

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

ISRAEL CORPORATION LIMITED

April 1, 2007

Immediate Report pursuant to The Securities (Transaction between Company and Owner of Means of Control) Regulations 2001

Israel Corporation Ltd. (hereinafter “**the Company**”) hereby gives notice that the Audit Committee and the Board of Directors of the Company decided to approve payment of an annual bonus in respect of the year 2006 to Mr. Idan Ofer, Chairman of the Board, who is regarded as an owner of means of control.

The controlling shareholders of the Company have, or may be regarded as having, a personal interest in above decision The Board of Directors also decided upon the convention of a General Meeting on the agenda of which will be approval of the grant of the said annual bonus.

1. **Background**

1.1 On 20th October 1999 a General Shareholders Meeting approved an employment agreement between I.C. Management & Consultation (1986) Ltd. (a fully owned subsidiary of the Company) (hereinafter “**IC Management**”) and Mr. Idan Ofer (hereinafter “**the Employment Agreement**”). In accordance with the Employment Agreement Mr. Idan Ofer is to hold office as Chairman of the Board of Directors of the Company and also to hold office as a member of the Boards of Directors of subsidiaries and affiliated and to play an active role in the formulation of the policy of the Company. Mr. Idan Ofer has been active Chairman of the Board of the Company since 14th September 1999. The Employment Agreement includes *inter alia* authorization of the Audit Committee and the Board of the Company to decide annually on the grant of an annual bonus to Mr. Idan Ofer in an amount of up to 8 (eight) monthly salaries, subject to the consolidated financial statements of the Company showing a net profit. Grant of a bonus at a higher rate is subject to approval by General Meeting of the Company.

1.2 The Chairman of the Board has undertaken numerous tasks in the Israel Corporation Group. *Inter alia*, in addition to his office as active chairman of the Company, and in view of his forte and experience in the field of shipping, the Chairman of the Board took it upon himself to hold office as active Chairman of the Board of Zim Integrated Shipping Services Ltd (hereinafter

“Zim”), a subsidiary in which the Company holds 98% of the issued paid up share capital. The office of Mr. Idan Ofer as Chairman of the Board of Zim is unpaid.

- 1.3 As active chairman of Zim and of the Company, the Chairman of the Board devotes a substantial part of his time to development and promotion of new business and his wide experience in international shipping contributes significantly to Zim. As a result, all of the companies in the Israel Corporation Group benefit *inter alia* in the field of business development.
 - 1.4 In accordance with their authority as in section 1.1 above, at their meetings on 27th March 2007 the Audit Committee and the Board approved the grant of an annual bonus to the Chairman of the Board in respect of the year 2006 in an amount equal to 8 (eight) monthly salaries (totaling NIS 1.264 million).
 - 1.5 In addition to the aforesaid in section 1.4 above, at their meetings on 27th March 2007 the Audit Committee and the Board approved the grant of an annual bonus to the Chairman of the Board in respect of the year 2006 in a total amount of NIS 1.236 million (hereinafter “**the Annual Bonus**”). In accordance with the Employment Agreement the Annual Bonus is subject to approval by General Meeting of the Company. The total amount of the bonus referred to in section 1.4 and the additional Annual Bonus amounts to NIS 2.5 million.
2. **Main Points of the Transaction**

In addition and over and above the bonus referred to in section 1.4 above, IC Management will grant the Chairman of the Board an Annual Bonus amounting to NIS 1.236 million (“**the Annual Bonus**”).

