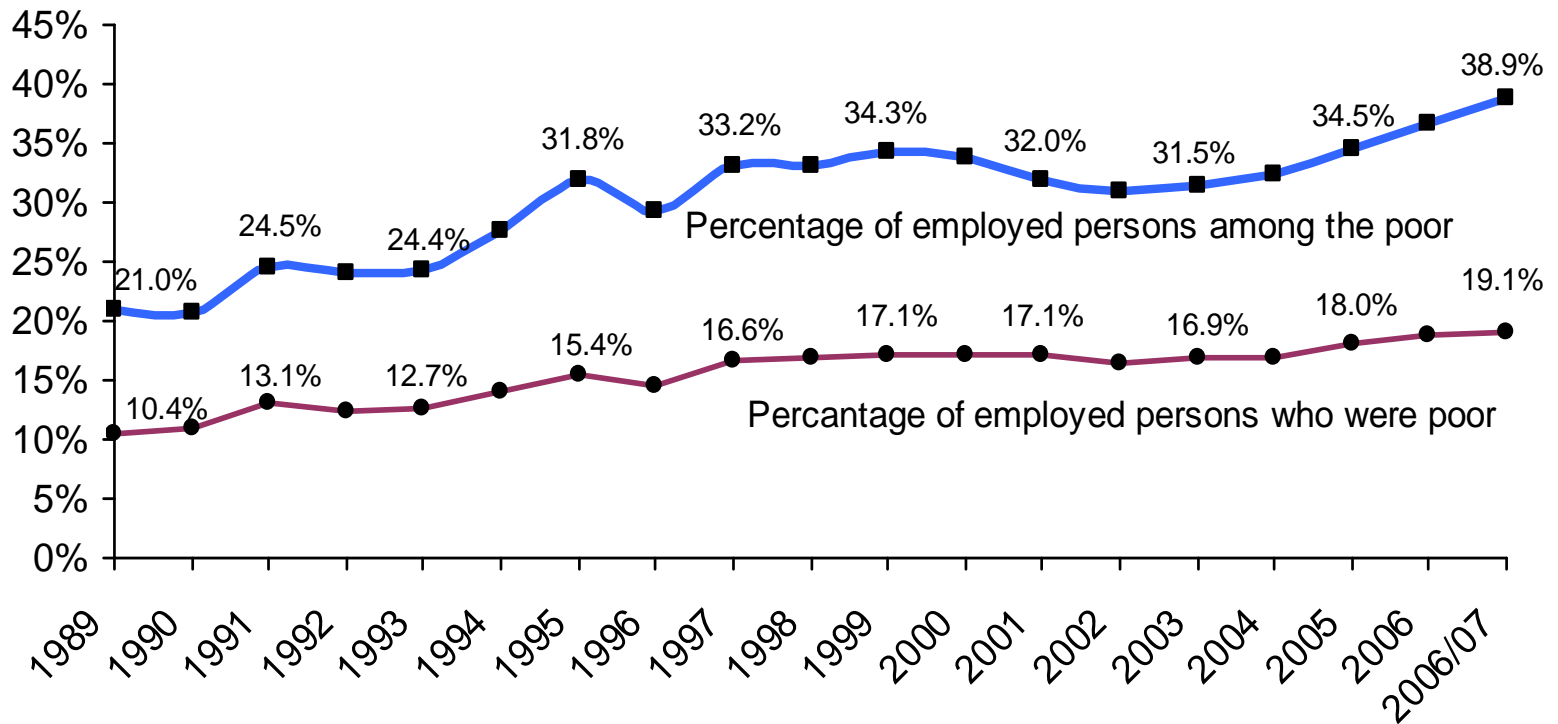


Workers in Israel: Some Recent Developments

GPN, February 26, 2008

Increase in Poverty Among Working People, 1989-2006/07

before social security transfers and direct transfers



Employee Wages in Israel Relative to Average Wage, 1997-2005

	Employees earning less than the minimum wage	Employees earning less than 50% of the average wage but at least minimum wage	Employees earning 50-74% of the average wage	Employees earning 75% or more of the average wage	Total employees earning the average wage or less	Employees earning twice the average wage	Employees earning over twice the average wage
1997	21.4	10.7	20.0	13.0	65.1	22.4	12.6
1999	29.5	9.3	20.1	12.0	70.9	18.9	10.3
2001	29.2	10.0	20.3	12.1	71.6	19.0	9.6
2003	35.4	5.8	20.3	11.5	73.0	17.7	9.3
2005	32.7	8.2	20.4	12.0	73.3	17.7	8.9

