548,143	482,707
Notes payable	762,125	707,175	175,000	162,382
Liability for employee rights upon Retirement	34,871	23,598	8,007	5,419
T o t a l long-term liabilities	3,184,158	2,832,964	731,150	650,508
T o t a l liabilities	3,840,188	3,416,207	881,788	784,433
SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY):				
Share capital - ordinary shares of NIS 0.01 par value: authorized - September 30, 2001 and December 31, 2000 - 200,000,000 shares; issued and outstanding - September 30, 2001- 178,927,970 shares and December 31, 2000 - 178,888,888 shares	1,789	1,789	411	411
Capital surplus	2,300,557	2,317,993	528,256	532,260
Deferred compensation	(31,153)	(65,021)	(7,153)	(14,930)
Accumulated deficit	(2,435,082)	(2,165,921)	(559,146)	(497,341)
Total shareholders' equity (capital deficiency)	(163,889)	88,840	(37,632)	20,400
	3,676,299	3,505,047	844,156	804,833

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	New Israeli shekels				Convenience translation into U.S. dollars	
	9 month period ended September 30,		3 month period ended September 30,		9 month period ended September 30,	3 month period ended September 30,
	2001	2000	2001	2000	2001	2001
	(Unaudited)					
	In thousands (except per share data)					
REVENUES - net	2,368,318	1,472,941	867,323	583,056	543,816	199,156
COST OF REVENUES	1,989,819	1,546,859	698,984	576,207	456,905	160,502
GROSS PROFIT (LOSS)	378,499	(73,918)	168,339	6,849	86,911	38,654
SELLING AND MARKETING EXPENSES	215,453	233,846	80,956	84,996	49,473	18,589
GENERAL AND ADMINISTRATIVE EXPENSES	114,473	103,647	39,184	35,164	26,285	8,997
OPERATING PROFIT (LOSS)	48,573	(411,411)	48,199	(113,311)	11,153	11,068
FINANCIAL EXPENSES - net	312,355	153,585	127,533	56,651	71,723	29,284
OTHER EXPENSES	8,862		8,862		2,035	2,035
NET LOSS BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLES	(272,644)	(564,996)	(88,196)	(169,962)	(62,605)	(20,251)
CUMULATIVE EFFECT, AT BEGINNING OF YEAR, OF A CHANGE IN ACCOUNTING PRINCIPLES	3,483				800	
NET LOSS	(269,161)	(564,996)	(88,196)	(169,962)	(61,805)	(20,251)
NET LOSS PER SHARE - basic and diluted:						
Before cumulative effect	(1.52)	(3.16)	(0.49)	(0.95)	(0.35)	(0.11)
Cumulative effect	0.02				*	
Net loss	(1.50)	(3.16)	(0.49)	(0.95)	(0.35)	(0.11)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	178,903,982	178,888,888	178,918,199	178,888,888	178,903,982	178,918,199

*Representing an amount less than $0.01.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	New Israeli shekels		Convenience translation into U.S. dollars
	9 month period ended September 30,		9 month period ended September 30,
	2001	2000	2001
	(Unaudited)		
	In thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	(269,161)	(564,996)	(61,805)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	392,680	313,699	90,168
Loss on impairment of investments in companies	8,862		2,035
Amortization of deferred compensation related to employee stock option grants	16,390	36,188	3,763
Liability for employee rights upon retirement	11,273	8,903	2,588
Exchange and linkage differences on (erosion of) long-term liabilities	46,177	(16,189)	10,603
Amount carried to deferred charges	(22)	(6,573)	(5)
Accrued interest and exchange differences on security deposit	(5,180)	(549)	(1,189)
Sundry	665	(126)	153
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable:			
Trade	(131,984)	(174,291)	(30,306)
Other	(3,655)	34,456	(839)
Increase (decrease) in accounts payable and accruals:			
Trade	(18,822)	11,023	(4,323)
Other	48,465	31,690	11,129
Decrease (Increase) in inventories	41,752	(54,515)	9,587
Net cash provided by (used in) operating activities	137,440	(381,280)	31,559
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(411,863)	(532,165)	(94,572)
Proceeds from sale of fixed assets	1,246	707	286
Other investments	(16,446)		(3,776)
Investment in security deposit		(91,705)	
Funds in respect of employee rights upon retirement	(7,532)	(5,401)	(1,730)
Net cash used in investing activities	(434,595)	(628,564)	(99,792)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of notes payable, net	(6)	684,463	(1)
Proceeds of exercise of options granted to employee	42		10
Long-term bank loans received	1,207,125	969,565	277,181
Repayment of long term bank loans	(901,000)	(1,054,725)	(206,889)
Net cash provided by financing activities	306,161	599,303	70,301
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,006	(410,541)	2,068
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	869	415,097	200
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,875	4,556	2,268

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RECONCILIATION OF EBITDA

	New Israeli shekels*		New Israeli shekels*		Convenience translation into U.S. dollars**	Convenience translation into U.S. dollars**
	9 month period ended September 30		3 month period ended September 30		9 month period ended September 30	3 month period ended September 30
	2001	**2000**	**2001**	**2000**	**2001**	**2001**
Net loss	(269,161)	(564,996)	(88,196)	(169,962)	(61,805)	(20,251)
Adjustments required to reconcile EBITDA:						
Financial expenses***	306,992	148,685	125,728	55,305	70,492	28,870
Depreciation and amortization	392,680	313,699	137,462	109,931	90,168	31,564
Amortization of stock option granted to employees	16,390	36,188	7,154	8,188	3,763	1,643
Other expenses	8,862		8,862		2,035	2,035
Implementation of FAS 133****	(3,483)				(800)	
EBITDA	452,280	(66,424)	191,010	3,462	103,853	43,861

* The financial statements have been prepared on the basis of historical cost.

** The convenience translation of the New Israeli Shekel (NIS) figures into US dollars was made at the exchange prevailing at September 30, 2001: US $1.00 equals NIS 4.355.

*** Financial expenses exclude any charge for the amortization of pre-launch financial costs, which are included in depreciation and amortization stated above.

**** Cumulative effect, at beginning of year, of a change in accounting principles.

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Summary Operating Data

	SEPTEMBER 30, 2000		SEPTEMBER 30, 2001
Subscribers (in thousands)..	**633**		**1300**
Estimated share of total Israeli mobile telephone subscribers....	**17%**		**24%**
Churn rate in quarter...	**1.6%**		**1.7%**
Average monthly usage in quarter per subscriber (minutes)…	**399**		**316**
Average monthly revenue in quarter per subscriber, including in-roaming revenue (NIS)…………………………………..	**318**		**213**
Estimated coverage of Israeli population	**97%**		**97%**
Number of operational base stations (in parenthesis number of micro sites out of total number of base stations)....................	**1175 (223)**		**1778 (657)**
Subscriber acquisition costs in quarter per subscriber (NIS)…	**698**		**395**
Number of employees (full-time equivalent)	**1949**		**2517**