3. **Personal Interest and Nature of Personal Interest of the Owners of Control**

- 3.1 The owners of control or entities that may be regarded as owners of control who have a personal interest in the transaction that is the subject of this Report are Mashat (Investments) Ltd. (hereinafter “**Mashat**”) and Ofer (Ship Holdings) Ltd. (hereinafter “**Ofer Ships**”). Mashat and Ofer Ships own 80% and 20% respectively in Millennium Elad Investments Ltd. (hereinafter “**Millennium**”), which on its part owns 47.31% of the share capital of the Company. Mashat is a private company owned indirectly, via foreign companies, by a foreign discretionary trust the beneficiaries of which are Mr. Idan Ofer and his issue. In addition Ofer Ships directly owns 2.90% of the share capital of the Company. Ofer Ships is a private company the ordinary shares of which are owned in equal shares by Orona Investments Ltd. (a company owned by Mr. Ehud Angel) and LIN (Holdings) Ltd. (hereinafter “**LIN**”). Mr. Ehud Angel owns a special share which *inter alia*, subject to certain limitations and matters, confers upon him an additional vote at the

Board of Directors of Ofer Ships. LIN is controlled by Mr. Eyal Ofer (the brother of Mr. Idan Ofer) who is one of the owners of control of Ofer Ships. In addition Mr. Idan Ofer is the direct owner of 3.36% of the share capital of the Company. Furthermore Kirby Enterprises Inc. (hereinafter “**Kirby**”) which is indirectly owned by a foreign trust the main beneficiaries of which are Mr. Idan Ofer and his issue, owns 0.75% of the share capital of the Company.

- 3.2 The personal interest of Mashat and Kirby in the transaction that is the subject of this Report emanates from the fact that Mr. Idan Ofer is one of the beneficiaries of the foreign trusts which indirectly own Mashat and Kirby. The personal interest of Ofer Ships in approval of the transaction that is the subject of this Report emanates from the fact that it is owned, *inter alia*, by Mr. Eyal Ofer who is the brother of Mr. Idan Ofer. Mr. Idan Ofer and Mr. Eyal Ofer (both of who are sons of Mr. Sammy Ofer) are regarded as owners of control of Millennium which is the owner of control of the Company. The personal interest of Mr. Idan Ofer emanates from his being a party to the transaction that is the subject of this Report.

4. **Transactions with the owner of control of the same nature or similar to the relevant transaction**

The following are transactions of the same nature as the transaction that is the subject of this Report that were entered into during the two years preceding the approval by the Board of the transaction in question or which were still in force at the time of such Board approval:

- 4.1 On 20th October 1999 the General Meeting of the Company approved the Employment Agreement between Mr. Idan Ofer and IC Management. The Employment Agreement included *inter alia* authorization of the Audit Committee and the Board to decide upon the grant of an annual bonus to Mr. Idan Ofer in an amount of up to 8 (eight) monthly salaries every year subject to the consolidated financial statements of the Company showing a net profit. The Employment Agreement is in force until the termination of the office of Mr. Idan Ofer as Chairman of the Board of Directors of the Company.
- 4.2 In accordance with the authority conferred upon the Audit Committee and the Board as in section 4.1 above, and after approval by the Audit Committee, on 28th March 2004 the Board approved an annual bonus for Mr. Idan Ofer in an amount equal to 8 (eight) monthly salaries (a total amount of NIS 1,350,018) in respect of the year 2003.
- 4.3 In accordance with the authority conferred upon the Audit Committee and the Board as in section 4.1 above, and after approval by the Audit Committee, on 9th January 2005 the Board approved an annual bonus for Mr. Idan Ofer in an

amount equal to 8 (eight) monthly salaries (a total amount of NIS 1,150,000) in respect of the year 2004.

4.4 In accordance with the authority conferred upon the Audit Committee and the Board as in section 4.1 above, and after approval by the Audit Committee, on 27th March 2006 the Board approved an annual bonus for Mr. Idan Ofer in an amount equal to 8 (eight) monthly salaries (a total amount of NIS 1,240,000) in respect of the year 2005.

4.5 On 24th October 2006 a General Meeting of the Company approved the grant by IC Management of an annual bonus in respect of the year 2005 to Mr. Idan Ofer in an amount of NIS 1,260,000. This bonus was in addition to the bonus approved by the Audit committee and the Board on 27th March 2006 as in section 4.4 above.