Distribution of National Income, 2000-2006

Percentages

	2000	2001	2002	2003	2004	2005	2006
Total National Income Market prices	100	100	100	100	100	100	100
1. Workers' share: Compensation of Israeli residents	72	73	73	71	69	67	66
2. Employers' share: Operating surplus, not including owner occupied dwellings	8	5	4	6	8	9	12
3. Net taxes on domestic production	20	20	21	21	21	20	19

Distribution of National Income in the Business Sector, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Total National Income Market prices	100	100	100	100	100	100	100
1. Workers' share: Compensation of Israeli residents	62	65	63	61	59	58	57
2. Employers' share: Operating surplus, not including owner occupied dwellings	19	16	16	19	21	22	25
3. Net taxes on domestic production	19	19	21	20	20	20	18

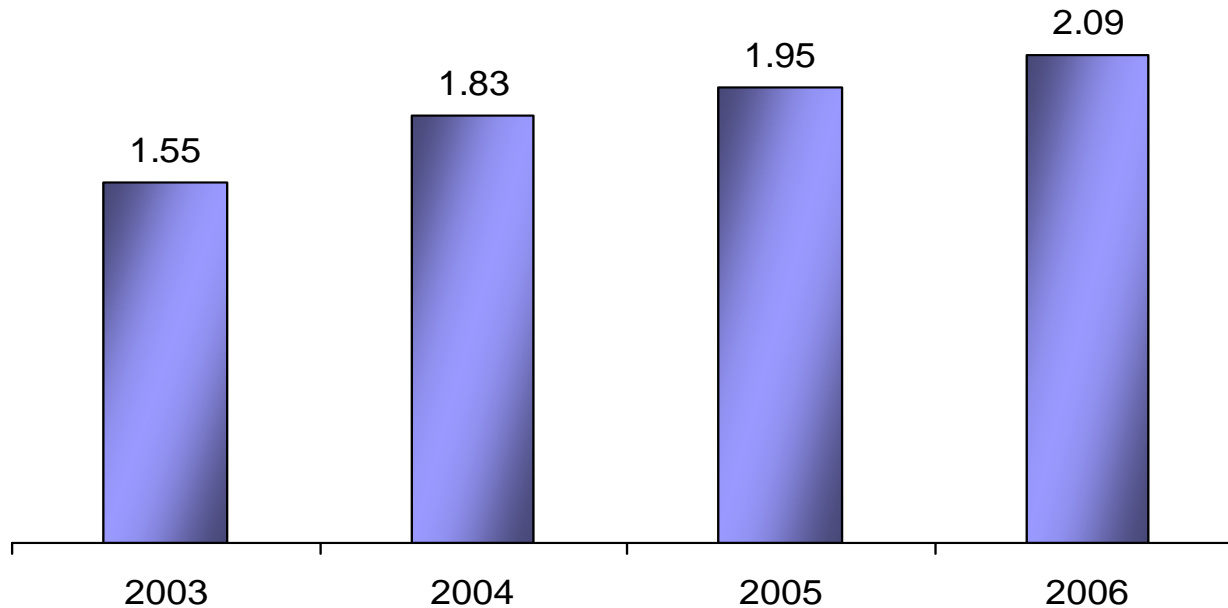
Product Per Hour Rises, Compensation Per Hour Declines 2000-2006

Index 2000 = 100

Year	All Sectors of the Economy			The Business Sector		
	Compensation per work hour	Product per work hour	Compensation per product unit	Compensation per work hour	Product per work hour	Compensation per product unit
2000	100.0	100.0	100.0	100.0	100.0	100.0
2001	102.8	100.5	102.3	102.6	98.9	103.8
2002	97.4	96.9	100.5	96.6	93.2	103.6
2003	95.6	97.6	97.9	95.1	95.5	99.6
2004	98.2	102.1	96.2	97.4	100.8	96.6
2005	98.5	104.0	94.7	99.6	105.3	94.6
2006	100.8	107.0	94.1	101.8	109.3	93.2

Average Annual Salary Bill of Senior Executives in Companies Listed on the Tel Aviv Stock Exchange 2003-2006

