

**This is an English summary of the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.**

**ISRAEL CORPORATION LIMITED**

30<sup>th</sup> March, 2008  
Ref: 2007-01-088107

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

**Immediate Report**

In accordance with the directives of the Securities Authority pursuant to section 36A(b) of the Securities Law 1968, relating to disclosure of remuneration of executives, Israel Corporation Ltd. (hereinafter “**the Company**”) gives notice as follows:

1. On 27<sup>th</sup> March 2008 the Board of Directors of the Company, after approval by the Audit Committee, and on the recommendation of the Remuneration Committee, approved payment of an annual bonus in respect of the year 2007 to Messrs. Nir Gilad (CEO of the Company), Avisar Paz (Deputy CEO for Finance) and Advocate Noga Yatziv (Corporate Secretary and Assistant CEO) (hereinafter jointly “**the Company Executives**”).
2. **Extent of employment of the Company Executives:** Full time.
3. **Amounts of Annual Bonuses for 2007:**

For Mr. Nir Gilad – total annual bonus for the year 2007 amounting to NIS 3 million.

For Mr. Avisar Paz – total annual bonus for the year 2007 amounting to NIS 1.2 million.

For Advocate Noga Yatziv – total annual bonus for the year 2007 amounting to NIS 500,000.

4. The Audit Committee and the Board of Directors also decided to increase the salary of Mr. Nir Gilad, CEO of the Company, to NIS 150,000 per month commencing from January 2008.

## **5. Manner of Calculation of the Remuneration:**

In deciding upon the grant of the annual bonuses and the amounts thereof, the Company *inter alia* took the following parameters into account:

- 5.1 Profitability, return on equity and strategic plan of the Company for 2007.
- 5.2 Meeting targets of the work program and strategic plan of the Company for 2007.
- 5.3 Comparison was made with the terms of remuneration of the Company Executives in previous years.
- 5.4 Appraisal of the contribution of each of the Company Executives to the operation of the Company and subsidiaries, to business development and to the operating results of the Company.
- 5.5 Comparison was made with the practice of similar size companies with regard to executives.

## **6. Approving Organs and Dates of Approval:**

- 6.1 The Audit Committee of the Company approved the remuneration of the Company Executives on 27<sup>th</sup> March 2008.
- 6.2 The Board of Directors of the Company approved the remuneration of the Company Executives on 27<sup>th</sup> March 2008.

## **7. Grounds of the Audit Committee and the Board for the Amount of the Annual Bonuses:**

- 7.1 The directors examined and considered the recommendation of the CEO with regard to the annual bonus of Avisar Paz and of Noga Yatziv and they also examined and considered the proper and reasonable amount of the annual bonus for the CEO of the Company, taking into consideration the parameters listed in section 5 above, and they approved the same *inter alia* on the basis of the following considerations:
  - a. The amount of the annual bonuses took into consideration the results of the Company in 2007 in comparison with 2006.
  - b. The contribution of each of the Company Executives to the operation of the Company and its subsidiaries to business development and to the operating results of the Company.
  - c. Special consideration was given to the fact that in 2007 the Company made several strategic investments and the Company Executives invested special effort in carrying out such investments.
  - d. The grant of annual bonuses to Company Executives is proper and reasonable and is a continuation of the policy of the Company in previous years that is intended to serve the interests of the Company including its profitability.

- e. The grant of annual bonuses to Company Executives is proper and reasonable and is intended *inter alia* to remunerate the Company Executives with an effort to serve the best interests of the Company by means of the grant of incentives to their continued activity and involvement for the benefit of the Company.
- f. The Company is of the opinion that a combination of fixed terms of employment, annual bonuses, as well as future remuneration by means of an option plan (to the which the Company Executives are entitled), forms a proper and fair blend for its senior officers with a view of encouraging profitability and promoting the operation results of the Company.
- g. The amount of the annual bonus for Mr. Nir Gilad took into consideration that Mr. Gilad started to officiate as CEO in June 2007 and that he previously held office as Deputy CEO.
- h. In view of all these considerations the Company regards as fully justified the grant of terms of remuneration as specified above, which are proper and reasonable in the circumstances.

7.2 None of the directors opposed approval of the annual bonuses to the Company Executives.

Yours faithfully,

Noga Yatziv