4.6 As aforesaid in section 1.4 above, in accordance with the authority conferred upon the Audit Committee and the Board as in section 4.1 above, and after approval by the Audit Committee, on 27th March 2007 the Board approved the grant to the Chairman of the Board of Directors of the Company of an annual bonus in respect of the year 2006 in an amount equal to 8 (eight) monthly salaries (a total amount of NIS 1,264,000).

5. **Manner in which the Annual Bonus was fixed**

5.1 When granting the Annual Bonus and fixing the amount thereof, the Company *inter alia* took into account the following parameters: (a) the results of the Company for the year 2006; (b) comparison with market practice by companies of similar size; (c) the total amount of annual bonus (inclusive of the bonus referred to in section 1.4 above) paid to the Chairman of the Board in the previous year, an amount equal to the inclusive annual bonus as aforesaid.

5.2 The Annual Bonus was fixed by the Company taking into consideration the above parameters as well as the contribution of the Chairman of the Board to the activity and business of the Company and its subsidiaries and of Zim in particular.

5.3 In view the above the amount of annual bonus (the Annual Bonus and the bonus referred to in section 1.4 above) is reasonable in the circumstances, also when taking into consideration the practice in companies of similar size as the Company.

6. **Approvals Required and Conditions Precedents for Approval of the Bonus**

6.1 After approval by the Audit Committee, on 27th March 2007 the Board approved the grant the Annual Bonus.

6.2 The transaction that is the subject of this Report requires approval by General Meeting to be convened as provided in section 10 hereafter.

7. **Summary of the Grounds of the Audit Committee and Board**

The Audit Committee and the Board thoroughly examined the grant of the Annual Bonus – taking account of the aforesaid in section 5 above – and approved the transaction in reliance of the recommendations of the management of the Company and, *inter alia*, in reliance of the following main considerations:

7.1 As from 13th February 2005 Mr. Idan Ofer was appointed active Chairman of the Board of Zim, a 98% owned subsidiary of the Company. Mr. Idan Ofer officiates as chairman of the board of Zim as aforesaid without any additional consideration.

7.2 Mr. Idan Ofer has undertaken numerous tasks on behalf of the Company and its subsidiaries and has devoted a considerable part of his time to the development and promotion of the business of Zim as active chairman.

7.3 Mr. Idan Ofer has many years of experience in the field of international shipping in particular and in business generally and therefore his contribution to the Company and to companies controlled by it is substantial.

7.4 The contribution of Mr. Idan Ofer to the activity of the Company, to its subsidiaries and to their business.

7.5 The grant of fitting reasonable annual bonuses to senior officers of the Company is a continuation of the policy of the Company in previous years and is intended to serve the interests of the Company, including profit making.

7.6 The Company regards the grant to the Chairman of the Board of the Annual Bonus (plus the bonus referred to in section 1.4 above), which is reasonable in the circumstances, as fully justified taking into account *inter alia* the considerations listed above and the contribution of the Chairman of the Board to the development of the business of the Company as well as the fact that the total amount of the Annual Bonus to the Chairman is not out of line with the practice of other similar sized companies.

8. **Names of Directors participating in the Decisions of Audit Committee and Board**

8.1 The following directors participated in the decision of 27th March for approval of the grant of the Annual Bonus: Ms. Yochi Dvir, Mr. Moshe Vidman, Mr. Yair Seroussi and Professor Isaac Ben-Israel.

8.2 The following directors participated in the decision of 27th March 2007 for approval of the grant of the Annual Bonus: Ms. Yochi Dvir, Mr. Moshe Vidman, Mr. Yair Seroussi and Professor Isaac Ben-Israel.

9. **Names of Directors with a Personal Interest**

9.1 Mr. Idan Ofer has a personal interest in approval of the relevant transaction since he is a party to the transaction.

9.2 Messrs. Ehud Angel Abraham Levy and Amnon Lion may be regarded as having a personal interest in approval of the transaction, the subject of this Report, since they have business connections with Mr. Idan Ofer and/or with his relatives.