NIS million, Constant 2006 prices



Tax Cuts and Hikes, 2002-2010

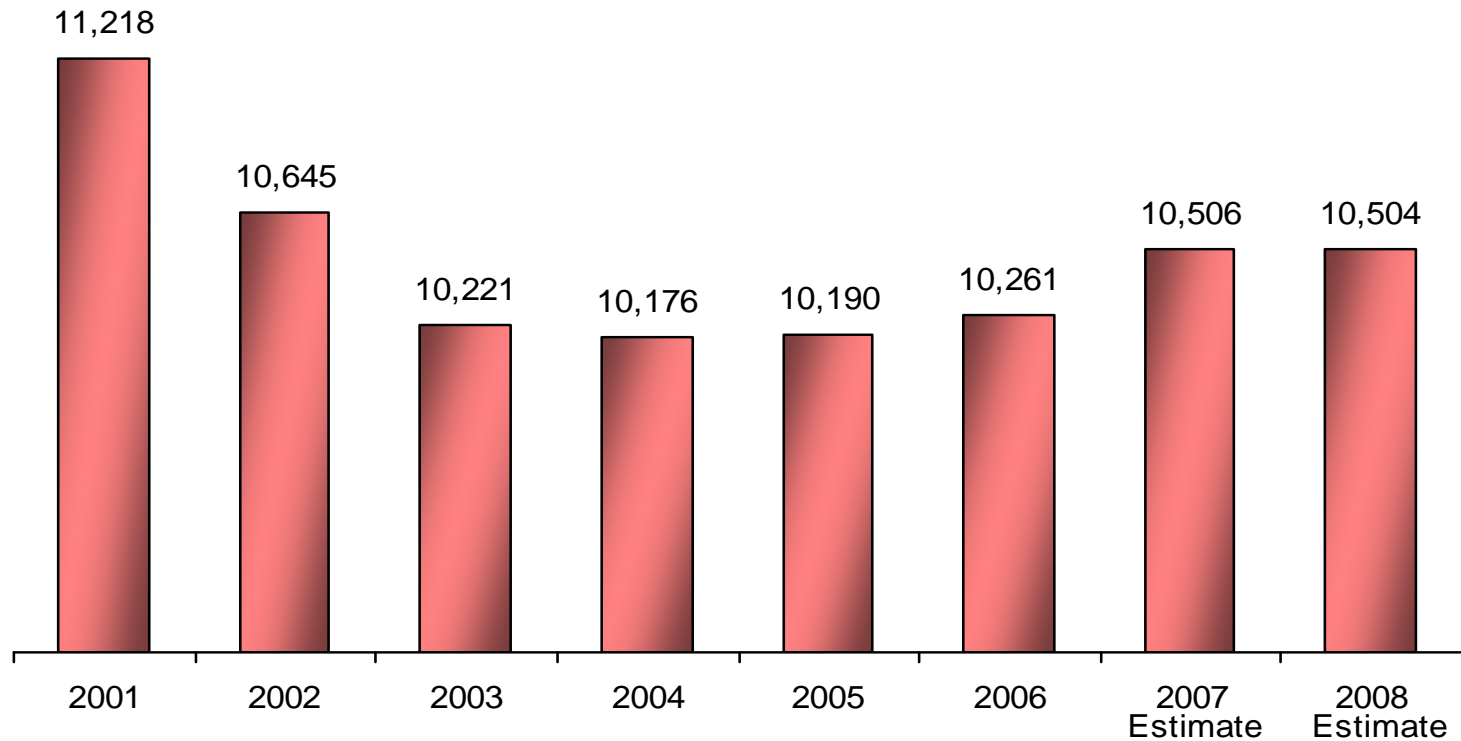
Cumulative Effect, in Comparison With 2001

In NIS billions

	2002	2003	2004	2005	2007	2006	2007	2008	2009	2010
Total tax cuts	0.0	-3.6	-11.7	-17.2	-29.3	-24.5	-29.3	-33.0	-35.9	-38.9
1. Government taxes	0.0	-3.6	-10.9	-16.0	-26.4	-22.5	-26.4	-29.6	-31.8	-34.8
a. Income tax on individuals	0.0	-3.6	-7.7	-11.5	-14.7	-13.7	-14.7	-16.9	-18.5	-21.0
b. Corporate tax	0.0	0.0	-0.4	-0.8	-3.1	-2.2	-3.1	-4.0	-4.4	-4.9
2. Social security	0.0	0.0	-0.8	-1.2	-2.9	-2.0	-2.9	-3.4	-4.1	-4.1
Total tax hikes	3.6	8.4	11.8	12.8	14.9	14.3	14.9	15.7	16.6	17.3
1. Government taxes	2.2	5.6	9.0	10.0	12.1	11.5	12.1	12.9	13.8	14.5
Net effect	3.6	4.8	0.1	-4.5	-14.4	-10.2	-14.4	-17.4	-19.3	-21.7
1. Total government taxes	2.2	2.0	-1.9	-6.0	-14.3	-11.0	-14.3	-16.7	-18.0	-20.3
2. Social security	1.4	2.8	2.0	1.6	-0.1	0.8	-0.1	-0.6	-1.3	-1.3

