

Metis Capital Ltd.

("the Company")

March 3, 2008

Dear Sir/Madam,

1. Notice is hereby given that on March 2, 2008, the Audit Committee and the Board of the Company approved:
 - 1.1 The inclusion of Mr. Shimon (Monny) Harel ("**Harel**") a director of the Company, in the directors and officeholders liability insurance policy that the Company holds or will effect in the future, on identical conditions to those of other directors and officeholders of the Company (the "**Insurance Resolution**"). Harel may, for reasons of caution, be deemed to be a controlling party of the Company by virtue of his joint holding with Amnon Barzilai, (the controlling party of the Company) of Ofakim Capital Ltd., that holds some 47.72% of the issued share capital of the Company (the "**Insurance Resolution**").
 - 1.2 Payment to Mr. Harel of annual remuneration and remuneration for participating in meetings, according to Regulations 4 and 5 of the Companies Regulations (Rules for Remuneration and Expenses to Outside Directors), 5760-2000 (the "**Remuneration Regulations**"), pursuant to the maximum amounts included in the Remuneration Regulations, existing from time to time, and pursuant to the rating with which the Company will be classified at the end of each financial year, as set out in the Remuneration Regulations, and which, as of the date of this Report, is rated C (hereinafter: the "**Remuneration Resolution**").
2. **Insurance Resolution**
 - 2.1 Approving the inclusion of Mr. Harel in the directors and officeholders liability policy was approved pursuant to Regulation 1B.(5) of the Companies Regulations (Relief in connection with in Transactions with Interested Parties), 5760-2000 (hereinafter: the "**Relief Regulations**") and further to the approval of the general meeting of the shareholders of the Company dated June 29, 2006, whereby the Company in general meeting approved the purchase of a directors and officeholders liability insurance policy by reason of liability that may be imposed upon them following an act or omission or any act that they have or will have committed by virtue of their position as officeholders of the Company, its subsidiaries and/or the companies that are held by it (the "**Purchased Policy**"), with respect to all the directors and officeholders of the Company, including the chairman of the Company's Board, Mr. Amnon Barzilai, who is also the controlling party of the Company. The Purchased Policy will be for an insurance term of one year on each occasion, and the terms thereof will be as follows: (a) the insurance cover under the Purchased Policy having a maximum limit of up to \$15 million per claim, and cumulatively for the insurance term; (b) the cost of the annual insurance premium in

respect of the Purchased Policy is \$35,000; (c) the deductible under the policy being: for each officeholder - the sum of \$15,000, for the corporation - for claims in the United States or Canada, the sum of \$50,000, and for the corporation in actions relating to securities in Israel - the sum of \$100,000. The Company may renew or extend the Purchased Policy or acquire a new policy (“the Extended Policy”) including for the chairman of the Company’s Board and the controlling party thereof, on the following conditions: (a) the Extended Policy will be on terms similar to those of the Purchased Policy; (b) the premium in respect of the Extended Policy for each year will not exceed more than 25% of the premium that was paid in respect of the policy in the preceding year.

2.2 The following is a condensed statement of the reasons that motivated the Board and the Audit Committee to approve the Insurance Resolution:

2.2.1 The Company’s entering into the new policy is in accordance with the previous resolution relating to the insurance of officeholders of the Company, which was approved by the general meeting on June 29, 2006.

2.2.2 Providing the directors and officeholders with liability insurance is usual in companies of the type and size of the Company and its subsidiaries.

2.2.3 The terms of the policy, which will apply to Mr. Harel, are identical to those of the policy that are granted by the Company to the remaining officeholders of the Company.

2.2.4 The policy being entered into by the Company is on market conditions and is not likely to materially effect the Company’s profitability, assets or liabilities.

3. **Remuneration Resolution**

3.1 Approval of the Remuneration Resolution for Mr. Harel is being granted pursuant to Regulation 1B.(3) of the Relief Regulations, and further to the approval granted by the general meeting of the shareholders of the Company dated October 24, 2007, whereby the general meeting of the Company approved payment of annual remuneration and remuneration for participating in meetings to directors of the Company not being outside directors, and who are in office or will hold office from time to time, but excepting directors who are controlling parties of the Company, and also for outside directors serving in the Company on that date, and those who will serve in the Company from time to time, and for the entire duration of their holding office in the Company. Payment of the annual remuneration and payment of remuneration for participating in meetings of the Board to all of the directors (except for controlling parties) of the Company will be pursuant to the maximum amount under the Remuneration Regulations pursuant to the rating of the Company according to statute, which was, as of the date of the above meeting is C.

3.2 The following is a condensed statement of the reasons that motivated the Board and the Audit Committee to approve the Remuneration Resolution:

- 3.2.1 The terms of the remuneration that are granted by the Company to Mr. Harel are identical to those that are granted by the Company to the remaining directors and outside directors of the Company (except for Mr. Amnon Barzilai).
- 3.2.2 Payment of annual remuneration and remuneration for participating in meetings to directors is customary in public companies in Israel.
- 3.2.3 The annual remuneration and remuneration for participating in meetings that will be paid to Mr. Harel as director of the Company, does not exceed the lowest rate of remuneration that is paid to any other director of the Company, and does not exceed the maximum amount that may be paid to an outside director according to Regulations 4, 5 and 7 of the Remuneration Regulations.
4. Pursuant to the Relief Regulations, one or more shareholders holding 1% at the least of the issued share capital or voting rights of the Company may give notice of his objection to the grant of the Relief, provided that the objection is lodged with the Company in writing, not later than 14 days of the date of this Immediate Report.

Yours faithfully,

Metis Capital Ltd.