10. **Notice of Convention General Meeting, Requisite Majority and Record Date for Entitlement of Shareholders to Vote**

10.1 Notice is hereby given that on Thursday, 10th May 2007, at 11:00 a.m., a General Meeting of the shareholders of the Company will be held at the offices of the Company at 23 Aranha Street, Millennium Tower, Tel Aviv, on the agenda of which will be the carrying of a resolution for the grant of the Annual Bonus to the Chairman of the Board as in section 2 above.

10.2 The requisite majority of the Meeting for approval of the transaction on the agenda is a majority of the votes of the participants, provided that one of the following requirements is met: (a) At least one third of all votes of shareholders who do not have a personal interest in approval of the transaction must be included in the count of the majority of votes at the General Meeting; abstention votes will not be counted in the votes of such shareholders; (b) The total votes of shareholders as in part (a) above who are against approval does not exceed one percent of the total of voting rights in the Company.

10.3 A shareholder is entitled to appoint a proxy to participate and vote on his behalf at the General Meeting in accordance with the provisions of the Byelaws of the Company. Proxy instruments must be deposited at the registered office of the Company at least 48 hours before the time fixed for the meeting or the adjourned meeting.

10.4 A shareholder is entitled to vote by means of a voting form. For such purpose the vote of the shareholder who voted by means of voting form will be regarded as having been made as though the shareholder was present and participated at the meeting. Vote by means of a voting form by a shareholder who wishes to vote by means of a voting form in lieu of participation in person and/or by proxy at the Meeting, is to be carried out by means of Part

Two of the voting form that is attached as **Appendix 1** to this Report. The voting form and the documents that are required to be attached thereto as specified in the voting form must be delivered to the office of the Company up to 72 hours prior to the time of convention of the Meeting. For such purpose the time of delivery is the time at which the voting form and the documents that are required to be attached thereto reach the office of the Company.

- 10.5 The Record Date for entitlement of a shareholder to vote at the General Meeting, in accordance with section 182 of The Companies Law, 1999, is Thursday 5th April 2007 (hereinafter "**The Record Date**").
- 10.6 In accordance with The Companies (Proof of Ownership of Shares for the Purpose of General Meeting Voting) Regulations, 2000, a shareholder to whose credit a share is registered with a Member of The Tel Aviv Stock Exchange Ltd., which share is included in the Shareholders Register of the Company in the name of a Nominee Company, who wishes to vote at the General Meeting, is required to furnish the Company with a Certificate of the Stock Exchange Member with whom the share is registered to his credit, certifying his ownership of the share at the Record Date, in accordance with Form 1 in the Appendix to the aforesaid Regulations.
- 10.7 A quorum will be constituted by the presence in person or by proxy of five shareholders who together hold at least 25% of the voting rights. If no quorum is present half an hour after the time fixed for commencement of the Meeting, the Meeting will be adjourned for seven days to the same day, the same time the same place, and if no quorum is present at the adjourned meeting after half an hour of the time fixed for the meeting – the shareholders present will constitute a legal quorum.

11. **General**

- 11.1 Directive of the Securities Authority: In accordance with Regulation 10 of The Securities (Transaction between Company and Owner of Means of Control) Regulations 2001, the Securities Authority is entitled, within 21 days of the filing of this Report, to require the Company to furnish within a fixed period an explanation, details, information and documents, as the case may be, relating to the proposal or transaction that is the subject of the Report, and to require the Company to amend the Report in such manner and time as may be fixed; in such case the Authority may order postponement of the date of the General Meeting to such time as is not earlier than three business days and not more than 21 days from the date of publication of the amendment to the Report.
- 11.2 The representative for the purpose of handling this Immediate Report is: Advocate Zvi Efrat and/or Advocate Guy Ne'eman of Gornitzky & Co.,

whose address is 45 Rothschild Boulevard, Tel Aviv 65784; telephone 13-7109191; facsimile 035606555.

- 11.3 Shareholders may peruse the transaction report and the other documents relating to the proposed resolution of the General Meeting at the offices of the Company at 23 Aranha Street, Tel Aviv, on Sunday to Thursday during the hours 09:00 to 16:00 with prior arrangement by telephone 03-6844500.