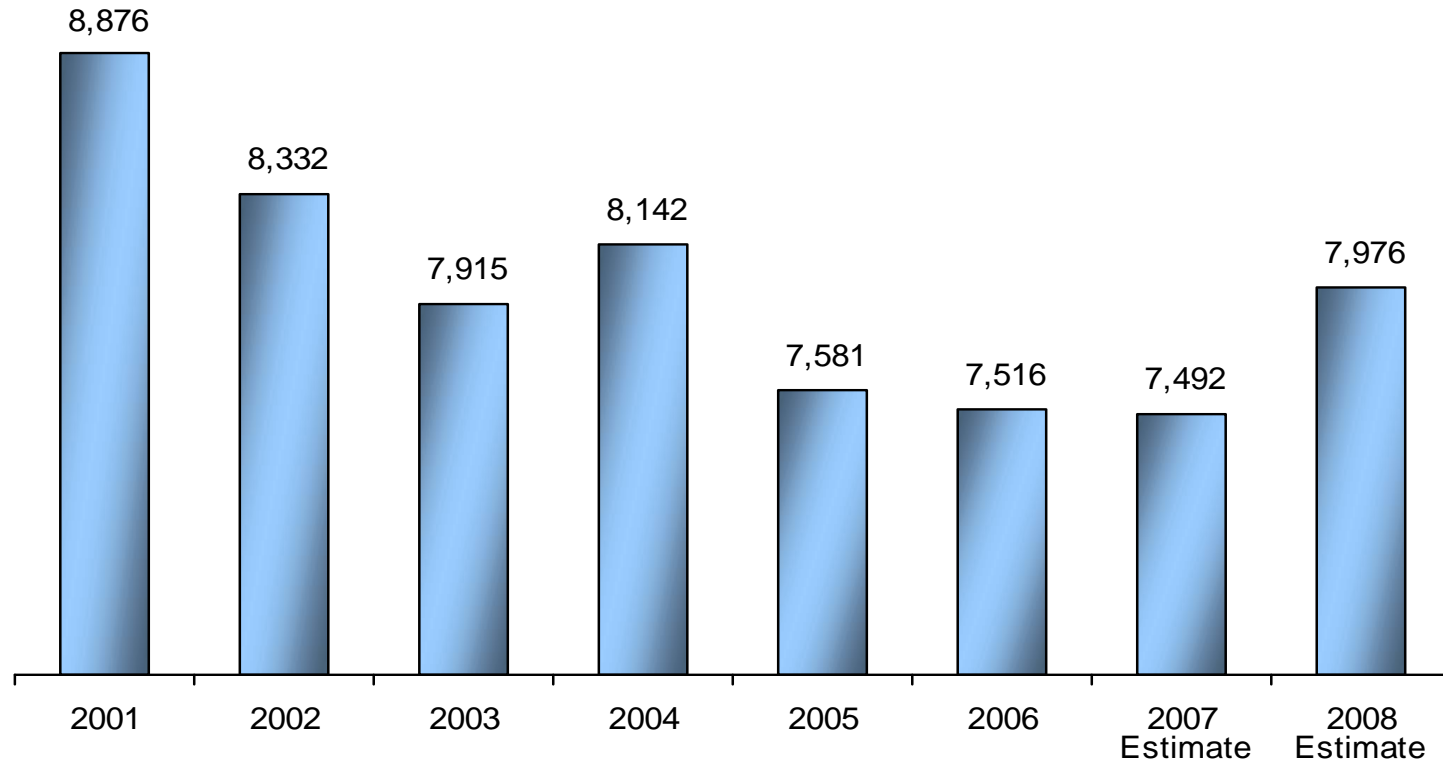
Social Outlay, Per Capita, 2001-2008

NIS, 2006 prices



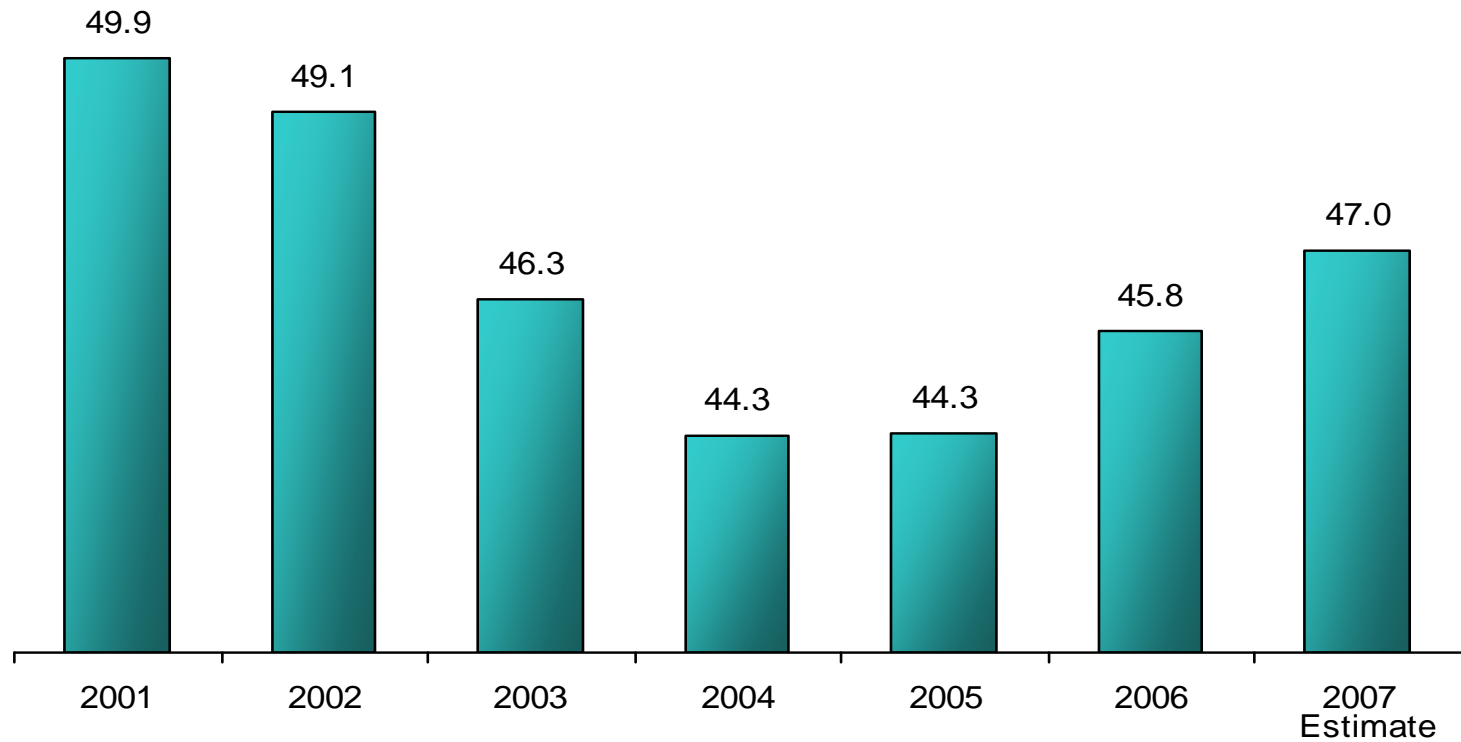
Teaching Budget, Per Pupil, 2001-2008

NIS, 2006 prices



Social Security Payments, 2001-2007

NIS billions, 2006 prices



Growth in Defense Expenditures, as a Percentage of Projected Growth in Total Government Expenditures, 2008-2017

Based on recommendations of the Brodet commission,
Compared with the 2007 budget, in percentages

2008	38%
2009	31%
2010	25%
2011	20%
2012	18%
2013	16%
2014	15%
2015	15%
2016	14%
2017	14%

Workers Earning up to Two-Thirds of the Median Wage, 2003-2005

NIS, Constant 2006 prices

	2003	2004	2005
Low-wage earners as a percentage of all workers	25.6%	26.2%	25.3%
Salaries of low-wage earners as a percentage of all salaries	7.5%	7.8%	7.3%

Workers in the Top Centile 2003-2005

NIS, Constant 2006 prices

	2003	2004	2005
Top centile workers as a percentage of all workers	1%	1%	1%
Salaries of top centile workers as a percentage of all salaries	6.4%	5.8%	6.1%