

**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**

6<sup>th</sup> May, 2008  
Ref: 2008-1-126069

Securities Authority

Tel Aviv Stock Exchange

Dear Sirs,

**Notice as to Convention of Special General Meeting of the holders of the Series 7 Debentures of the Israel Corporation Ltd.**

On 28<sup>th</sup> May 2008, at 15:00, a General Meeting of the holders of the Series 7 Debentures of Israel Corporation Ltd. (hereinafter "**the Company**") will be held at the offices of the Company at 23 Aranha Street (floor 23), Tel Aviv.

**On the Agenda:** - Replacement of the Trustee of the Series 7 Debentures.

1. **Replacement of the Trustee of the Series 7 Debentures**

Hermatic Trusts (1975) Ltd. acts as trustee of several series of debentures of the Company, including as trustee of the Series 7 Debentures of the Company, by appointment for such office in the frame of a private issue of the Series 7 Debentures (hereinafter "**the Trustee**"). The Company has registered the Series 7 Debentures for trade on the Stock Exchange in accordance with a Prospectus to the public published on 28.8.2007. The Securities Authority has requested the Company to replace the Trustee in view of the fact that the Trustee acts as trustee of additional series of debentures of the Company, the average length of life of which is substantially less than that of the Series 7 Debentures of the Company, to such an extent, in the opinion of the Securities Authority, that this may not be compatible with the decision of the plenary session of the Securities Authority dated 26.7.2005 relating to apprehension of conflict of interests.

No changes to the terms of the Trust Deed with regard to the Series 7 Debentures of the Company are anticipated other than those relating to the replacement of the Trustee, however if any such changes will be required they will be carried out in accordance with the terms provided for such matter in the Trust Deed.

The proposed Trustee is Clal Finance Trusts 2007 Ltd. Clal Finance Trusts 2007 Ltd. (hereinafter “**Clal Trusts**”) is a private company the main object of which is to engage in trusteeship. Clal Trusts has agreed to act as trustee of the Series 7 Debentures of the Company, and has informed the Company that it is eligible to act as a trustee in accordance with section 35e of the Securities Law 1968. Clal Trusts has also confirmed that, in accordance with inquiries that it carried out and to the best of its knowledge, there is no apprehension of any conflict of interests as defined by the July 2005 directives of the Securities Authority and accordingly there is no bar to its acting as trustee of the Series 7 Debentures of the Company. Clal Trusts has also informed the Company that Clal Finance Underwriting Ltd., a company controlled by Clal Finance Ltd., which is the owner of control of Clal Trusts, acted as one of the distributors of the issue of the Series 7 Debentures, and that in its opinion this does not give rise to any apprehension as to a conflict of interests. In accordance with the particulars furnished to the Company, Clal Trusts has token shareholders equity and has professional insurance cover in the amount of us up to \$ 20 million.

It is pointed out that the proposed appointment of Clal Trusts as trustee of the Series 7 Debentures replaces the appointment of another trustee that was proposed in the Immediate Report of the Company dated 30.3.2008 and that was discussed at a meeting of Series 7 Debenture holders held on 27<sup>th</sup> April 2008.

Text of proposed resolution:

To approve the appointment of Clal Trusts, in place of Hermatic Trusts (1975) Ltd., to act as the Trustee of the Series 7 Debentures of the Company.

2. **Record Date**

The Record Date for entitlement of the holders of the Series 7 Debentures of the Company to vote at the debenture holders meeting is 21<sup>st</sup> May 2008

3. **Quorum**

Without derogating from the provision of section 4 below, the quorum for the holding the General Meeting of the Series 7 Debentures is the presence in person or by proxy of at least two persons who together hold at least ten percent (10%) of the par value of the principle outstanding at such time of the Series 7 Debentures. If no quorum is present half an hour after the time fixed for the opening of the meeting, the meeting will be postponed to the same day in the following week, at the same time and at the same place (without need for additional notice) and if such day is not a business day – to the next business day thereafter (without need for additional notice), or to such other day, place and time as may be fixed by the entity convening the meeting, provided that such entity gives at least seven (7) days prior notice of such postponed meeting, in the same manner as notice of the original meeting was given, and stating that if at the postponed meeting no quorum as aforesaid is present, the quorum will be constituted by any two in person or by proxy without regard to the par value

of the debentures owned by them. Such notice may be given in the same notice that was given as to the convention of the meeting postponed.

4. **Required Majority**

A majority of at least fifty percent (50%) of the owners of the outstanding balance of the principle of Series 7 Debentures.

5. **Voting at Meeting**

The owners of Series 7 Debentures are entitled to vote at any General Meeting in person or by proxy. The vote of Series 7 Debenture holders will be by way of ballot in such manner that every debenture holder or his proxy will be entitled to one vote in respect of every NIS 1 of the total par value of principle outstanding on the Series 7 Debentures in respect of which the debenture holder is entitled to vote. In the event of joint holders, only the vote of the debenture holder wishing to vote, in person or by proxy, whose name appears first in the Register, will be accepted.

A proxy appointment shall be in writing signed by the appointer or by his attorney duly nominated in writing. If the appointer is a corporation, the appointment shall be in writing duly signed by the corporation together with certification by a lawyer as to rights of signature. A proxy need not himself be a debenture holder.

The proxy appointment and the power of attorney or other certificate pursuant to which the proxy appointment was issued, or a certified copy of such power of attorney, shall be deposited at the office of the Company not less than 48 hours prior to the time of the meeting in respect of which the proxy is issued, unless otherwise provided in the notice convening the meeting.

6. **Perusal of Documents**

The documents relating to this notice may be perused at the offices of the Company at 23 Aranha Street, Tel Aviv during normal hours, at the Stock Exchange website: [www.maya.co.il](http://www.maya.co.il) and the Securities Authority website: [www.magna.isa.gov.il](http://www.magna.isa.gov.il).

7. **Particulars of Company's Representative**

The representative of the Company with regard to the matter of this notice is Advocate Noga Yatgziv, Corporate Secretary, 23 Aranha Street, Tel Aviv  
Tel: 03-6844500, Fax: 03-6844587, email: [nogay@israelcorp.com](mailto:nogay@israelcorp.com).

Yours faithfully,

Noga Yatgziv