Yours faithfully,

Israel Corporation Ltd.

APPENDIX I

ISRAEL CORPORATION LIMITED

VOTING FORM

The Companies (Voting Form and Standpoint Notice) Regulations 2005

FIRST PART

1. **Name of Company:** Israel Corporation Ltd. (hereinafter “**the Company**”)
2. **Type, Date and Place of Meeting:** Special General Meeting to be held at the offices of the Company at 23 Aranha Street (Millennium Tower), on Thursday, 10th May 2007 at 11:00 (hereinafter “**the Meeting**”), and any adjourned meeting.
3. **Particulars of the items on the agenda on which voting by means of a Voting Form is permissible:**

Approval of Bonus for Mr. Idan Ofer: As detailed in the Immediate Report of the Company dated 1st April 2007, on the agenda is the approval of the grant of an annual bonus to Mr. Idan Ofer, active Chairman of the Board of Directors of the Company, in an amount of NIS 1.236 million in respect of the year 2006 (hereinafter “**the Annual Bonus**”). The bonus will be paid by IC Management & Consultation (1986) Ltd., a private company fully owned by the Company). The bonus is in addition to a bonus equal to 8 (eight) monthly salaries (in a total amount of NIS 1.264 million) that was approved and granted to the Chairman of the Board in respect of 2006 by a decision of the Audit Committee and the Board at their meetings on 27th March 2007 by virtue of the authority granted to them by a Shareholders General Meeting on 20th October 1999.

Proposed resolution: To approve payment of an annual bonus in the amount of NIS1.236 million to Mr. Idan Ofer, active Chairman of the Board of Directors of the Company, in respect of the year 2006.

4. **Inspection of Documents:** Shareholders may inspect the full text of the proposed resolution and the other documents relating to the business on the agenda, at the offices of the Company at 23 Aranha Street, Tel Aviv, on Sunday to Thursday during the hours 09:00 to 16:00 with prior arrangement by telephone 03-6844500.

5. **Requisite Majority:** The requisite majority required for approval of the aforesaid transaction is a majority of the votes of the participants at the meeting who are entitled to participate in the vote, provided that one of the following requirements is met: (a) At least one third of all votes of shareholders who do not have a personal interest in approval of the transaction must be included in the count of the majority of votes at the General Meeting; abstention votes will not be counted in the votes of such shareholders; (b) The total votes of shareholders as in part (a) above who are against approval does not exceed one percent of the total of voting rights in the Company.
6. **Shareholders with a Personal Interest or Control Owners:** The Second Part of the Voting Form contains a place in which to indicate the existence or absence of a personal interest in the aforesaid resolution and particulars of the nature of the personal interest. If a shareholder does not indicate as above or does not give particulars of the nature of the personal interest, the vote of the shareholder will not be counted.
7. **Validity of Voting Form:**
 - 7.1 The Voting Form will be valid if there is attached thereto a certificate of ownership of an unregistered shareholder (namely a person to whose credit shares are registered with a stock exchange member and such shares are among the shares registered in the Shareholders' Register in the name of the Nominee Company), or a photocopy of the identity certificate, passport or incorporation certificate, as the case may be, if the shareholder is registered in the Shareholders' Register.
 - 7.2 The Voting Form together the attached documents must be delivered to the offices of the Company up to 72 hours prior to time for convention of the Meeting. For this purpose the time of delivery is the time at which the Voting Form and the documents required to be attached thereto reach the offices of the Company.
8. **The Company does not enable voting by means of internet.**
9. **Address for delivery of the Voting Forms and Standpoint Notices:** The offices of the Company at 23 Aranha Street (Millennium Tower), Tel Aviv.

