

Translation of Immediate Report

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Public

Bank Leumi le-Israel B.M.

Registration No. 520018078
Securities of the Corporation are listed on The Tel Aviv Stock Exchange
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To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report re Deposit of Preliminary Outline (“Summary Report”)

Regulation 11(b) of the Securities Regulations (Details of an Outline of an Offer of Securities to Employees), 2000

1. On 17 March 2011, the company deposited a preliminary outline regarding an offer of securities to its employees with the Israel Securities Authority with, following which the company will be submitting an outline of an offer of securities to employees.
2. The outline to be published does not include a private offer to an employee who is a CEO or director.
3. The Board of Directors approved the offer of securities to the employees on 17 March 2011.
4. The main points of the Board of Directors resolution regarding the offer of securities to the employees are presented in Appendix 1.

Immediate Report – the Audit Committee’s and the Board of Directors’ approval of the submission of an outline of an offer of shares to the Bank’s employees by the State of Israel

Bank Leumi le-Israel Ltd. (the “Bank”) is pleased to announce that in accordance with the agreements regarding the Bank’s privatization and in accordance with the understandings between the Accountant General at the Ministry of Finance and the Bank’s employees, the Bank’s Audit Committee and its Board of Directors approved, on 13 March 2011 and on 17 March 2011, respectively, an outline of an offer of the Bank’s shares by the State of Israel to the employees of the Bank, of Arab Israel Bank Ltd., of Leumi Mortgage Bank Ltd., and of the Bank Leumi le-Israel Employees Catering Organization (Registered Non-Profit Organization) (“the Participants”), in accordance with the Securities Regulations (Details of an Outline of an Offer of Securities to Employees), 2000.

In accordance with the Board of Directors’ resolution, the Bank today submitted the outline to the Israel Securities Authority as a preliminary outline.

According to the outline, an offer will be made to the Participants in accordance with and subject to the arrangements and conditions described in the outline, of 6,734,777 shares held by the State of Israel, which constitute 0.457% of the Bank’s outstanding and fully paid capital, as it is as of the date of the outline’s publication.

The share price for the purpose of the offer to the Participants will be NIS 13.20825 as of 19 January 2011, with this price being linked to the Consumer Price Index (“the CPI”) in accordance with the last known CPI method, with the base CPI being the CPI for December of 2010, published on 14 January 2011. The share price is subject to various adjustments through the date of the actual payment, which include an adjustment for the distribution of dividends – all as described in the outline.

The distribution of the shares among the Participants and the determination of the number of the shares to be offered to each participant will be in relation to the salary that constitutes the basis for provisions made for social benefits for the relevant Participants for the month of January 2011. All this will be in accordance with what is described in the outline. The Chairman of the Board of Directors and the President and Chief Executive Officer of the Bank have been included among the Participants.

The shares will be locked-up for a period of 4 years from the record date (as defined in the outline), and will be deposited with a trustee to hold in trust.

In addition, the Audit Committee and the Board of Directors approved a grant of loans to the Participants for the purchase of the shares being offered in the outline. The loan principal will be linked to increases in the CPI, with the base CPI being the known CPI on the date on which the loan is received, and the new CPI being the known CPI on the date of the loan’s repayment, and will bear annual interest at the rate of 1.55%, or, in the alternative, the loan principal will bear interest at a rate equal to the prime (Leumi) interest rate minus 0.75%, without being linked to the CPI.

The offering of the shares to the Chairman of the Board of Directors and the grant of the loan for their purchase in accordance with the outline will be subject to the approval of the Bank's General Meeting.