

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

**ISRAEL CORPORATION LIMITED**

5<sup>th</sup> July, 2007

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

**Immediate Report regarding a Senior Officer who ceases to hold Office**

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

1. On 4<sup>th</sup> July 2007 the Board of Directors, after approval by the Audit Committee (based on recommendations of the Compensation Committee of the Company), approved the terms of termination of service of Mr. Yossi Rosen, the outgoing CEO of the Company, who held office for more than eight years.
2. **Terms of termination of office of the outgoing CEO of the Company:**
  - 2.1 Non-recurrent termination bonus of NIS 4 million.
  - 2.2 Recognition of entitlement to and redemption of accrued vacation, recognition of entitlement to severance payments and to six months prior notice, totaling NIS 3.192 million.
  - 2.3 The aforesaid amounts will be paid by the end of July 2007. The engagement between the Company and the CEO terminated at the end of June 2007.
3. **Approvals and dates of approval:**
  - 3.1 On 1<sup>st</sup> July 2007 the Audit Committee of the Company approved the terms of termination of office of the outgoing CEO of the Company.
  - 3.2 On 4<sup>th</sup> July 2007 the Board of Directors of the Company approved the terms of termination of office of the outgoing CEO of the Company.
4. **Mode of calculation of the terms of termination of office of the outgoing CEO of the Company:**

In deciding upon the terms of termination of office of the outgoing CEO of the Company, the following parameters were taken into consideration:

- 4.1 Comparison was made with the practice of companies of similar size relating to terms of termination of office of senior officers.

- 4.2 Appreciation of the significant contribution of the outgoing CEO to the operations of the Company and its subsidiaries during his period of office (about 8 years), to business development and financial results.
- 4.3 The profitability of the Company and the increase in its market value during the period of office of the outgoing CEO.

5. **Grounds for decision of the audit Committee and the Board:**

The Board examined and considered the appropriate and reasonable amount of the termination bonus and the other terms of termination of office of the outgoing CEO taking into consideration the parameters listed in section 4 above, and approved the same *inter alia* based upon the following considerations and grounds:

- 5.1 Comparison with the practice of companies of similar size relating to terms of termination of office of senior officers showed that the terms of termination of office of the outgoing CEO is in line with the practice of similar companies and is even lower than the practice of some similar companies.
- 5.2 Appreciation of the significant contribution of the outgoing CEO to the operations of the Company and its subsidiaries during his period of office (about 8 years), to business development and financial results.
- 5.3 The substantial development of the Company and the achievements that accumulated during the period of office of the outgoing CEO.
- 5.4 The fact that the CEO held office until the middle of 2007 in respect of which period it is reasonable to assume that he would have received a bonus in accordance with the practice of the Company in previous years, was taken into account. It was also taken into consideration that the outgoing CEO will continue to hold office as Chairman of the Board of Israel Chemicals Ltd.
- 5.5 The fact that the service of the outgoing CEO from 2003 onwards was by means of a management company fully owned by him, and, taking his status into account, the opportunity was used to recognize entitlement to customary severance terms.
- 5.6 The Company regards the award of appropriate terms of severance to its senior officers who have served the Company loyally, including the manner of termination, as an integral part of an appropriate and correct compensation policy in the best interests of the Company.

In the light of these considerations the Company regards as fully justified the grant to the CEO of the above terms of termination of office which are appropriate and reasonable in the circumstances of the matter...

There were no objectors on the Board of Directors to approval of the aforesaid.

Yours faithfully,

Noga Yatziv  
Company Secretary