10. **Final Date for Filing of Standpoint Notice:** A notice as to the standpoint of a shareholder may be filed up to ten days subsequent to the Record Date for entitlement of a shareholder to vote at the General Meeting, as fixed in section 182 of The Companies Law, namely Thursday 5th April 2007. A Standpoint Notice with the reaction of the Board of Directors of the Company may be filed not later than five days subsequent to the last day for submission of a Standpoint Notice by shareholders as aforesaid.
11. **Address of the Distribution Site of the Stock Exchange in which Voting Forms and Standpoint Notices may be found:**
- Address of Distribution Site of The Securities Authority:
www.magna.isa.gov.il
 - Internet address of Stock Exchange: www.maya.tase.co.il
12. **Additional Notes as required by the Voting Regulations:**
- 12.1 Shareholders are entitled to receive a Certificate of Ownership within the meaning of section 71 of the Companies Law at the branch of the member of the Stock Exchange or by mail, if the shareholder so requests. For such purpose the request must be made in advance to a specific securities account.
- 12.2 An unregistered shareholder may receive by email, without payment, a link to the text of the Voting Form and Standpoint Notice at the Distribution Site, from the Stock Exchange member by means of who the shareholder holds its shares, except if the shareholder notified the Stock Exchange member that the shareholder is not interested in the receipt of such link or that the shareholder wishes to receive Voting Forms by mail in consideration for payment; the notice in respect of Voting Forms will apply also to receipt of Standpoint Notices.
- 12.3 One or more shareholder owning shares at a rate that constitutes five percent or more of the total voting rights in the Company as well as a shareholder owning such a rate out of the total voting rights that are not owned by a controlling shareholder of the Company, as defined in section 268 of the Companies Law, may inspect the Voting Forms as specified in Regulation 10 of the Voting Regulations.

- 12.3.1 As of the date of preparation of this Voting Form, the quantity of shares that constitute 5% of the total voting rights in the Company is 378,377 Ordinary Shares of NIS 1 par value each.
- 12.3.2 As of the date of preparation of this Voting Form, the quantity of shares that constitute 5% of the total voting rights in the Company that are not owned by a controlling shareholder of the Company is 170,946 Ordinary Shares of NIS 1 par value each.
- 12.4 A shareholder must indicate, in the Second Part of this Voting Form, the way in which the shareholder votes in respect of every item on the agenda in respect of which voting may be carried out by means of this Voting Form.

ISRAEL CORPORATION LIMITED

VOTING FORM

SECOND PART

Part A

Name of Company: Israel Corporation Ltd. (hereinafter "the Company")

No. of Company: 52-002801-0

Address of Company (For service and mail of Voting Deeds):

20 Aranha Street (Millennium Tower) Tel Aviv

Time of Meeting: Thursday, 10th May 2007 at 11:00, and any adjourned meeting.

Type of Meeting: Special General Meeting.

Record Date: Thursday, 5th April 2007.

Internet Voting: The Company does not enable voting by means of internet.

Part B (to be filled in by the shareholder)

1. **Shareholder's Details:**

1.1 Name of shareholder - _____

1.2 ID Number - _____

1.3 Passport No. (if the shareholder does not hold an Israel ID) _____

1.4 Country of passport issued - (if the shareholder does not hold an Israel ID) _____

1.5 Valid until - (if the shareholder does not hold an Israel ID) _____

2. Company No. (if the shareholder is a corporation) _____

3. Country of incorporation - (if the shareholder is a corporation) _____

Manner of Vote:

Number of item on Agenda	Manner of Vote ¹			Do you have a personal interest in the Resolution ²	
	For	Against	Abstain	Yes ³	No
Approval of Annual Bonus (totaling NIS 1.236 million to the Chairman of the Board of directors in respect of the year 2006					

* Please specify the relevant interest

- (a) With regard to shareholders who hold shares by means of a Stock Exchange Member (pursuant to section 177(1) of The Companies Law, this Voting Deed will be valid only if accompanied by a Certificate of Ownership.
- (b) With regard to shareholders who are registered in the Shareholders Register of the Company, this Voting Deed will be valid if accompanied by a photocopy of the Identity Certificate/Passport/Certificate of Incorporation.

Date: _____

Signature: _____

¹ If not completed, voting on this item will be treated as abstention.

² The vote of a shareholder who does not complete this column or who marks "yes" but does not give details, will not be counted.